Goldman Sachs International Bank
Johannesburg Branch

Pillar 3 Disclosures

For the period ended February 28, 2020

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Introduction

Overview

Goldman Sachs International Bank Johannesburg Branch (the branch) was established on 17 August 2018 as a branch of Goldman Sachs International Bank (the head office) and is incorporated and domiciled in the Republic of South Africa.

Goldman Sachs International Bank (GSIB) is a UK-domiciled bank involved in lending and deposit-taking activities, securities lending, and a primary dealer for European government bonds.

The branch's ultimate parent undertaking and controlling entity is The Goldman Sachs Group, Inc. (Group Inc.), a Delaware corporation, which 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. When we use the terms "Goldman Sachs" and "the firm", we mean Group Inc. and its consolidated subsidiaries and when we use the terms "the branch", "we", "us" and "our", we mean Goldman Sachs International Bank Johannesburg Branch.

The Board of Governors of the Federal Reserve System (FRB) is the primary regulator of Group Inc., a bank holding company (BHC) under the Bank Holding Company Act of 1956 and a financial holding company under amendments to this Act. As a BHC, the firm is subject to consolidated regulatory capital requirements which are calculated in accordance with the regulations of the FRB (Capital Framework).

The capital requirements are expressed as risk-based capital and leverage ratios that compare measures of regulatory capital to risk-weighted assets (RWAs), average assets and off-balance-sheet exposures. Failure to comply with these capital requirements could result in restrictions being imposed by our regulators and could limit our ability to distribute capital, including share repurchases and dividend payments, and to make certain discretionary compensation payments. The branch'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 annual Pillar 3 Disclosures and Annual Report on Form 10-K. References to the "2019 Form 10-K" are to the firm's Annual Report on Form 10-K for the year ended December 31, 2019.

https://www.goldmansachs.com/investor-relations/financials/current/other-information/4q-pillar3-2019.pdf

https://www.goldmansachs.com/investor-relations/financials/current/10k/2019-10-k.pdf

This quarterly disclosure for the branch has been prepared for the three-month period ended February 28, 2020, in line with the accounting reference date for GSIB. No prior information has been presented as this is the first Pillar 3 disclosure for the branch. All references to February 2020 refer to the three-month period ended thereof, or the date, as the context requires, February 28, 2020.

The branch is supervised by the South African Reserve Bank (SARB) and as such is subject to minimum capital adequacy standards. Quarterly disclosures are prepared in accordance with the Basel Committee on Banking Supervision's revised pillar 3 disclosure requirements, and the SARB Directive 1 of 2019 issued in terms of section 6(6) of the Banks Act No. 94 of 1990 and Regulation 43(1) of the regulations relating to banks.

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 financial statements, and may not be comparable to similar measures used by other companies or branches. These disclosures are not required to be, and have not been, audited by our independent auditors.

Definition of Risk-Weighted Assets

The risk weights 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 capital ratio.

Capital Framework

Capital Structure

For regulatory capital purposes, the total available capital has the following components:

- Common Equity Tier 1 capital (CET1), which is comprised of endowment capital from GSIB, 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 the rules. 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.

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 calculated 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.

Compliance with Capital Requirements

As of February 28, 2020, the branch had capital levels in excess of its minimum regulatory capital requirements.

Key Prudential metrics and overview of RWA

The table below provides an overview of the branch's prudential regulatory position as measured by key regulatory metrics as at February 28, 2020.

Table 1: Key Metrics (KM1)

		February 2020 R'm
	Available capital (amounts)	
1	Common Equity Tier 1 (CET1)	254
1a	Fully loaded ECL accounting model CET1	-
2	Tier 1	254
2a	Fully loaded ECL accounting model Tier 1	-
3	Total capital	254
3a	Fully loaded ECL accounting model total capital	-
	Risk-weighted assets (amounts)	
4	Total risk-weighted assets (RWA)	523
	Risk-based capital ratios as a percentage of RWA	
5	Common Equity Tier 1 ratio (%)	48.5%
5a	Fully loaded ECL accounting model CET1 (%)	-
6	Tier 1 ratio (%)	48.5%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	-
7	Total capital ratio (%)	48.5%
7a	Fully loaded ECL accounting model total capital ratio (%)	-
	Additional CET1 buffer requirements as a percentage of RWA	
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%
9	Countercyclical buffer requirement (%)	0.0%
10	Bank D-SIB additional requirements (%)	0.0%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.5%
12	CET1 available after meeting the bank's minimum capital requirements (%)	41%
	Basel III Leverage Ratio	
13	Total Basel III leverage ratio measure	767
14	Basel III leverage ratio (%) (row 2/row 13)	33.1%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	33.1%
	Liquidity Coverage Ratio	
15	Total HQLA	26
16	Total net cash outflow	0
17	LCR ratio (%)	NM
	Net Stable Funding Ratio	
18	Total available stable funding	656
19	Total required stable funding	381
20	NSFR ratio (%)	172%

* No transitional arrangement with regards implementation of IFRS 9 for the impact of expected credit loss accounting on regulatory capital have been applied.

** NM – not meaningful.

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 by type as at February 28, 2020.

Table 2: Overview of RWA (OV1)

		RWA	Minimum capital requirements[1]
		February 2020 R'm	February 2020 R'm
1	**Credit risk (excluding counterparty credit risk)**	**157**	**18**
2	Of which: standardised approach (SA)	157	18
3	Of which: foundation internal ratings-based (F-IRB) approach	-	-
4	Of which: supervisory slotting approach	-	-
5	Of which: advanced internal ratings-based (A-IRB) approach	-	-
6	**Counterparty credit risk (CCR)**	**-**	**-**
7	Of which: standardised approach for counterparty credit risk	-	-
8	Of which: Internal Model Method (IMM)	-	-
9	Of which: other CCR	-	-
10	**Credit valuation adjustment (CVA)**	-	-
11	**Equity positions under the simple risk weight approach**	-	-
12	**Equity investments in funds - look-through approach**	-	-
13	**Equity investments in funds - mandate-based approach**	-	-
14	**Equity investments in funds - fall-back approach**	-	-
15	**Settlement risk**	-	-
16	**Securitisation exposures in the banking book**	-	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-
20	**Market risk**	**-**	**-**
21	Of which: standardised approach (SA)	-	-
22	Of which: internal model approaches (IMA)	-	-
23	**Capital charge for switch between trading book and banking book**	-	-
24	**Operational risk**	**363**	**42**
25	**Amounts below thresholds for deduction (subject to 250% risk weight)**	**-**	**-**
26	**Aggregate capital floor applied**	-	-
27	Floor adjustment (before application of transitional cap)	-	-
28	Floor adjustment (after application of transitional cap)	-	-
29	**Other assets risk**	**3**	**0**
30	**Total (1+6+10+11+12+13+14+15+16+20+23+24+25+28)**	**523**	**60**

1. Minimum capital requirements - This value is 11.5%, consisting of a Pillar 1 requirement of 8.00%, Pillar 2A of 1%, and a phased in Capital Conservation Buffer of 2.5%.

Leverage Ratio

Table 3: Summary Comparison of Accounting Assets vs Leverage Ratio Exposure (LR1)

		February 2020 R'm
1	Total consolidated assets as per the BA 900	763
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	
4	Adjustments for temporary exemption of central bank reserves (if applicable)	
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	
8	Adjustments for derivative financial instruments	
9	Adjustment for securities financing transactions (ie repos and similar secured lending)	
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	5
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	
12	Other adjustments	(1)
13	**Leverage ratio exposure measure**	**767**

Table 4: Leverage Ratio (LR2)

		February 2020 R'm
On-balance sheet exposures		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	763
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(1)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)**	762
Derivative exposures		
4	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	-
5	Add-on amounts for PFE associated with *all* derivatives transactions	-
6	Gross-up for derivatives collateral provide where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	**Total derivative exposures (sum of rows 4 to 10)**	-
Securities financing transactions		
12	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	**Total securities financing transaction exposures (sum of rows 12 to 15)**	-
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	23
18	(Adjustments for conversion to credit equivalent amounts)	(18)
19	**Off-balance sheet items (sum of rows 17 and 18)**	5
Capital and total exposures		
20	**Tier 1 capital**	254
21	**Total exposures (sum of rows 3, 11, 16 and 19)**	767
Leverage ratio		
22	**Basel III leverage ratio**	**33.1%**

Liquidity Risk

Table 5: Liquidity Coverage Ratio (LIQ1)

		Total unweighted value (average)	**Total weighted value** (average)
		R'm	
High-quality liquid assets			
1	Total HQLA		26
Cash outflows			
2	**Retail deposits and deposits from small business customers, of which:**		
3	Stable deposits		
4	Less stable deposits		
5	**Unsecured wholesale funding, of which:**		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks		
7	Non-operational deposits (all counterparties)		
8	Unsecured debt		
9	**Secured wholesale funding**		
10	**Additional requirements, of which:**		
11	Outflows related to derivative exposures and other collateral requirements		
12	Outflows related to loss of funding of debt products		
13	Credit and liquidity facilities		
14	**Other contractual funding obligations**	-	-
15	**Other contingent funding obligations**		
16	**TOTAL CASH OUTFLOWS**		-
Cash inflows			
17	**Secured lending (eg reverse repo)**		
18	**Inflows from fully performing exposures**		
19	Other cash inflows		
20	**TOTAL CASH INFLOWS**		
			Total adjusted value
21	**Total HQLA**		26
22	**Total net cash outflows**		0
23	**Liquidity coverage ratio (%)**		NM

* NM – not meaningful.

Table 6: Net Stable Funding Ratio (LIQ2)

		Unweighted value by residual maturity				Weighted value
		No maturity*	<6 months	6 months to <1 year	≥1 year	
		R'm	R'm	R'm	R'm	R'm
Available stable funding (ASF) item						
1	Capital:	255	-	-	-	255
2	*Regulatory capital*	255				255
3	*Other capital instruments*					
4	Retail deposits and deposits from small business customers:					
5	*Stable deposits*					
6	*Less stable deposits*					
7	Wholesale funding:	-	-	-	401	401
8	*Operational deposits*					
9	*Other wholesale funding*				401	401
10	Liabilities with matching interdependent assets					
11	Other liabilities:		68			0
12	*NSFR derivative liabilities*					
13	*All other liabilities and equity not included in the above categories*		68			-
14	**Total ASF**					**656**
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)		113			0
16	Deposits held at other financial institutions for operational purposes	538				269
17	Performing loans and securities:					
18	*Performing loans to financial institutions secured by Level 1 HQLA*					
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*					
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*					
21	*With a risk weight of less than or equal to 35%*					
22	*Performing residential mortgages, of which:*					
23	*With a risk weight of less than or equal to 35%*					
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*				0	0
25	Assets with matching interdependent liabilities					
26	Other assets:	-	112	-	-	112
27	*Physical traded commodities, including gold*					
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*					
29	*NSFR derivative assets*					
30	*NSFR derivative liabilities before deduction of variation margin posted*					
31	*All other assets not included in the above categories*		112			112
32	Off-balance sheet items					
33	**Total RSF**					**381**
34	**Net Stable Funding Ratio (%)**					**172%**

∗ Items to be reported in the "no maturity" time bucket do not have a stated maturity. These may include, but are not limited to, items such as capital with perpetual maturity, non-maturity deposits, short positions, open maturity positions, non-HQLA equities and physical traded commodities.

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 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 under "Risk Factors" in Part I, Item 1A in the firm's 2019 Form 10-K.