



Goldman Sachs Bank Europe SE

# Pillar 3 Disclosures

For the period ended June 30, 2022

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## Introduction

### Overview

Goldman Sachs Bank Europe SE (GSBE or the bank) is engaged in a wide range of activities primarily in the E.U., including market making in debt and equity securities and derivatives, financial advisory services, underwriting, asset and wealth management services, deposit-taking and lending (including securities lending) and is a primary dealer for government bonds issued by E.U. sovereigns. The bank serves a diversified client base that includes corporations, financial institutions, governments and individuals, from its registered office in Frankfurt am Main and branches in Amsterdam, Athens, Copenhagen, Dublin, London, Luxembourg, Madrid, Milan, Paris, Stockholm and Warsaw. The bank is registered with the commercial register number HRB 114190.

The bank is supervised by the European Central Bank (ECB) within the context of the European Single Supervisory Mechanism, the Federal Financial Supervisory Authority (BaFin) and the Deutsche Bundesbank.

The bank is a wholly owned subsidiary of Goldman Sachs Bank USA (GS Bank USA), a New York State chartered bank and a member of the Federal Reserve System (FRB). The bank's ultimate parent undertaking and controlling entity is The Goldman Sachs Group, Inc. (Group Inc. or the firm). Group Inc. is a bank holding company and a financial holding company regulated by the Board of Governors of the FRB. In relation to the bank, "group undertaking" means Group Inc. or any of its subsidiaries. Group Inc., together with its consolidated subsidiaries, form "GS Group" (also referred to as the firm). GS Group is a leading global financial institution that delivers a broad range of financial services across investment banking, securities and investment management and consumer banking to a large and diversified client base that includes corporations, financial institutions, governments and individuals. GS Group's purpose is to advance sustainable economic growth and financial opportunity. GS Group's goal, reflected in the One Goldman Sachs initiative, is to deliver its full range of services and expertise to support its clients in a more accessible, comprehensive and efficient manner, across business and product areas. GS Group has a presence in Europe, Middle East and Africa (EMEA) through a number of subsidiaries, including GSBE.

GSBE's regulatory capital requirement has been calculated in accordance with the E.U. Capital Requirements Directive (CRD) and the E.U. Capital Requirements Regulation (CRR). These are largely based on the Basel Committee on Banking Supervision's (Basel Committee) final capital framework for strengthening international capital standards (Basel III), which

is structured around three pillars: Pillar 1 "minimum capital requirements", Pillar 2 "supervisory review process" and Pillar 3 "market discipline".

The term "CRR" in this document refers to the applicable version of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012; as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (known as CRR2) as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements.

GSBE's Pillar 3 disclosures published for June 30, 2022 have been prepared in accordance with the EBA Guidelines on disclosure requirements under Part Eight of the CRR.

All references to June 2022 and March 2022 refer to the dates, as the context requires, June 30, 2022 and March 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 2022 Quarterly Pillar 3 disclosures, 2021 Annual Pillar 3 disclosures, IFRS Financial Information and Financial Statements can be accessed via the following links:

<https://www.goldmansachs.com/disclosures/gsbank-europe-se-disclosures.html>

<https://www.goldmansachs.com/investor-relations/financials/subsidiary-financial-info/gsbe/index.html>

As of June 2022, GSBE has no exposures to disclose pursuant to the guidelines (EBA/GL/2020/07) on disclosure of exposures subject to measures applied in response to the COVID-19 crisis, as such the required tables have not been included in this document.

For information on Group Inc.'s financial statements and regulatory capital ratios, please refer to the firm's quarterly Pillar 3 Disclosures and Quarterly Report on Form 10-Q.

<https://www.goldmansachs.com/investor-relations/financials/other-information/2022/2q-pillar3-2022.pdf>

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

**Basis of Consolidation**

GSBE and its subsidiaries are directly and indirectly wholly-owned by the immediate parent company, GS Bank USA and the ultimate parent company, Group Inc. respectively and included in their respective consolidated financial statements.

Due to immateriality of its subsidiaries pursuant to Section 296 (2) of HGB, GSBE waives its obligation from preparing consolidated financial statements. However, the subsidiaries are consolidated according to the equity method in the IFRS Financial Information and no fair values are disclosed separately.

The subsidiaries are:

- Goldman, Sachs & Co. Verwaltungs GmbH
- Goldman Sachs Gives gemeinnützige GmbH
- Goldman, Sachs Management GP GmbH

The additional information to be disclosed in accordance with Section 26(a) of the German Banking Act (Kreditwesengesetz; in the following, "KWG") was also included in GSBE's 2021 Financial Statements under the section of "Branches of the Bank" within Note 22.

GSBE is considered the parent company of a group under § 10a of KWG. Its subsidiary Goldman, Sachs Management GP GmbH, Frankfurt am Main, a financial corporation according to § 1 Abs 3 KWG, may in line with Article 19 CRR be exempted from the scope of consolidation so that, in accordance with Article 11 of CRR, there is no requirement for a regulatory consolidation, and the rules on disclosure obligations on a consolidated basis under Article 13 do not apply. Therefore, these disclosures are prepared for GSBE on

a stand-alone basis.

**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 predetermined levels set by 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.

**Fair Value**

Financial assets that are not held for the collection of contractual cash flows or do not have cash flows that represent solely payments of principal and interest are mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value are initially measured at fair value with transaction costs expensed in the income statement. Such financial assets are subsequently measured at fair value with gains or losses recognised in net revenues. Financial liabilities held for trading are initially measured at fair value and subsequently at fair value through profit or loss, with gains or losses recognised in net revenues. Financial liabilities held for trading include trading liabilities, which consists of trading cash instruments and derivative instruments.

The bank also designates certain financial liabilities at fair value through profit or loss. Financial liabilities designated at fair value through profit or loss are initially measured at fair value and subsequently at fair value through profit or loss, with Debt Valuation Adjustment (DVA) being recognised in other comprehensive income, if it does not create or enlarge an accounting mismatch, and the remaining changes in the fair value being recognised in net revenues. Amounts recognised in other comprehensive income attributable to own credit spreads are not subsequently transferred to the income statement, even upon derecognition of the financial liability. Gains or losses exclude contractual interest, which is included in interest income and interest expense, for all instruments other than hybrid financial instruments. The primary reasons for designating such financial liabilities at fair value through profit or loss are:

- To eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and

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- The group of financial liabilities, or financial assets and liabilities, is managed and its performance evaluated on a fair value basis.

For additional information regarding the fair value measurement of GSBE's assets and liabilities, see "Note 2. Summary of Significant Accounting Policies. Financial Assets and Liabilities Measured at Fair Value Through Profit or Loss" in GSBE's IFRS Financial Information.

**Banking Book / Trading Book Classification**

The bank 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 first be classified into either "banking book" or "trading book". Positions are classified as banking book unless they qualify to be classified as trading book.

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 (as defined in point (85) of Article 4(1) in CRR) . 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 value of these positions due to changes in market conditions. Some trading book positions, such as derivatives, are also subject to counterparty credit risk regulatory capital requirements.

Banking book positions are accounted for in line with the principles outlined in the bank's Financial Statements. Banking book positions are subject to credit risk regulatory capital requirements. Credit risk represents the potential for loss due to the default or deterioration in credit quality of a counterparty (e.g., an Over-The-Counter (OTC) derivatives counterparty or a borrower) or an issuer of securities or other instruments we hold.

**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. The expectation is that the principal impact from regulatory reform for the bank may lead to increased regulatory capital requirements and increased regulation and restriction on certain activities. However, given that many of the new and proposed rules are highly complex, the full impact of regulatory reform will not be known until the rules are implemented and market practices develop under final E.U. regulations.

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

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

In June 2019, amendments to the CRR and CRD were published in the Official Journal of the E.U. The amendments to the CRR include changes to rules for the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities (MREL), counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, and reporting and disclosure requirements. Most of these requirements are applicable since June 28, 2021 in the E.U.. The amendments to the CRD include the requirement to establish an E.U. intermediate parent undertaking ("IPU") as well as provisions on remuneration, interest rate risk management, supervisory powers and macro-prudential capital requirements. The amendments to the CRD are expected to phase in over time.

In October 2021, the European Commission further published a proposed legislative package to amend the CRR and CRD to finalise the implementation of Basel III, which is expected to be concluded in 2023 with a proposed implementation date of January 1, 2025 for substantial parts of the reforms.

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The impact of these latest Basel Committee developments on the bank (including its RWAs and regulatory capital ratios) is subject to uncertainty until corresponding legislation is implemented.

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

In July 2021 the SRB provided guidance on GSBE's internal MREL requirement which will become fully effective on January 1, 2024. The SRB provided an update on this guidance in June 2022 according to which GSBE is required to ensure a linear build-up of MREL ahead of this date.

The CRR and the Bank Recovery and Resolution Directive are designed to, among other things, implement the Financial Stability Board's (FSB) minimum Total Loss Absorbing Capacity ("TLAC") requirement for G-SIBs. For example, the CRR requires E.U. subsidiaries of a non-E.U. G-SIB to meet internal TLAC requirements if they exceed the threshold of 5% of the G-SIB's RWAs, operating income or leverage exposure.

In the first quarter of 2022, GSBE exceeded this threshold and is thereby required to meet 90% of the TLAC requirement applicable to E.U. G-SIBs. GSBE satisfies this requirement through its regulatory capital and MREL eligible debt from intercompany borrowings.

**Other Developments**

**Russian Invasion of Ukraine.** The Russian invasion of Ukraine has negatively affected the global economy and has resulted in significant disruptions in financial markets and increased macroeconomic uncertainty. In addition, governments around the world have responded to Russia's invasion by imposing economic sanctions and export controls on certain industry sectors, companies and individuals in Russia. Russia has imposed its own restrictions targeting foreign investors as well as other countries and has proposed additional measures aimed at non-Russian-owned businesses. Businesses have experienced shortages in materials and increased costs for transportation, energy and raw materials due, in part, to the negative effects of the war on the global economy. The escalation or continuation of the war between Russia and Ukraine or other hostilities poses heightened risks relating to cyber-attacks, the frequency and volume of failures to settle securities transactions, supply chain disruptions, inflation, as well as the potential for increased volatility in commodity, currency and other financial markets. The extent and duration of the war, sanctions and resulting market disruptions, as well as the potential adverse consequences for the bank's business, liquidity and operating results, are difficult to predict.

In response, the bank continues to proactively manage its market and credit risk exposures, including to Russia and Ukraine, while focusing on servicing its clients and supporting its employees. The bank's credit and market risk exposures to Russia and Ukraine as of June 2022 and at the time of publication was immaterial.

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

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**Attestation**

To the best of our knowledge, we attest that the Pillar 3 Disclosures of Goldman Sachs Bank Europe SE for the period ended June 30, 2022, prepared according to Part Eight of the CRR, have been prepared in accordance with the formal policies and internal processes, systems and controls agreed upon at the management body level.

Michael Holmes  
Chief Financial Officer  
Goldman Sachs Bank Europe SE

Heiman Lo  
Chief Risk Officer  
Goldman Sachs Bank Europe SE



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## Key Metrics

The table below provides an overview of the bank's prudential regulatory position as measured by key regulatory metrics as of June 2022 and previous reference periods. December 2021 and December 2020, in the table below and throughout the disclosure, includes the impact of inclusion of the respective year's audited profits, unless otherwise stated.

Table 1: EU KM1 - Key Metrics Table

| € in millions |   | As of June<br>2022 | As of March<br>2022 | As of December<br>2021 | As of June<br>2021 | As of<br>December<br>2020 |
|---------------|---|--------------------|---------------------|------------------------|--------------------|---------------------------|
|               | <b>Available own funds (amounts)</b>  |                    |                     |                        |                    |                           |
| 1             | Common Equity Tier 1 (CET1) capital   | 8,448              | 8,457               | 5,732                  | 5,296              | 3,264                     |
| 2             | Tier 1 capital  | 8,448              | 8,457               | 5,732                  | 5,296              | 3,264                     |
| 3             | Total capital   | 8,468              | 8,477               | 5,752                  | 5,316              | 3,284                     |
|               | <b>Risk-weighted exposure amounts</b>   |                    |                     |                        |                    |                           |
| 4             | Total risk-weighted exposure amount   | 26,932             | 27,688              | 25,402                 | 19,861             | 9,515                     |
|               | <b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>  |                    |                     |                        |                    |                           |
| 5             | Common Equity Tier 1 ratio (%)  | 31.4%              | 30.5%               | 22.6%                  | 26.7%              | 34.3%                     |
| 6             | Tier 1 ratio (%)  | 31.4%              | 30.5%               | 22.6%                  | 26.7%              | 34.3%                     |
| 7             | Total capital ratio (%)   | 31.4%              | 30.6%               | 22.6%                  | 26.8%              | 34.5%                     |
|               | <b>Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)</b>                                 |                    |                     |                        |                    |                           |
| EU 7a         | Additional own funds requirements to address risks other than the risk of excessive leverage (%)  | 3.0%               | 3.0%                | 3.0%                   | 3.0%               | 3.0%                      |
| EU 7b         | of which: to be made up of CET1 capital (percentage points)   | 1.7%               | 1.7%                | 1.7%                   | 1.7%               | 1.7%                      |
| EU 7c         | of which: to be made up of Tier 1 capital (percentage points)   | 2.3%               | 2.3%                | 2.3%                   | 2.3%               | 2.3%                      |
| EU 7d         | Total SREP own funds requirements (%)   | 11.0%              | 11.0%               | 11.0%                  | 11.0%              | 11.0%                     |
|               | <b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>   |                    |                     |                        |                    |                           |
| 8             | Capital conservation buffer (%)   | 2.5%               | 2.5%                | 2.5%                   | 2.5%               | 2.5%                      |
| EU 8a         | Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)                                | 0.0%               | 0.0%                | 0.0%                   | 0.0%               | 0.0%                      |
| 9             | Institution specific countercyclical capital buffer (%)   | 0.0%               | 0.1%                | 0.0%                   | 0.0%               | 0.0%                      |
| EU 9a         | Systemic risk buffer (%)  | 0.0%               | 0.0%                | 0.0%                   | 0.0%               | 0.0%                      |
| 10            | Global Systemically Important Institution buffer (%)  | 0.0%               | 0.0%                | 0.0%                   | 0.0%               | 0.0%                      |
| EU 10a        | Other Systemically Important Institution buffer   | 0.3%               | 0.3%                | 0.0%                   | 0.0%               | 0.0%                      |
| 11            | Combined buffer requirement (%)   | 2.8%               | 2.8%                | 2.5%                   | 2.5%               | 2.5%                      |
| EU 11a        | Overall capital requirements (%)  | 13.8%              | 13.8%               | 13.5%                  | 13.5%              | 13.5%                     |
| 12            | CET1 available after meeting the total SREP own funds requirements *  | 5,505              | 5,431               | 2,958                  | 2,785              | 2,238                     |
|               | <b>Leverage ratio</b>   |                    |                     |                        |                    |                           |
| 13            | Leverage ratio total exposure measure   | 102,621            | 73,668              | 75,838                 | 52,768             | 31,712                    |
| 14            | Leverage ratio %  | 8.2%               | 11.5%               | 7.6%                   | 10.0%              | n/a                       |
|               | <b>Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)</b> |                    |                     |                        |                    |                           |
| EU 14a        | Additional own funds requirements to address the risk of excessive leverage (%)   | 0.0%               | 0.0%                | 0.0%                   | 0.0%               | n/a                       |
| EU 14b        | of which: to be made up of CET1 capital (percentage points)   | 0.0%               | 0.0%                | 0.0%                   | 0.0%               | n/a                       |
| EU 14c        | Total SREP leverage ratio requirements (%)  | 3.0%               | 3.0%                | 3.0%                   | 3.1%               | n/a                       |

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|        | <b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b> |        |        |           |        |        |
|--------|---|--------|--------|-----------|--------|--------|
| EU 14d | Total SREP leverage ratio requirements (%)  | 0.0%   | 0.0%   | 0.0%      | 0.0%   | n/a    |
| EU 14e | Overall leverage ratio requirements (%)   | 3.0%   | 3.0%   | 3.0%      | 3.1%   | n/a    |
|        | <b>Liquidity Coverage Ratio</b>   |        |        |           |        |        |
| 15     | Total high-quality liquid assets (HQLA) (Weighted value - average)  | 17,085 | 14,599 | 11,734    | 5,516  | 2,382  |
| EU 16a | Cash outflows - Total weighted value  | 15,459 | 13,423 | 11,894    | 7,173  | n/a    |
| EU 16b | Cash inflows - Total weighted value   | 8,182  | 7,258  | 6,219     | 3,916  | n/a    |
| 16     | Total net cash outflows (adjusted value)  | 7,277  | 6,166  | 5,675     | 3,284  | 1,067  |
| 17     | Liquidity coverage ratio (%)  | 241.0% | 234.0% | 202.0% ** | 195.4% | 240.0% |
|        | <b>Net Stable Funding Ratio</b>   |        |        |           |        |        |
| 18     | Total available stable funding  | 23,381 | 19,964 | 28,337    | 13,369 | n/a    |
| 19     | Total required stable funding   | 17,151 | 13,954 | 16,224    | 7,660  | n/a    |
| 20     | NSFR ratio (%)  | 136.3% | 143.1% | 174.7%    | 174.5% | n/a    |

\* Prior period values have been restated to reflect final reporting form

\*\* LCR as of December 2021 has been updated to 202% to reflect the revised treatment of certain liquidity and credit facilities

In the table above, ratios that are not binding as of December 2020 are represented as n/a. The capital ratios and leverage ratio as of June 2022 does not include profits that are still subject to verification by GSBE's external auditors and approval by GSBE's shareholder (GS Bank USA) for inclusion in capital. These profits will add approximately 89 basis points and 23 basis points to the CET1 capital ratio and leverage ratio respectively.

The total capital ratio increased by 0.8% to 31.4% mainly driven by RWAs decreasing by €0.8bn to €26.9bn primarily due to market risk RWA decreasing by €1.3bn mainly from modelled market risk, partially offset by credit risk RWA increasing by €0.6bn due to higher lending and balance sheet exposures.

The Leverage ratio decreased by 3.3% to 8.2% mainly driven by leverage exposures increasing by €29.0bn, primarily due to the expiration of the temporary exemption of eligible central bank cash balances from the Leverage Exposures as per Article 500b of CRR, driving a €12.4bn increase as well as a €6.4bn increase in securities financing transactions activity and a €4.3bn increase in cash inventory.

Liquidity coverage ratio increased by 7% to 241%, mainly due to increase in the bank's HQLA buffer by €2.5bn to €17.1bn. This was offset by increase in the Net cash outflow by €1.1bn to €7.3bn over same period, mainly due to an increase in secured wholesale funding and derivatives outflows.

Net stable funding ratio decreased by 7% to 136%, due to increase in Required stable funding by €3.2bn to €17.2bn, mainly driven by increase in other assets. This was partially offset by increase in Available Stable Funding by €3.4bn to €23.4bn, due to increase in intercompany long-term operational loan.

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## EU iLAC

In accordance with the requirements of Article 92b of Regulation (EU) No 575/2013, the following table shows GSBE's minimum requirement for eligible liabilities, as a material subsidiary of a non-EU headquartered G-SII.

**Table 2: 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 June 2022

|  |   | a  | b   | c                       |
|--|---|--|---|-------------------------|
|  |   | Minimum requirement for own funds and eligible liabilities (internal MREL) | Non-EU G-SII Requirement for own funds and eligible liabilities (internal TLAC) | Qualitative information |
| <b>Applicable requirement and level of application</b>       |   |  |   |                         |
| 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                     |
| <b>Own funds and eligible liabilities</b>                    |   |  |   |                         |
| EU 3   | Common Equity Tier 1 capital (CET1)   | 8,448  | 8,448   |                         |
| EU 4   | Eligible Additional Tier 1 instruments  | -  | -   |                         |
| EU 5   | Eligible Tier 2 instruments   | 20   | 20  |                         |
| EU 6   | Eligible own funds  | 8,468  | 8,468   |                         |
| EU 7   | Eligible liabilities  | 800  | 800   |                         |
| EU 8   | Of which permitted guarantees   | -  |   |                         |
| EU 9a  | (Adjustments)   | -  |   |                         |
| EU 9b  | Own funds and eligible liabilities items after adjustments  | 9,268  | 9,268   |                         |
| <b>Total risk exposure amount and total exposure measure</b> |   |  |   |                         |
| EU 10  | Total risk exposure amount  | 26,932   | 26,932  |                         |
| EU 11  | Total exposure measure  | 102,621  | 102,621   |                         |
| <b>Ratio of own funds and eligible liabilities</b>           |   |  |   |                         |
| EU 12  | Own funds and eligible liabilities (as a percentage of TREA)  | 34.4%  | 34.4%   |                         |
| EU 13  | >>> of which permitted guarantees   | -  |   |                         |
| EU 14  | Own funds and eligible liabilities (as a percentage of leverage exposure)                                 | 9.0%   | 9.0%  |                         |
| EU 15  | >>> of which permitted guarantees   | -  |   |                         |
| EU 16  | CET1 (as a percentage of TREA) available after meeting the entity's requirements                          | 11.3%  | 11.3%   |                         |
| EU 17  | Institution-specific combined buffer requirement  |  | 2.8%  |                         |
| <b>Requirements</b>  |   |  |   |                         |
| 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  |   |                         |
| <b>Memorandum items</b>                                      |   |  |   |                         |
| EU 22  | Total amount of excluded liabilities referred to in Article 72a(2) CRR                                    |  | 150,789   |                         |

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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 does not include profits that are still subject to verification by GSBE's external auditors and approval by GSBE's shareholder (GS Bank USA) for inclusion in capital. These profits will add approximately 89 basis points and 23 basis points to rows EU 12 and EU 14 respectively.

**EU TLAC2a****Table 3: EU TLAC2a: Creditor ranking - Entity that is not a resolution entity**

As of June 2022

€ in millions

|    |   | insolvency ranking               |                    |  | Sum of 1 to 4 |
|----|---|----------------------------------|--------------------|--|---------------|
|    |   | 1                                | 3                  | 4  |               |
|    |   | (most junior)                    |                    |  |               |
|    |   | other                            | resolution entity  | other  |               |
| 1  | Empty set in the EU   |                                  |                    |  |               |
| 2  | Description of insolvency rank (free text)  | Common equity Tier 1 instruments | Tier 2 instruments | Claims subordinated by virtue of a contractual subordination clause not specifying the pertinent rank (other than Additional Tier 1 or Tier 2 instruments) |               |
| 3  | Liabilities and own funds including derivative liabilities  | 8,448                            | 20                 | 800  | 9,268         |
| 4  | o/w excluded liabilities  | 0                                | 0                  | 0  | 0             |
| 5  | Liabilities and own funds less excluded liabilities   | 8,448                            | 20                 | 800  | 9,268         |
| 6  | Subset of liabilities and own funds less excluded liabilities that are own funds and eligible liabilities for the purpose of [choose as appropriate: internal TLAC/internal MREL] | 8,448                            | 20                 | 800  | 9,268         |
| 7  | o/w residual maturity ≥ 1 year < 2 years  | 0                                | 0                  | 0  | 0             |
| 8  | o/w residual maturity ≥ 2 year < 5 years  | 0                                | 0                  | 0  | 0             |
| 9  | o/w residual maturity ≥ 5 years < 10 years  | 0                                | 0                  | 800  | 800           |
| 10 | o/w residual maturity ≥ 10 years, but excluding perpetual securities  | 0                                | 0                  | 0  | 0             |
| 11 | o/w perpetual securities  | 8,448                            | 20                 | 0  | 8,468         |

**EU CCA****Table 4: EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments**

As of June 2022

| € in millions |   | a       | b       | c       |
|---------------|---|---------|---------|---------|
| 1             | Issuer  | GSBE    | GSBE    | GSBE    |
| 2             | Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)      | N/A     | N/A     | N/A     |
| 2a            | Public or private placement   | Private | Private | Private |
| 3             | Governing law(s) of the instrument  | Germany | Germany | Germany |
| 3a            | Contractual recognition of write down and conversion powers of resolution authorities | N/A     | N/A     | N/A     |

## Pillar 3 Disclosures

|        | <i>Regulatory treatment</i>   |   |   |  |
|--------|---|---|---|--|
| 4      | Current treatment taking into account, where applicable, transitional CRR rules   | Common Equity Tier 1                                      | Tier 2  | MREL   |
| 5      | Post-transitional CRR rules   | Common Equity Tier 1                                      | Tier 2  | MREL   |
| 6      | Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated  | Solo  | Solo  | Solo   |
| 7      | Instrument type (types to be specified by each jurisdiction)  | Ordinary share capital                                    | Subordinated debt   | Subordinated debt  |
| 8      | Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date) | € 329   | € 20  | € 800  |
| 9      | Nominal amount of instrument  | € 329   | € 20  | € 800  |
| EU-9a  | Issue price   | At par  | At par  | At par   |
| EU-9b  | Redemption price  | At par  | At par  | At par   |
| 10     | Accounting classification   | Shareholder's equity                                      | Liability - amortised cost  | Liability - amortised cost   |
| 11     | Original date of issuance   | 01/07/2011; 25/02/2019; 07/06/2020; 05/11/2020; 08/2/2021 | 22/03/2004; 15/04/2008  | 2/3/2021   |
| 12     | Perpetual or dated  | Perpetual   | Perpetual   | Dated  |
| 13     | Original maturity date  | No maturity   | No maturity   | 2/3/2031   |
| 14     | Issuer call subject to prior supervisory approval   | No  | No  | No   |
| 15     | Optional call date, contingent call dates and redemption amount   | N/A   | N/A   | N/A  |
| 16     | Subsequent call dates, if applicable  | N/A   | N/A   | N/A  |
|        | <i>Coupons / dividends</i>  |   |   |  |
| 17     | Fixed or floating dividend/coupon   | N/A   | Floating  | N/A  |
| 18     | Coupon rate and any related index   | No  | 3-months-Euribor plus 210 bps   | 12m Euribor + 60bps  |
| 19     | Existence of a dividend stopper   | No  | No  | No   |
| EU-20a | Fully discretionary, partially discretionary or mandatory (in terms of timing)  | Fully discretionary                                       | Mandatory   | Mandatory  |
| EU-20b | Fully discretionary, partially discretionary or mandatory (in terms of amount)  | Fully discretionary                                       | Mandatory   | Mandatory  |
| 21     | Existence of step up or other incentive to redeem   | No  | No  | No   |
| 22     | Noncumulative or cumulative   | Noncumulative   | Noncumulative   | Noncumulative  |
| 23     | Convertible or non-convertible  | Nonconvertible  | Nonconvertible  | Nonconvertible   |
| 24     | If convertible, conversion trigger(s)   | N/A   | N/A   | N/A  |
| 25     | If convertible, fully or partially  | N/A   | N/A   | N/A  |
| 26     | If convertible, conversion rate   | N/A   | N/A   | N/A  |
| 27     | If convertible, mandatory or optional conversion  | N/A   | N/A   | N/A  |
| 28     | If convertible, specify instrument type convertible into  | N/A   | N/A   | N/A  |
| 29     | If convertible, specify issuer of instrument it converts into   | N/A   | N/A   | N/A  |
| 30     | Write-down features   | No  | No  | No   |
| 31     | If write-down, write-down trigger(s)  | N/A   | N/A   | N/A  |
| 32     | If write-down, full or partial  | N/A   | N/A   | N/A  |
| 33     | If write-down, permanent or temporary   | N/A   | N/A   | N/A  |
| 34     | If temporary write-down, description of write-up mechanism  | N/A   | N/A   | N/A  |
| 34a    | Type of subordination (only for eligible liabilities)   | N/A   | N/A   | N/A  |
| EU-34b | Ranking of the instrument in normal insolvency proceedings  | 1   | 3   | 4  |
| 35     | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)           | Tier 2  | Repayment of loan only after claims of other, non-subordinated creditors  | Claims for repayment of shareholder loans and accrued interest thereon |
| 36     | Non-compliant transitioned features   | No  | No  | No   |
| 37     | If yes, specify non-compliant features  | N/A   | N/A   | N/A  |
| 37a    | Link to the full term and conditions of the instrument (signposting)  | N/A   | <a href="https://www.goldmansachs.com/disclosures/pdfs/subordinated-loan-agreement.pdf">https://www.goldmansachs.com/disclosures/pdfs/subordinated-loan-agreement.pdf</a> | N/A  |

## Capital Framework

### Capital Structure

For regulatory capital purposes, a bank'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 GSBE's 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.

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

- A capital conservation buffer of 2.5%, consisting entirely of capital that qualifies as CET1.
- 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 GSBE's exposures to certain types of counterparties and exposures based in jurisdictions which have announced and implemented a countercyclical buffer. As of June 2022, the buffer increases the minimum CET1 ratio by 0.04%. Countercyclical capital buffer rates are expected to increase across relevant jurisdictions where GSBE has material exposures such as Germany, the Netherlands, France and the UK.

- In addition to the existing capital requirement resulting from Pillar 1, GSBE is subject to an annual Supervisory Review and Evaluation Process (SREP) by its regulators. As a result of this SREP process the supervisory authorities determine a SREP capital add-on. The SREP capital add-on is determined by the SREP process conducted by the ECB. This capital add-on consists of two components: a Pillar 2 Capital Requirement (P2R) and a Pillar 2 Capital Guidance (P2G). While the P2R is binding and breaches can have direct legal consequences for banks, the P2G signals to banks the supervisory view of the adequate level of capital to be maintained to provide a sufficient buffer to withstand stressed situations. Unlike the P2R, the P2G is not legally binding.
- GSBE's P2R capital add-on has been set by the ECB to 3.0% of which 1.69% has to be held in CET1 capital. The SREP ratios in table 1 incorporate P2R received from the ECB and excludes the P2G.
- The CRD and CRR provide that institutions that are systemically important at the E.U. or member state level, known as other systemically important institutions (O-SIIs), may be subject to additional capital ratio requirements (O-SII buffers), according to their degree of systemic importance. In 2021, BaFin identified GSBE as an O-SII in Germany and set an O-SII buffer of 0.25%, applicable from January 1, 2022.

### Compliance with Capital Requirements

As of June 2022, GSBE had capital levels in excess of its overall capital requirements (OCR) which include the pillar 1 capital requirement, pillar 2 capital requirement, capital conservation buffer, countercyclical capital buffer and O-SII buffer.

## **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.