AS AT 31 DECEMBER 2011

GOLDMAN SACHS BANK (EUROPE) PLC

PILLAR 3 DISCLOSURES

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1. OVERVIEW

Goldman Sachs Bank (Europe) plc ('GSBE' or 'the Bank') is a credit institution domiciled in Ireland. The ultimate parent of GSBE is The Goldman Sachs Group, Inc. ('GS Group').

GS Group is a financial holding company and a leading global investment bank, securities and investment management firm that provides a wide range of services worldwide to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals.

GSBE is regulated by the Central Bank of Ireland and is subject to minimum capital adequacy standards on a solo basis.

2. BASEL II AND PILLAR 3

Basel II has been implemented in the European Union ('EU') via the Capital Requirements Directive ('CRD'). In Ireland, the CRD has been transposed into Irish Law via Statutory Instruments.

The Basel II framework consists of three pillars: Pillar 1 "minimum capital requirements", Pillar 2 "supervisory review process" and Pillar 3 "market discipline".

This document sets out the Pillar 3 qualitative and quantitative disclosures for GSBE as required by the Central Bank of Ireland. Additional information required under Pillar 3 may also be found in the annual financial statements for GSBE and in the Annual Report for GS Group ('the Annual Report'). Information in the Annual Report under the headings of Critical Accounting Policies, Equity Capital and Overview and Structure of Risk Management is fully applicable to GSBE as an integrated subsidiary of GS Group. The Annual Report can be accessed via the link below:

http://www2.goldmansachs.com/our-firm/investors/financials/index.html

3. SCOPE OF PILLAR 3

GSBE is an EU credit institution that provides a range of commercial banking products and financial services to a broad customer base. The bank primarily operates in a US Dollar environment as part of the GS Group. Accordingly, the company's functional currency is US Dollars. However, the Pillar 3 disclosures are prepared in EUR currency as this is the currency in which all regulatory submissions are made to the Central Bank of Ireland.

GSBE prepares its financial statements and regulatory returns on a solo basis.

4. CAPITAL RESOURCES AND CAPITAL REQUIREMENTS

The level and composition of GSBE's capital is principally determined by its regulatory capital requirements, but may also be influenced by the business environment, conditions in the financial markets and assessments of potential future losses due to extreme and adverse changes in GSBE's business and market environment.

The table below shows GSBE's own funds and capital ratios as at 31 December 2011 based upon the audited financial statements.

Own Funds

(€ in millions)

Ordinary share capital	209
Eligible reserves	124
Tier one capital	333
Tier two capital	104
Total Own Funds	**€437**
Tier one capital ratio	**150%**
Total capital ratio	**197%**

As at 31 December 2011, GSBE's capital requirements were as follows:

Capital requirement

(€ in millions)

Credit Risk Capital requirement	7
Operational Risk Capital requirement	10
Concentration Risk Capital requirement	-
Market Risk Capital requirement	-
Total Capital Requirement	**€17**

5. CREDIT RISK MANAGEMENT, METHODOLOGIES AND QUANTITATIVE DISCLOSURES

Credit risk represents the loss that would be incurred if a counterparty or borrower failed to perform under its contractual obligations. The Bank's exposure to credit risk principally arises through the loans origination portfolio, secured funding activity, derivative transactions and overnight deposit placements with other banks. To reduce the Bank's credit exposures, we seek to enter into netting agreements with counterparties that permit us to offset receivables and payables with such counterparties. In addition, we attempt to further reduce credit risk with certain counterparties by entering into agreements that enable us to obtain collateral from such counterparties on an upfront or contingent basis or by transferring our credit risk to third parties using credit derivatives or other structures and techniques.

To measure and manage the Bank's credit exposures, we use a variety of tools, including credit limits referenced to potential exposure. Potential exposure is an estimate of exposure, within a specified confidence level, that could be experienced based on simulated market movements over the life of a transaction or portfolio. In addition, as part of the market risk management process, for positions measured by changes in credit spreads, VaR is used along with other sensitivity measures. To supplement our primary credit exposure measures, we also use scenario analyses, such as credit spread widening scenarios, stress tests and other quantitative tools.

Our activities expose the Bank to different counterparties and industries, potentially giving rise to concentrations. The portfolios are monitored for concentrations to single counterparties and groups of counterparties, industry sectors and countries. Concentrations are reported to the Credit and Risk Committees who may recommend actions to reduce exposures.

GSBE's Chief Credit Officer ('CCO') is responsible for managing the bank's credit risk. The CCO reports to the Bank's management and is an integral part of the GS Group's European Credit Risk Management and Advisory ('CRMA') department. CRMA is independent from the business units and reports to the Group Chief Financial Officer. It produces independent internal credit ratings for all risk counterparties, derived from counterparty-specific credit reviews.

The credit review of a counterparty represents an independent judgement of the credit quality of each counterparty, and includes (among other factors) the capacity and willingness of the counterparty to meet its obligations. The internal credit rating is a key consideration in the Group's assessment of risk appetite which is expressed as a potential exposure recommendation. The Bank's risk appetite may be considered as a sub-section of or carve-out from the GS Group consolidated risk appetite. Counterparty credit reviews are performed in accordance with guidelines specified by the CRMA's various industry committees. The depth of review depends on several factors including size of exposure and volume of trades.

The CRMA department operates within a global and regional governance structure which is responsible for approving all material aspects of the credit review processes. Governance consists of both global and regional committees, including Firmwide Risk Committee, Credit Policy Committee ('CPC') and Counterparty Risk Committee ('CRC'). The Firmwide Risk Committee, amongst its other risk management functions, approves sovereign credit risk limits and credit risk limits by ratings group as well as industry concentrations. The CPC, authorised by the Firmwide Risk Committee, establishes and reviews broad credit policies and parameters that are implemented by the CRMA. In addition, Internal Audit assesses compliance with regulatory requirements and internal policies, and carries out a review of credit systems.

Models and Methodologies

GSBE has adopted the Standardised Approach for Credit Risk capital requirements. Under this approach, counterparty risk weightings are determined on the basis of external credit ratings assigned to the counterparty. GSBE uses Standard and Poor's Rating Services, Moody's Investors Service and Fitch Ratings as its nominated External Credit Assessment Institutions ('ECAIs'). Exposures are assigned to exposure classes in accordance with Article 78 of the CRD.

The table below displays the mapping of ECAI's credit assessments to credit quality steps:

Credit Quality Step	Fitch's assessments	Moody's assessments	S&P's assessments	Corporate	Institution (includes banks) Sovereign method	Institution (includes banks) Credit Assessment method Maturity > 3 months	Institution (includes banks) Credit Assessment method Maturity 3 months or less	Sovereign
1	AAA to AA-	Aaa to Aa3	AAA to AA-	20%	20%	20%	20%	0%
2	A+ to A-	A1 to A3	A+ to A-	50%	50%	50%	20%	20%
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	100%	100%	50%	20%	50%
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	100%	100%	100%	50%	100%
5	B+ to B-	B1 to B3	B+ to B-	150%	100%	100%	50%	100%
6	CCC+ and below	Caa1 and below	CCC+ and below	150%	150%	150%	150%	150%
Unrated				100%	100%	50%	20%	100%

For exposure measurement, GSBE uses the Financial Collateral Comprehensive Method for funding transactions, the Mark-to-Market Method for derivative transactions and the use of credit conversion factors for undrawn loans.

The table below shows GSBE's credit exposure, after credit risk mitigation, by credit quality step as at 31 December 2011.

Exposure by credit quality step

(€ in millions)	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total
Central governments or central banks	178	-	-	-	-	-	-	**178**
Institutions	2	63	-	-	-	-	-	**65**
Corporates	-	54	36	-	-	-	8	**98**
Other items	-	-	12	-	-	-	-	**12**
Total Credit Risk Exposure	**180**	**117**	**48**	**0**	**0**	**0**	**8**	**353**

Wrong-way Risk

Wrong way risk is commonly categorised into two types, specific wrong way risk and general wrong way risk. Specific wrong-way risk arises when a transaction is structured in such a way that the exposure to the counterparty is positively correlated with the probability of default of the counterparty. General wrong-way risk arises when the probability of default of counterparties is positively correlated with general market risk factors. GS Group has procedures in place to actively monitor and control cases of specific and general wrong way risk, beginning at the inception of a trade and continuing through the life of the transaction. GSBE ensure that material wrong way risk is mitigated using collateral agreements, increases to initial margin and additional capital where appropriate.

Factors Impacting Loss Experience

Notwithstanding the global economic climate and pressures on the financial system during 2008-2010, GSBE's counterparty profile remained good, with no loss experience. Hedging and collateralisation significantly reduced the Bank's credit exposure. Further disclosure relating to credit risk is outlined in the Annual Report.

Credit Risk Mitigation

GSBE uses legal documentation allowing for netting, collateral collection and early termination rights as primary risk mitigants. GSBE also uses credit derivatives as a credit risk mitigation tool. All such transactions are entered into with highly rated, sophisticated financial institutions. A general discussion of credit risk mitigation policies and techniques is presented in the Annual Report.

Derivatives

The fair value of derivative contracts is reported on a gross-by-counterparty basis in the Bank's financial statements. For an OTC derivative, the credit exposure is directly with the counterparty. GSBE utilises several risk management techniques to manage the exposure including hedging, collateral agreements, early termination clauses and the ability to net offsetting positions with a counterparty.

The table below shows GSBE's credit risk capital requirement and its credit exposure, after credit risk mitigation, as at 31 December 2011.

Standardised Approach - Exposure Class

(€ in millions)	Capital requirements	Exposure Value
Central governments or central banks	0	178
Institutions	1	65
Corporates	6	98
Other items	1	12
Total Standardised Approach Requirement	**8**	**353**

The table below shows GSBE's credit exposure, after credit risk mitigation, by residual maturity as at 31 December 2011.

Exposure by residual maturity

(€ in millions)	less than one year	one-five years	over five years	Total
Central governments or central banks	178	-	-	178
Institutions	65	-	-	65
Corporates	62	36	-	98
Other items	12	-	-	12
Total Exposure by residual maturity	**317**	**36**	-	**353**

The table below shows the notional value of GSBE's credit derivative hedges as at 31 December 2011.

Own Credit Portfolio

(€ in millions)	Notional
Purchased	169
Sold	-

The table below shows GSBE's credit exposure, after credit risk mitigation, by geography as at 31 December 2011.

Exposure by geography

(€ in millions)	Americas	Asia	EMEA	Total
Central governments or central banks	-	-	178	**178**
Institutions	23	-	42	**65**
Corporates	-	-	98	**98**
Other items	-	-	12	**12**
Total Credit Risk Exposure	**23**	-	**330**	**353**

The table below shows GSBE's credit exposure, after credit risk mitigation, by industry as at 31 December 2011.

Exposure by industry type

(€ in millions)	Exposure Value
Chemicals	16
Engineering	38
Financial intermediary / credit institutions	65
Pharmaceutical	36
Sovereign	178
Telecom Equip / Services	8
Other items	12
Total	**353**

6. MARKET RISK MANAGEMENT, METHODOLOGIES AND QUANTITATIVE DISCLOSURES

GSBE does not currently hold any material market risk. The categories of market risk that the Bank is exposed to include interest rate risk and currency risk.

Interest rate risk primarily results from exposures to changes in the level, slope and curvature of the yield curve, funding spreads and credit spreads. Interest rate risk is monitored by the Market Risk Department and reported to the Bank's Risk Committee to ensure that any risk generated is within tolerable levels as defined by Value at Risk ('VaR') limits.

Positions sensitive to interest rate changes are incorporated into Interest Rate Scenarios and reviewed weekly.

The table below shows GSBE's interest rate sensitivity (1 bp parallel shift down in rates) as at 31 December 2011.

Interest Rate Risk Sensitivity

(€ in thousands)	
EUR	1
HKD	1
Total Interest Rate Risk Sensitivity	**2**

Currency risk results from exposure to changes in spot and forward prices of currency rates. Foreign exchange exposure is managed so as to keep the Bank's exposure to foreign exchange risk within limits set by the Bank's Risk Committee.

Further disclosures relating to GS Group's market risk can be found in the Annual Report on pages 77-81.

7. OPERATIONAL RISK MANAGEMENT, METHODOLOGIES AND QUANTITATIVE DISCLOSURES

Disclosures made in the Annual Report on pages 85-87 for GS Group in relation to Operational Risk are fully applicable to GSBE. The Annual Report can be found in the link on page 1.

Operational risk capital charges are designed to account for the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events, including legal risk.

GSBE uses the Basic Indicator Approach for the calculation of operational risk capital. Under this approach, an alpha factor (i.e. percentage – 15%), specified in the CRD, is applied to a 3-year rolling average of gross revenues.

The table below shows GSBE's capital requirement for Operational risk as at 31 December 2011.

Operational Risk

(€ in millions)	Capital Requirement
Basic Indicator Approach	**10**

8. IRISH REMUNERATION DISCLOSURES

The following disclosures are made in accordance with the European Union Capital Requirements Directive III ("CRD III") as transposed into Irish Law by SI No. 625 of 2010, in respect of Goldman Sachs Bank (Europe) plc ("GSBE").

Remuneration Programme Philosophy

Retention of talented employees is critical to executing our business strategy successfully. Remuneration is, therefore, a key component of the costs the firm incurs to generate revenues, similar to cost of goods sold or manufacturing costs in other industries.

The remuneration philosophy and the objectives of the remuneration programme for The Goldman Sachs Group, Inc. ("GS Group") and its affiliates, including GSBE (together, "the firm"), are reflected in GS Group's Compensation Policy Statement and Compensation Principles as posted on the Goldman Sachs public website (http://www2.goldmansachs.com/investor-relations/corporate-governance/compensation.html), and as described in the firm's "Compensation Practices" document attached to the proxy statement of GS Group that was filed with the U.S. Securities and Exchange Commission on 1 April 2011. In particular, effective remuneration practices should:

i. Encourage a real sense of teamwork and communication, binding individual short-term interests to the institution's long-term interests;

ii. Evaluate performance on a multi-year basis;

iii. Discourage excessive or concentrated risk taking;

iv. Allow an institution to attract and retain proven talent; and

v. Align aggregate remuneration for the firm with performance over the cycle.

Remuneration Governance

The Compensation Committee

The Board of Directors (the "Board") of GS Group oversees the development, implementation and effectiveness of the firm's global remuneration practices, which it generally exercises directly or through delegation to the Compensation Committee of the Board (the "Compensation Committee").

The responsibilities of the Compensation Committee include:

- Review and approval of (or recommendation to the Board to approve) the firm's variable remuneration structure, including the portion to be paid as equity-based awards, all year-end equity-based grants for eligible employees (including those employed by GSBE), and the terms and conditions of such awards.

- Assisting the Board in its oversight of the development, implementation and effectiveness of policies and strategies relating to the Human Capital Management ("HCM") function, including recruiting, retention, career development and progression, management succession (other than that within the purview of the Corporate Governance and Nominating Committee) and diversity.

The Compensation Committee held 8 meetings in 2011 as well as 2 meetings in early 2012 to discuss and make determinations regarding 2011 remuneration.

The members of the Compensation Committee at the end of 2011 were James A. Johnson (Chair), John H. Bryan, M. Michele Burns, Claes Dahlbäck, Stephen Friedman, William W. George, Lois D. Juliber, Lakshmi N. Mittal, James J. Schiro and Debora L. Spar. None of the members of the Compensation Committee is an employee of the firm. All members of the Compensation Committee are "independent" within the meaning of the New York Stock Exchange Rules and the firm's Director Independence Policy and were also members of the Audit Committee, the Corporate Governance and Nominating Committee and the Risk Committee.

Role of the Relevant Stakeholders

In carrying out the responsibilities of the Compensation Committee, individual members of the Compensation Committee met multiple times with senior management during the year. In addition, the Chair of the Compensation Committee met frequently with the firm's Chief Financial Officer ("CFO") and other members of senior management.

The firm's Chief Risk Officer ("CRO") presents an annual compensation-related risk assessment report to the Compensation Committee, meeting jointly with the Risk Committee, to assist the Compensation Committee in its assessment of the effectiveness of the remuneration programme in addressing risk, and particularly, whether the programme is consistent with regulatory guidance that financial services firms ensure variable remuneration does not encourage inappropriate risk-taking.

The firm's global process for setting variable remuneration (including the requirement to consider risk and compliance issues) applies to employees in Ireland in the same way as to employees in other regions and is subject to oversight by the senior management of the firm in the region. The firm uses a highly disciplined and robust process for setting variable remuneration across all divisions and regions, which occurs prior to the Compensation Committee's review and approval. The process involves divisional compensation managers, divisional compensation committees, regional heads, HCM, the firmwide Management Committee (the firm's most senior executives), senior management (e.g., the firm's Chief Executive Officer ("CEO"), the Chief Operating Officer ("COO"), the CFO and the Head of HCM) and/or the Compensation Committee, as appropriate.

In addition, as part of the remuneration determination process, members of the firm's Compliance, Risk, Employment Law Group and Employee Relations functions make recommendations to divisional management to take into consideration all compliance or policy-related disciplinary matters when determining remuneration of individuals. Before any remuneration decisions are finalised, the Employee Relations and Employment Law Group assess the recommended remuneration for these individuals in the context of overall performance and other factors, and recommendations are reviewed with respect to comparators.

The firm's Compensation Principles were approved by shareholders at the 2010 annual shareholders' meeting.

External Consultants

The Compensation Committee has for several years recognised the importance of using an independent consultant that provides services solely to the Compensation Committee and not to the firm. The Compensation Committee continued to retain Semler Brossy Consulting Group LLC ("Semler Brossy") as its independent remuneration consultant in 2011. Consistent with past practice, the Compensation Committee asked Semler Brossy during 2011, to assess the remuneration programme for Participating Managing Directors ("PMDs", the firm's approximately 430 most senior employees as at 31 March 2012), and to identify the challenges and accompanying considerations that could inform remuneration decisions for 2011.

In connection with its work for the Compensation Committee, Semler Brossy reviews the information provided to the Compensation Committee by the CFO, HCM, and the firm's remuneration consultants. In its assessment of the remuneration programme for PMDs, Semler Brossy confirmed that, consistent with last year, the programme has been aligned with, and is sensitive to, corporate performance, contains features that reinforce significant alignment with shareholders and a long-term focus, and utilises policies and procedures, including subjective determinations that appropriately encourage PMDs to address known and perceived risks. Semler Brossy also identified current challenges facing the PMD remuneration programme and outlined considerations for both 2011 remuneration decisions and ongoing remuneration programme design.

Semler Brossy also reviewed and participated in the CRO's annual compensation-related risk assessment report that was presented to the Compensation Committee, meeting jointly with the Risk Committee, in December 2011 to facilitate discussion on risk management and the remuneration programme.

Link Between Pay and Performance

Annual remuneration for employees is generally comprised of salary and variable remuneration. The firm's remuneration practices provide for variable remuneration determinations to be made on a discretionary basis. Variable remuneration is based on multiple factors and is not set as a fixed percentage of revenue or by reference to any other formula. Firmwide performance is a key factor in determining variable remuneration.

We are committed to aligning remuneration with performance. In order to do so, we look at the performance of the firm, division and individual over the past year, as well as over the past several years. We believe that the firm's senior leaders have responsibility for overall performance and, as a result, senior employees have experienced more volatility in their remuneration year-over-year, particularly in periods when net revenues have declined significantly.

We believe that multi-year guarantees should be avoided entirely to avoid misaligning remuneration and performance, and guaranteed remuneration in employment contracts should be used only in exceptional circumstances (for example, for certain new hires).

Performance Measurement

In connection with making remuneration decisions for 2011, the Compensation Committee reviewed with the CFO the following firmwide financial metrics and year-on-year changes:

- Return on equity ("ROE");
- Diluted earnings per share;
- Book value per share ("BVPS");
- Net earnings;
- Net revenues;
- Remuneration and benefits expense;
- Ratio of remuneration and benefits to net revenues; and
- Non-remuneration expense.

No specific goals for these metrics were used, nor were any specific weights ascribed to them, in making remuneration determinations.

All employees are evaluated annually as part of the "360 degree" feedback process. This process reflects input from a number of employees, including supervisors, peers and those who are junior to the employee, regarding an array of performance measures. The detailed performance evaluations include assessments of risk management, reputational judgment and compliance with firm policies, as well as teamwork, citizenship and communication.

Risk Adjustment

Prudent risk management is a hallmark of the firm's culture and sensitivity to risk and risk management are key elements in assessing employee performance, including as part of the "360 degree" feedback process noted above.

We take risk into account in setting the amount and form of variable remuneration for employees. Different lines of business have different risk profiles and these are taken into account when determining remuneration. These include credit, market, liquidity and operational risks, including legal, compliance and reputational risks. We provide guidelines to assist compensation managers when applying discretion during the remuneration process to promote consistent consideration of the different risks presented by our firm's businesses. Further, to ensure the independence of control function employees, remuneration for those employees is not determined by individuals in revenue-producing positions but by the management of the relevant control function.

For 2011 all employees with total remuneration above a particular threshold were subject to deferral of part of their variable remuneration in the form of an equity-based award. As in prior years, all 2011 equity-based awards are subject to a number of terms and conditions that could result in forfeiture or recapture. For further details see "Structure of Remuneration" below.

In the 2011 annual compensation-related risk assessment report presented to the Compensation Committee, meeting jointly with our Risk Committee, the CRO presented his view that the various components of our remuneration programmes and policies (for example, process, structure and governance) work together to balance risk and incentives in a manner that does not encourage inappropriate risk-taking. In addition, the CRO stated that the firm has a risk management process that, among other things, is consistent with the safety and soundness of the firm and focuses on our:

(i) *Risk management culture*: while the nature of our business requires certain employees to make decisions involving the use of our capital on a daily basis, the firm's culture emphasises continuous and prudent risk management

(ii) *Risk-taking authority*: there is a formal process for identifying employees who, individually or as part of a group, have the ability to expose the firm to material amounts of risk

(iii) *Upfront risk management*: the firm has tight controls on the allocation, utilisation and overall management of risk-taking, as well as comprehensive profit and loss and other management information which provide ongoing performance feedback

(iv) *Remuneration structure and policies*: there are rigorous, multi-party (i) employee performance assessments and (ii) remuneration decisions

(v) *Governance*: the oversight of our Board, management structure and the associated processes all contribute to a strong control environment and control functions have input into remuneration structure and design

Structure of Remuneration

Fixed Remuneration

In fiscal year 2010 the firm introduced a global salary model to ensure greater consistency in salary levels. The global salary model is intended to achieve an appropriate balance between fixed and variable remuneration. Salaries for Irish employees are generally determined using the global salary model. Increases in fixed salaries are determined based on total remuneration levels, pursuant to the salary model, and salary levels are reviewed on an annual basis. Generally, salaries are only increased if total remuneration has increased.

Variable Remuneration

For employees with total remuneration above a specific threshold, variable remuneration is generally paid in a combination of cash and equity-based remuneration. In general, the portion paid in the form of an equity-based award increases as variable remuneration increases and for Identified Employees is set to ensure compliance with Annex I to Directive 2010/76/EU of the European Parliament and of the Council.

The variable remuneration programme is flexible to allow the firm to respond to changes in market conditions and to maintain its pay-for-performance approach. Variable remuneration is discretionary (even if paid consistently over a period of years).

Equity Remuneration

We believe that remuneration should encourage a long-term, firmwide approach to performance and discourage inappropriate risk taking. Paying a significant portion of variable remuneration in the form of equity-based remuneration that is delivered over time, changes in value according to the price of shares of common stock ("shares") of GS Group, and is subject to forfeiture or recapture encourages a long-term, firmwide focus because its value is realised through long-term responsible behavior and the financial performance of our firm.

We impose transfer restrictions, retention requirements and hedging policies to further align the interests of the firm's employees with those of our shareholders. The firm's retention policies, coupled with the practice of paying senior employees a significant portion of variable remuneration in the form of equity-based awards, leads to a considerable investment in shares of GS Group over time. We believe that this investment advances our partnership culture of teamwork and stewardship of the firm.

Deferral Policy and Vesting Criteria: The portion of fiscal year 2011 annual remuneration subject to deferral was generally made in the form of Restricted Stock Units ("RSUs"). An RSU is an unfunded, unsecured promise to deliver a share on a predetermined date. RSUs awarded in respect of fiscal year 2011 deliver in three equal instalments on the first, second and third anniversary of the date of award, assuming the employee has satisfied the terms and conditions of the award at each such date.

Transfer Restrictions: All shares delivered to employees designated as Identified Employees are subject to retention in accordance with Annex I to Directive 2010/76/EU of the European Parliament and of the Council. In addition, the firm requires all individuals to hold, until the expiration of a period of up to five years from grant, a material portion of the shares they receive in respect of RSUs granted as part of their variable remuneration according to the firm's global deferral table. These transfer restrictions apply to the lower of 50% of the shares delivered before reduction for tax withholding, or the number of shares received after reduction for tax withholding. Because combined tax and social security rates in Ireland are close to or exceed 50%, transfer restrictions apply to all, or substantially all, net shares delivered to employees resident in Ireland.

An employee generally cannot sell, exchange, transfer, assign, pledge, hedge or otherwise dispose any RSUs or shares that are subject to transfer restrictions.

Retention Requirement: In addition, we require each of the CEO, CFO, COO and Vice Chairmen of GS Group, for so long as each holds such position, to retain sole beneficial ownership of a number of shares equal to 75% of the shares received (net of payment of any option exercise price and taxes) under the firm's equity plan since becoming a senior executive. We impose a similar retention requirement, equal to 25%, on other PMDs. These shares are referred to as "retention shares".

Forfeiture and Recapture Provisions: All RSUs are subject to forfeiture and all shares are subject to recapture, even after transfer restrictions lapse. If we determine that shares may be recaptured after delivery, we can require repayment to the firm of the fair market value of the shares when delivered (including those withheld to pay withholding taxes).

The RSUs and shares are subject to forfeiture or recapture if the Compensation Committee determines that during 2011 the employee participated (which could include, depending on the circumstances, participation in a supervisory role) in the structuring or marketing of any product or service, or participated on behalf of the firm or any of its clients in the purchase or sale of any security or other property, in any case without appropriate consideration of the risk to the firm or the broader financial system as a whole (for example, if the employee were to improperly analyse risk or fail sufficiently to raise concerns about such risk) and, as a result of such action or omission, the Compensation Committee determines there has been, or reasonably could be expected to be, a material adverse impact on the firm, the employee's business unit or the broader financial system.

This provision is not limited to financial risks and is designed to encourage the consideration of the full range of risks associated with the activities (for example, legal, compliance or reputational). The provision also does not require that a material adverse impact actually occur, but rather may be triggered if the firm determines that there is a reasonable expectation of such an impact.

The Compensation Committee approved guidelines in 2011 that set forth a formal process regarding determinations to forfeit or recapture awards for improper risk analysis upon the occurrence of certain pre-determined events (for example, in the event of any annual firmwide, divisional or business unit losses). The review of whether forfeiture or recapture is appropriate includes input from our CRO, as well as representatives from Finance, Legal and Compliance. Determinations are made by the Compensation Committee or its delegates, with any determinations made by delegates reported to the Compensation Committee.

RSUs granted to all Identified Employees are subject to forfeiture until delivery of the underlying shares if GS Group is determined by bank regulators to be "in default" or "in danger of default" as defined under the US Dodd-Frank Wall Street Reform and Consumer Protection Act 2010, or fails to maintain for 90 consecutive business days, the required minimum tier 1 capital ratio (as defined under Federal Reserve Board regulations).

An employee's RSUs may also be forfeited, and shares recaptured if they engage in conduct constituting "cause" at any time until the transfer restrictions lapse. "Cause" includes, among other things, any material violation of any firm policy, any act or statement that negatively reflects on the firm's name, reputation or business interests and any conduct detrimental to the firm.

Hedging: The firm's anti-hedging policy ensures employees maintain the intended exposure to the firm's stock performance. In particular, all employees are prohibited from hedging RSUs and shares that are subject to transfer restrictions and, in the case of PMDs, retention shares. In addition, Executive Officers of GS Group are prohibited from hedging any shares that they can freely sell. Employees, other than Executive Officers, may hedge only shares that they can otherwise sell. However, no employee may enter into uncovered hedging transactions or sell short any shares. Employees may only enter into transactions or otherwise make investment decisions with respect to shares during applicable "window periods".

Treatment upon Termination or Change-in-Control: As a general matter, delivery schedules are not accelerated, and transfer restrictions are not removed, when an employee leaves the firm. The limited exceptions include death and departure for "conflicted employment". A change in control alone is not sufficient to trigger acceleration of any deliveries or removal of transfer restrictions; only if the change in control is followed within 18 months by a termination of employment by the firm without "cause" or by the employee for "good reason" will delivery and release of transfer restrictions be accelerated.