



Financial Information

December 31, 2020

Goldman Sachs Bank Europe SE

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Introduction

Goldman Sachs Bank Europe SE (GSBE or the bank) provides a wide range of financial services to a diversified client base that includes corporations, financial institutions, and ultra-high-net-worth individuals, from its registered office in Frankfurt am Main and branches in Amsterdam, Copenhagen, Dublin, London, Luxembourg, Madrid, Milan, Paris, Stockholm and Warsaw. The bank is registered under HRB 114190 of the local district court in Frankfurt am Main, Germany.

The bank is primarily 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 sole shareholder of GSBE is Goldman Sachs (Cayman) Holding Company with its registered office in George Town, Cayman Islands. The bank's ultimate parent undertaking and controlling entity is The Goldman Sachs Group, Inc. (Group Inc.). Group Inc. is a bank holding bank and a financial holding bank regulated by the Board of Governors of the Federal Reserve System (FRB). Group Inc., together with its consolidated subsidiaries, form "GS Group". GS Group is a leading global financial institution that delivers a broad range of financial services across investment banking, securities, investment management and consumer banking to a large and diversified client base that includes corporations, financial institutions, governments and individuals. The bank's results prepared under United States Generally Accepted Accounting Principles (U.S. GAAP) are included in the consolidated financial statements of GS Group.

The non-statutory financial information of the bank has been prepared for the limited purpose of supporting regulatory filings.

The bank's Annual Financial Statements and Management report for the year ended December 31, 2020 prepared in accordance with the requirements of the German Commercial Code in English and German can be found at www.goldmansachs.com/investor-relations/financials/subsidiary-financial-info/gsbe

The bank generates revenues from the following business activities: Investment Banking, Fixed Income, Currency and Commodities (FICC); Equities; and Investment Management, which includes Asset Management and Wealth Management.

As a result of the U.K.'s withdrawal from the E.U. (Brexit) and in connection with GS Group's Brexit strategy, certain activities have moved from GS Group's U.K. entities to GSBE, including moving a significant number of relationships with E.U.-based clients of its Investment Banking, FICC, Equities, and Investment Management businesses; establishing access to exchanges, clearing houses and depositories and other market infrastructure in the E.U.; establishing branches in nine E.U. member states and in the U.K.; and strengthening the capital, personnel and other resources of GSBE. This has resulted in a significant increase in the bank's Balance Sheet in comparison to 2019.

Income Statement

| <i>€ in millions</i> | Note | Year Ended December | |
|---|------|---------------------|-------------|
| | | 2020 | 2019 |
| Gains or losses from financial instruments at fair value through profit or loss | | € 177 | € 50 |
| Fees and commissions | | 223 | 168 |
| Other | | (2) | - |
| Non-Interest income | | 398 | 219 |
| Interest income from financial instruments measured at fair value through profit or loss | | 29 | - |
| Interest income from financial instruments measured at amortised cost | | 11 | 9 |
| Interest expense from financial instruments measured at fair value through profit or loss | | (45) | (1) |
| Interest expense from financial instruments measured at amortised cost | | (17) | (19) |
| Net interest expense | | (23) | (11) |
| Total net revenues | 3 | 375 | 208 |
| Impairments on financial instruments | | (1) | - |
| Operating expenses | 4 | (229) | (118) |
| Profit before taxation | | 145 | 90 |
| Income tax expense | | (48) | (31) |
| Profit for the financial period | | € 97 | € 59 |

Net revenues and profit before taxation of the bank are derived from continuing operations in the current and prior period.

Statement of Comprehensive Income

| <i>€ in millions</i> | Note | Year Ended December | |
|---|------|---------------------|-------------|
| | | 2020 | 2019 |
| Profit for the financial period | | € 97 | € 59 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss | | (10) | (10) |
| Actuarial loss relating to the pension scheme | | (15) | (15) |
| Debt valuation adjustment | | - | - |
| Deferred tax attributable to the components of other comprehensive income | | 5 | 5 |
| Current tax attributable to the components of other comprehensive income | | - | - |
| Other comprehensive loss for the financial period, net of tax | | (10) | (10) |
| Total comprehensive income for the financial period | | 87 | 48 |

The accompanying notes are an integral part of this financial information.

Balance Sheet

| € in millions | Note | As of December | |
|---|------|----------------|---------------|
| | | 2020 | 2019 |
| Assets | | | |
| Cash and cash equivalents | | € 2,736 | € 1,077 |
| Collateralised agreements | 5 | 3,254 | 283 |
| Customer and other receivables | | 12,237 | 1,600 |
| Trading assets (includes €719 million and €0 million pledged as collateral) | 6 | 38,293 | 2,835 |
| Investments (includes €0 million and €16 million pledged as collateral) | | 17 | 18 |
| Other assets | 7 | 259 | 128 |
| Total assets | | €56,796 | €5,941 |
| Liabilities | | | |
| Collateralised financings | 8 | € 2,700 | € 131 |
| Customer and other payables | | 10,333 | 1,386 |
| Trading liabilities | 6 | 37,463 | 2,758 |
| Deposits | 9 | 1,221 | 9 |
| Unsecured borrowings | 10 | 1,262 | 669 |
| Other liabilities | 11 | 461 | 248 |
| Total liabilities | | 53,440 | 5,200 |
| Shareholder's equity | | | |
| Share capital | 12 | 314 | 310 |
| Share premium account | | 24 | - |
| Other equity reserves | | 2,586 | 86 |
| Retained earnings | | 463 | 366 |
| Accumulated other comprehensive income | | (32) | (22) |
| Total shareholder's equity | | 3,356 | 741 |
| Total liabilities and shareholder's equity | | €56,796 | €5,941 |

The accompanying notes are an integral part of this financial information.

Statement of Changes in Equity

| € in millions | Note | Year Ended December | |
|---|------|---------------------|------------|
| | | 2020 | 2019 |
| Share capital | | | |
| Beginning balance | | € 310 | € 10 |
| Shares issued | 12 | 4 | 300 |
| Ending balance | | 314 | 310 |
| Share premium account | | | |
| Beginning balance | | - | - |
| Shares issued | 12 | 24 | - |
| Ending balance | | 24 | - |
| Other equity reserves | | | |
| Beginning balance | | 86 | 86 |
| Capital contributions | | 2,500 | - |
| Ending balance | | 2,586 | 86 |
| Retained earnings | | | |
| Beginning balance | | 366 | 307 |
| Profit for the financial period | | 97 | 59 |
| Share-based payments | | 39 | 14 |
| Management recharge related to share-based payments | | (39) | (14) |
| Ending balance | | 463 | 366 |
| Accumulated other comprehensive income | | | |
| Beginning balance | | (22) | (12) |
| Other comprehensive loss | | (10) | (10) |
| Ending balance | | (32) | (22) |
| Total shareholder's equity | | 3,356 | 741 |

The accompanying notes are an integral part of this financial information.

Notes to the Financial Information

Note 1.

Basis of Preparation

The non-statutory financial information of the bank has been prepared for the limited purpose of supporting regulatory filings and comprises the primary statements (excluding a Statement of Cash Flows) and certain explanatory notes to support the primary statements.

The non-statutory financial information has been prepared on the going concern basis, under the historical cost convention (modified as explained in “Pension Arrangements” and “Financial Assets and Liabilities” below) and in line with the recognition and measurement requirements of EU-adopted International Financial Reporting Standards (“EU-IFRS”).

The accounting policies applied in respect of measurement and recognition are set out in Note 2. The primary statements are presented in accordance with the formats permitted by IAS 1 ‘Presentation of Financial Statements’.

The non-statutory financial information of the bank has been prepared for the first time for the year ended December 31, 2020 and includes comparatives for the year ended December 31, 2019 prepared under the same measurement and recognition principles. The bank has not applied the provisions of IFRS 1 ‘First-Time Adoption of International Financial Reporting Standards’ (IFRS 1) in respect of disclosure requirements in the preparation of this non-statutory financial information.

For transactions under common control the bank has applied IFRS 3 ‘Business Combinations’ in the preparation of this non-statutory financial information.

All references to 2020 and 2019 refer to the years ended, or the dates, as the context requires, December 31, 2020 and December 31, 2019, respectively.

For clarity, figures are presented as € millions, except where otherwise stated. Therefore, the tables might contain rounding differences.

Note 2.

Summary of Significant Accounting Policies

Accounting Policies

Revenue Recognition. Net revenues include the net profit arising from transactions, with both third parties and affiliates, in derivatives, securities and other financial instruments, and fees and commissions. This is inclusive of associated interest and dividends.

Financial Assets and Liabilities Measured at Fair Value Through Profit or Loss

Financial assets and liabilities measured at fair value through profit or loss are recognised at fair value with realised and unrealised gains and losses, as well as associated interest and dividend income and expenses included in net revenues, with the exception of changes in the fair value of financial liabilities designated at fair value through profit or loss attributable to own credit spreads (debt valuation adjustment or DVA), which is recognised in other comprehensive income, unless this would create or enlarge an accounting mismatch in profit or loss. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs. The bank measures certain financial assets and liabilities as a portfolio (i.e., based on its net exposure to market and/or credit risks).

Unrealised gains and losses related to the change in fair value of financial assets and liabilities measured at fair value through profit or loss are recognised from trade date in net revenues or other comprehensive income in the case of DVA.

Revenue from Contracts with Clients

Revenues earned from contracts with clients for services, such as investment banking, investment management, and execution and clearing (contracts with clients) are recognised when the performance obligations related to the underlying transaction are completed.

If the bank is principal to the transaction, the bank recognises revenue on contracts with clients, gross of expenses incurred to satisfy some or all of its performance obligations. The bank is principal to the transaction if it has the primary obligation to provide the service to the client. The bank satisfies the performance obligation by itself, or by engaging other GS Group entities to satisfy some or all of its performance obligations on its behalf. Such revenue is recognised in net revenues and expenses incurred are recognised in operating expenses.

Notes to the Financial Information

Net revenues are recognised as follows:

• Investment Banking

Fees from financial advisory and underwriting engagements are recognised in profit and loss when the services related to the underlying transactions are completed under the terms of the engagement.

• Investment Management

Management fees are recognised on an accrual basis and are generally calculated as a percentage of a fund or a separately managed account's average net asset value. All management fees are recognised over the period that the related service is provided.

Incentive fees are calculated as a percentage of a fund's return or a percentage of a fund's excess return above a specified benchmark or other performance target.

• Commissions and Fees

Revenue from commissions and fees from executing and clearing client transactions on stock, options and futures markets, as well as OTC transactions is recognised in net revenues on the day the trade is executed. The bank also provides third-party research services to clients in connection with soft-dollar arrangements.

Short-Term Employee Benefits. Short-term employee benefits, such as wages and salaries, are measured on an undiscounted basis and accrued as an expense over the period in which the employee renders the service to the bank. Provision is made for discretionary year-end compensation whether to be paid in cash or share-based awards where, as a result of bank policy and past practice, a constructive obligation exists at the balance sheet date.

Share-Based Payments. Group Inc. issues awards in the form of restricted stock units (RSUs) and stock options to the bank's employees in exchange for employee services. Awards are classified as equity settled and hence the cost of share-based transactions with employees is measured based on the grant-date fair value of the award. Share-based awards that do not require future service (i.e., vested awards, including awards granted to retirement eligible employees) are expensed immediately. Share-based awards that require future service are amortised over the relevant service period. Expected forfeitures are included in determining share-based employee compensation expense.

Group Inc. generally issues new shares of common stock upon delivery of share-based awards. Cash dividend equivalents, unless prohibited by regulation, are generally paid on outstanding RSUs. The bank has also entered into a chargeback agreement with Group Inc. under which it is committed to pay the grant-date fair value, as well as subsequent movements in the fair value of those awards to Group Inc. at the time of delivery to its employees. As a result, the share-based payment transaction and chargeback agreement creates a total charge to the income statement based on the grant-date fair value of the awards adjusted for subsequent movements in the fair value of those awards prior to delivery.

Current and Deferred Taxation. Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the bank operates and generates taxable income.

Deferred tax is recognised in respect of all temporary differences that have originated, but not reversed at the balance sheet date, where transactions or events have occurred at that date that will result in an obligation to pay more tax or a right to pay less tax in the future with the following exceptions:

- Deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Current tax and deferred tax is generally recognised in the income statement or directly in other comprehensive income according to where the associated gain or loss was recognised.

Cash and Cash Equivalents. This includes cash at bank and highly liquid overnight deposits held in the ordinary course of business.

Foreign Currencies. The bank's financial statements are presented in Euro, which is also the bank's functional currency.

Transactions denominated in foreign currencies are translated into Euro at rates of exchange ruling on the date the transaction occurred. Monetary assets and liabilities, and non-monetary assets and liabilities measured at fair value, denominated in foreign currencies are translated into Euro at rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities measured at cost are translated into Euro at rates of exchange ruling at the date the transactions occurred. Foreign exchange gains and losses are recognised in operating profit.

Notes to the Financial Information

Financial Assets and Liabilities.

Recognition and Derecognition

Financial assets and liabilities, other than cash instruments purchased or sold in regular way transactions, are recognised when the bank becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or if the bank transfers the financial asset and the transfer qualifies for derecognition. A transferred financial asset qualifies for derecognition if the bank transfers substantially all the risks and rewards of ownership of the financial asset or if the bank neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but does not retain control. Financial liabilities are derecognised only when they are extinguished, i.e., when the obligation specified in the contract is discharged or cancelled or expires.

Cash instruments purchased or sold in regular way transactions are recognised and derecognised using settlement date accounting.

Classification and Measurement: Financial Assets

The bank classifies financial assets as subsequently measured at amortised cost or fair value through profit or loss on the basis of both the bank's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. The business model reflects how the bank manages particular groups of assets in order to generate future cash flows. Where the bank's business model is to hold the assets to collect contractual cash flows, the bank subsequently assesses whether the financial assets' cash flows represent solely payments of principal and interest.

• Financial assets measured at amortised cost.

Financial assets that are held for the collection of contractual cash flows and have cash flows that represent solely payments of principal and interest are measured at amortised cost. The bank considers whether the cash flows represent basic lending arrangements, and where contractual terms introduce exposure to risk or volatility inconsistent with a basic lending arrangement, the financial asset is mandatorily measured at fair value through profit or loss (see below). Financial assets measured at amortised cost are initially measured at fair value plus transaction costs and subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period to the net carrying amount of the financial asset.

When calculating the effective interest rate, the bank estimates cash flows considering all contractual terms of the financial asset but does not consider future credit losses. Finance revenue is recorded in net revenues. Financial assets measured at amortised cost include:

- Cash and cash equivalents;
 - Substantially all securities borrowed (collateralised agreements);
 - Customer and other receivables; and
 - Certain loans and investments; and
 - Certain other assets, which consists of substantially all miscellaneous receivables and other.
- **Financial assets mandatorily measured at fair value through profit or loss.** 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 assets mandatorily measured at fair value include:
- Certain collateralised agreements, which consists of substantially all resale agreements and certain securities borrowed;
 - Trading assets, which consists of trading cash instruments and derivative instruments;
 - Certain loans and investments.

Classification and Measurement: Financial Liabilities

The bank classifies its financial liabilities into the below categories based on the purpose for which they were acquired or originated.

- **Financial liabilities held for trading.** 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.

Notes to the Financial Information

• **Financial liabilities designated at fair value through profit or loss.** The bank 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 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
- The group of financial liabilities, or financial assets and liabilities, is managed and its performance evaluated on a fair value basis.

Financial liabilities designated at fair value through profit or loss include:

- Substantially all repurchase agreements;

• **Financial liabilities measured at amortised cost.** Financial liabilities measured at amortised cost are initially measured at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method. See “Financial assets measured at amortised cost” above for further information on the effective interest method. Finance costs, including discounts allowed on issue, are recorded in net interest income and interest expense. Financial liabilities measured at amortised cost include:

- Substantially all securities loaned;
- Customer and other payables;
- Certain unsecured borrowings that have not been designated at fair value through profit or loss; and
- Other liabilities, which primarily consists of compensation and benefits and accrued expenses and other.

Impairment

The company assesses the expected credit losses associated with financial assets measured at amortised cost on a forward-looking basis in accordance with the provisions of IFRS 9 ‘Financial Instruments’ (IFRS 9). The measurement of expected credit losses reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Expected credit losses are recorded in impairments on financial assets. The bank’s impairment model is based on changes in credit quality since initial recognition of the financial assets measured at amortised cost and incorporates the following three stages:

- **Stage 1.** Financial assets measured at amortised cost that are not credit-impaired on initial recognition and there has been no significant increase in credit risk since initial recognition. The ECL is measured at an amount equal to the expected credit losses that result from default events possible within the next twelve months.
- **Stage 2.** Financial assets measured at amortised cost where there has been a significant increase in credit risk since initial recognition, however not yet deemed to be credit-impaired. The ECL is measured based on expected credit losses on a lifetime basis.
- **Stage 3.** Financial assets measured at amortised cost that are in default, or are defined as credit-impaired. The ECL is measured based on expected credit losses on a lifetime basis.

Determination of the relevant staging for each financial instrument is dependent on the definition of ‘significant increase in credit risk’ (stage 1 to stage 2) and the definition of ‘credit-impaired’ (stage 3)

Classification of Financial Liabilities and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all liabilities. Instruments are evaluated to determine if they contain both liability and equity components. The initial carrying amount of a compound financial instrument is allocated first to the liability component, measured at fair value, and the equity is assigned the residual amount.

Notes to the Financial Information

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet where there is:

- Currently a legally enforceable right to set-off the recognised amounts; and
- Intent to settle on a net basis or to realise the asset and settle the liability simultaneously.

Where these conditions are not met, financial assets and liabilities are presented on a gross basis in the balance sheet.

Fair Value Measurement

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs. The bank measures certain financial assets and liabilities as a portfolio (i.e., based on its net exposure to market and/or credit risks).

IFRS has a three-level hierarchy for disclosure of fair value measurements. This hierarchy prioritises inputs to the valuation techniques used to measure fair value, giving the highest priority to level 1 inputs and the lowest priority to level 3 inputs. A financial instrument's level in this hierarchy is based on the lowest level of input that is significant to its fair value measurement.

The fair value hierarchy is as follows:

Level 1. Inputs are unadjusted quoted prices in active markets to which the bank had access at the measurement date for identical, unrestricted assets or liabilities.

Level 2. Inputs to valuation techniques are observable, either directly or indirectly.

Level 3. One or more inputs to valuation techniques are significant and unobservable.

The fair values for substantially all of the bank's financial assets and liabilities that are fair valued on a recurring basis are based on observable prices and inputs and are classified in levels 1 and 2 of the fair value hierarchy. Certain level 2 and level 3 financial assets and liabilities may require valuation adjustments that a market participant would require to arrive at fair value for factors such as counterparty and the company's and GS Group's credit quality, funding risk, transfer restrictions, liquidity and bid/offer spreads. Valuation adjustments are generally based on market evidence.

Valuation Techniques and Significant Inputs

Trading Cash Instruments, Investments and Loans.

Valuation techniques and significant inputs for each level of the fair value hierarchy include:

Level 1

Level 1 instruments are valued using quoted prices for identical unrestricted instruments in active markets. The bank defines active markets for equity instruments based on the average daily trading volume both in absolute terms and relative to the market capitalisation for the instrument. The bank defines active markets for debt instruments based on both the average daily trading volume and the number of days with trading activity.

Level 2

Level 2 instruments can be verified to quoted prices, recent trading activity for identical or similar instruments, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. Consideration is given to the nature of the quotations (e.g., indicative or firm) and the relationship of recent market activity to the prices provided from alternative pricing sources.

Valuation adjustments are typically made to level 2 instruments (i) if the instrument is subject to transfer restrictions and/or (ii) for other premiums and liquidity discounts that a market participant would require to arrive at fair value. Valuation adjustments are generally based on market evidence.

Level 3

Level 3 instruments have one or more significant valuation inputs that are not observable. Absent evidence to the contrary, level 3 instruments are initially valued at transaction price, which is considered to be the best initial estimate of fair value. Subsequently, the bank uses other methodologies to determine fair value, which vary based on the type of instrument. Valuation inputs and assumptions are changed when corroborated by substantive observable evidence, including values realised on sales of financial assets.

Valuation techniques of level 3 instruments vary by instrument, but are generally based on discounted cash flow techniques.

Fair Value Hedges

The bank applies hedge accounting under IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) for certain interest rate swaps used to manage the interest rate exposure of certain fixed-rate unsecured long-term and short-term borrowings. To qualify for hedge accounting, the derivative hedge must be highly effective at reducing the risk from the exposure being hedged. Additionally, the bank must formally document the hedging relationship at inception and test the hedging relationship to ensure the derivative hedge

Notes to the Financial Information

continues to be highly effective over the life of the hedging relationship.

For qualifying fair value hedges, gains or losses on derivatives and the change in fair value of the hedged item attributable to the hedged risk are included in net revenues. When a derivative is no longer designated as a hedge, any remaining difference between the carrying value and par value of the hedged item is amortised over the remaining life of the hedged item using the effective interest method.

Collateralised Agreements and Collateralised Financings.

Collateralised agreements include resale agreements and securities borrowed. Collateralised financings include repurchase agreements, securities loaned, secured debt securities issued, interbank loans and other borrowings. See “Classification and Measurement: Financial Assets” and “Classification and Measurement: Financial Liabilities” above for details on the classification and measurement of these instruments. Collateral received or posted can be in the form of cash or securities. Cash collateral is recognised/derecognised when received/paid. Collateral posted by the bank in the form of securities is not derecognised from the balance sheet, whilst collateral received in the form of securities is not recognised in the balance sheet. If collateral received is subsequently sold, the obligation to return the collateral and the cash received are recognised in balance sheet.

Pension Arrangements. Defined benefit plans are valued using the projected unit-credit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the Plan liabilities to determine the present value of the defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations which include assumptions about demographics, salary increases and interest and inflation rates. Actuarial gains and losses are recognised in other comprehensive income and presented in equity in the period in which they occur.

Property, Leasehold Improvements and Equipment

Property, leasehold improvements and equipment are stated at cost less accumulated depreciation and provision for impairment. Fixtures, fittings and equipment are depreciated on a straight-line basis over their estimated useful lives, which is between 3 to 7 years. Leasehold improvements are depreciated over the shorter of the useful economic life of the asset or the remaining life of the lease when the asset is brought into use. Depreciation is included in operating expenses.

Intangible Assets

Intangible assets are stated at cost less accumulated amortisation

and provision for impairment. Subject to the recognition criteria in IAS 38 ‘Intangible Assets’ being met, costs incurred during the period that are directly attributable to the development or improvement of new business application software are capitalised as assets in the course of construction. Assets in the course of construction are transferred to computer software once completed and ready for their intended use.

Computer software is amortised on a straight-line basis over its estimated useful life, which is three years. No amortisation is charged on assets in the course of construction. Amortisation is included in operating expenses and the amortisation policies are reviewed on an annual basis.

The goodwill reported under other assets was determined based on economic and organizational factors such as future growth and profit prospects, mode and duration of expected synergies, leveraging customer base and assembled workforce of the acquired business.

Intangible assets are tested for impairment whenever events or changes in circumstances suggest that an asset’s or asset group’s carrying value may not be fully recoverable.

Leases. Leases are recognised as a right-of-use asset and a corresponding liability at the date of commencement of the lease.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate (IBR) as of the lease commencement date. The weighted average discount rate applied to the lease liabilities on lease commencement date was 3.5%.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed and variable payments (including those under reasonably certain extension options), less any lease incentives receivable, and payment of penalties for terminating any lease. The lease payments are discounted using the lessee’s IBR. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, and any initial direct costs. Right-of-use assets are depreciated over the lease term on a straight line basis. The bank has chosen not to revalue its right-of-use assets.

Extension and termination options are included in the office premises lease entered into by the bank. These are used to maximise operational flexibility in terms of managing the assets used in the bank’s operations. The extension and termination

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options held are exercisable only by the bank and not by the respective lessor.

Right-of-use assets are tested for impairment whenever events or changes in circumstances suggest that an asset's or asset group's carrying value may not be fully recoverable. An impairment loss, calculated as the difference between the estimated recoverable amount (being the fair value) and the carrying amount of an asset or asset group, is recognised if the sum of its expected undiscounted cash flows is less than its corresponding carrying value.

Provisions, Contingent Liabilities and Contingent Assets. Provisions are recognised in the financial statements when it is probable that an outflow of economic benefits will be required to settle a present (legal or constructive) obligation, which has arisen as a result of past events, and for which a reliable estimate can be made of the amount of the obligation. Legal obligations that may arise as a result of proposed new laws are recognised as obligations only when the legislation is virtually certain to be enacted as drafted.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the bank or a present obligation that arises from past events but is not recognised because either an outflow of economic benefits is not probable or the amount of the obligation cannot be reliably measured.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the bank.

Contingent liabilities and contingent assets are not recognised in the financial statements.

Newly Endorsed Standards, Amendments and Interpretations Not Yet Adopted During the Year
Amendments to IFRS 9, IAS 39, IFRS 4 'Insurance Contracts' and IFRS 16. On August 27, 2020, the IASB issued "Interest Rate Reform Benchmark Reform – Phase 2" which provides optional relief for issues affecting financial reporting when changes are made to contractual cash flows of financial instruments or hedging relationships as a result of reference rate reform. The bank has not elected to early apply the reliefs available, which are otherwise effective for periods beginning on or after January 1, 2021. The bank is currently assessing the impact of the adoption of these amendments on its financial statements.

Note 3.

Net Revenues

Net revenues include net interest expense and non-interest income. Net interest expense includes interest and dividends on financial instruments measured at fair value and amortised cost. Non-interest income includes:

- Gains and losses on financial instruments mandatorily measured at fair value through profit or loss, which primarily relate to non-interest gains and losses on trading assets, investments, loans, trading liabilities and certain collateralised agreements.
- Gains and losses on financial instruments designated at fair value through profit or loss, which primarily relate to non-interest gains and losses on certain unsecured borrowings and collateralised financings.
- Fees and commissions, which primarily relates to net revenues from certain financial advisory and underwriting engagements, executing and clearing client transactions and certain investment management services.

The table below presents net revenues.

| <i>€ in millions</i> | Year Ended December | |
|---|---------------------|-------------|
| | 2020 | 2019 |
| Non-interest income | | |
| Financial instruments mandatorily measured at fair value through profit or loss | 17 | 239 |
| Financial instruments designated at fair value through profit or loss | 160 | (188) |
| Fees and commissions | 223 | 168 |
| Other | (2) | - |
| Non-interest income | 398 | 219 |
| Interest income | | |
| Interest income from financial instruments measured at fair value through profit or loss | 29 | - |
| Interest income from financial instruments measured at amortised cost | 11 | 5 |
| Total interest income | 40 | 5 |
| Interest expense | | |
| Interest expense from financial instruments measured at fair value through profit or loss | (45) | (1) |
| Interest expense from financial instruments measured at amortised cost | (17) | (15) |
| Total interest expense | (63) | (16) |
| Net interest expense | (23) | (11) |
| Total net revenues | 375 | 208 |

In the table above, financial instruments designated at fair value through profit or loss are frequently economically hedged with financial instruments measured mandatorily at fair value through profit or loss. Accordingly, gains or losses that are reported in financial instruments designated at fair value through profit or loss can be partially offset by gains or losses reported

Notes to the Financial Information

in financial instruments measured mandatorily at fair value through profit or loss. Transaction based expenses are presented as part of the Operating Expenses.

Interest Income and Interest Expense

The table below presents sources of interest income and interest expense.

| <i>€ in millions</i> | Year Ended December | |
|--|---------------------|-------------|
| | 2020 | 2019 |
| Cash and cash equivalents | 0 | 0 |
| Collateralised agreements | 1 | 0 |
| Trading assets | 1 | 0 |
| Derivative instruments | 22 | 0 |
| Negative interest on financial liabilities | 10 | 0 |
| Other assets | 6 | 9 |
| Total interest income | 40 | 9 |
| Collateralised financings | (5) | (6) |
| Trading liabilities | (2) | (0) |
| Deposits | (6) | (6) |
| Unsecured borrowings | (2) | (2) |
| Derivative instruments | (28) | (1) |
| Negative interest on financial assets | (20) | (4) |
| Total interest expense | (63) | (20) |
| Net interest expense | (23) | (11) |

In the table above, interest on derivative instruments consists of exchange of interest in currency derivative instruments related to funding products.

Note 4.

Operating Expenses

The table below presents operating expenses and headcount.

| <i>€ in millions</i> | Year Ended December | |
|--|---------------------|------------|
| | 2020 | 2019 |
| Compensation and benefits | 124 | 82 |
| Transaction based expenses | 27 | 14 |
| Market development | 2 | 3 |
| Communications and technology | 4 | 2 |
| Depreciation and amortisation | 35 | 7 |
| Professional fees | 10 | 6 |
| Occupancy | 2 | 2 |
| Management charges from group undertakings | 4 | 6 |
| Other expenses | 27 | 11 |
| Operating expenses before management charges to GS Group affiliates | 235 | 134 |
| Management charges to group undertakings | (6) | (16) |
| Net operating expenses | 229 | 118 |
| Headcount at period-end | 556 | 243 |

In the table above:

- Management charges includes charges relating to operational and administrative support and management services, received from and provided to GS Group affiliates
- Other expenses primarily include accruals for the German Bank Levy and fees paid to group undertakings in connection with the transfer of certain of the group undertakings' activities and employees as a part of GS Group's Brexit planning.

Notes to the Financial Information

Note 5.

Collateralised Agreements

The table below presents collateralised agreements.

| <i>€ in millions</i> | As of December | |
|----------------------|----------------|------------|
| | 2020 | 2019 |
| Resale agreements | 2,626 | 282 |
| Securities borrowed | 628 | 1 |
| Total | 3,254 | 283 |

Note 6.

Trading Assets and Liabilities

Trading assets and liabilities include trading cash instruments and derivatives held in connection with the bank's market-making or risk management activities. Trading assets includes trading assets pledged as collateral.

The table below presents trading assets.

| <i>€ in millions</i> | As of December | |
|---------------------------------------|----------------|--------------|
| | 2020 | 2019 |
| Trading cash instruments | | |
| Government and agency obligations | 289 | 11 |
| Corporate debt instruments | 585 | 33 |
| Equity securities | 1,057 | 43 |
| Total trading cash instruments | 1,930 | 87 |
| Derivatives | | |
| Interest rates | 28,725 | 1,389 |
| Credit | 1,928 | 415 |
| Currencies | 3,751 | 762 |
| Commodities | 1,278 | 125 |
| Equities | 680 | 57 |
| Total derivatives | 36,363 | 2,748 |
| Total trading assets | 38,293 | 2,835 |

The table below presents trading liabilities.

| <i>€ in millions</i> | As of December | |
|---------------------------------------|----------------|--------------|
| | 2020 | 2019 |
| Trading cash instruments | | |
| Government and agency obligations | 825 | 3 |
| Corporate debt instruments | 78 | 2 |
| Equity securities | 222 | 113 |
| Total trading cash instruments | 1,125 | 118 |
| Derivatives | | |
| Interest rates | 28,677 | 1,282 |
| Credit | 1,927 | 415 |
| Currencies | 3,780 | 761 |
| Commodities | 1,278 | 125 |
| Equities | 676 | 57 |
| Total derivatives | 36,338 | 2,641 |
| Total trading liabilities | 37,463 | 2,758 |

Note 7.

Other Assets

The table below presents other assets by type.

| <i>€ in millions</i> | As of December | |
|--|----------------|------------|
| | 2020 | 2019 |
| Miscellaneous receivables and other | 78 | 23 |
| Total financial asset | 78 | 23 |
| Property, leasehold improvements and equipment | 31 | 24 |
| Intangible assets | 44 | 2 |
| Right-of-use assets | 56 | 44 |
| Deferred tax assets | 41 | 31 |
| Miscellaneous receivables and other | 9 | 4 |
| Total non-financial asset | 181 | 105 |
| Total | 259 | 128 |

In the table above, Intangible assets include Goodwill of €27 million and is the result of the move of certain activities and employees from GS Group's U.K. entities to GSBE.

Note 8.

Collateralised Financings

The table below presents collateralised financings.

| <i>€ in millions</i> | As of December | |
|-----------------------|----------------|------------|
| | 2020 | 2019 |
| Repurchase agreements | 1,460 | 131 |
| Securities loaned | 1,240 | – |
| Total | 2,700 | 131 |

Note 9.

Deposits

The table below presents deposits.

| <i>€ in millions</i> | As of December | |
|-----------------------|----------------|----------|
| | 2020 | 2019 |
| Customer deposits | 1,213 | – |
| Intercompany deposits | 8 | 9 |
| Total | 1,221 | 9 |

In the table above, customer deposits included deposits from institutional clients and private wealth management clients.

Notes to the Financial Information

Note 10.

Unsecured Borrowings

The table below presents unsecured borrowings.

| <i>€ in millions</i> | As of December | |
|----------------------|----------------|------------|
| | 2020 | 2019 |
| Overdrafts | 49 | 2 |
| Intercompany loans | 1,015 | 457 |
| Subordinated loans | 20 | 20 |
| Other borrowings | 179 | 190 |
| Total | 1,262 | 669 |

Note 11.

Other Liabilities

The table below presents other liabilities by type.

| <i>€ in millions</i> | As of December | |
|---|----------------|------------|
| | 2020 | 2019 |
| Compensation and benefits | 94 | 43 |
| Lease liabilities | 63 | 48 |
| Accrued expenses and other | 130 | 34 |
| Total financial liabilities | 287 | 125 |
| Income tax-related liabilities | 33 | 23 |
| Other taxes and social security costs | 14 | 6 |
| Provisions for pensions and similar commitments | 127 | 94 |
| Total non-financial liabilities | 174 | 123 |
| Total | 461 | 248 |

Note 12.

Share Capital

The table below presents share capital.

| Allotted, called up and fully paid | Ordinary shares | |
|------------------------------------|--------------------|---------------|
| | of €1 each | € in millions |
| As of January 1, 2019 | 10,000,000 | 10 |
| Allotted during the period | 300,000,000 | 300 |
| As of December 31, 2019 | 310,000,000 | 310 |
| Allotted during the period | 4,182,780 | 4 |
| As of December 31, 2020 | 314,182,780 | 314 |

The contribution and transfer of the businesses pertaining to GSI branches into GSBE has taken place in two steps.

- With effect from June 7, 2020, 366,100 shares of € 1 each were allotted to Goldman Sachs International (GSI). The total consideration received was €1,271,447 in cash, incorporating a share premium of €905,347. The shares were issued in exchange for the contribution of the businesses of GSI's Amsterdam branch into GSBE by way of a contribution in kind.

- With effect from November 5, 2020, 3,816,600 shares of € 1 each were allotted to GSI. The total consideration received was €26,597,615 incorporating a share premium of €22,781,015. The shares were issued in exchange for the contribution of the businesses of GSI's Dublin, Madrid, Milan, Frankfurt and Stockholm branches into GSBE by way of a contribution in kind.

Note 13.

Financial Instruments

Financial Assets and Liabilities by Category

The tables below present the carrying value of financial assets and liabilities by category.

| <i>€ in millions</i> | Financial Assets | | |
|--------------------------------|---------------------------|----------------|---------------|
| | Mandatorily at fair value | Amortised cost | Total |
| As of December 2020 | | | |
| Cash and cash equivalents | - | 2,736 | 2,736 |
| Collateralised agreements | 2,627 | 627 | 3,254 |
| Customer and other receivables | 11 | 12,225 | 12,236 |
| Trading assets | 38,293 | - | 38,293 |
| Investments | 1 | 16 | 17 |
| Other assets | - | 78 | 78 |
| Total | 40,932 | 15,683 | 56,615 |
| As of December 2019 | | | |
| Cash and cash equivalents | - | 1,077 | 1,077 |
| Collateralised agreements | 283 | - | 283 |
| Customer and other receivables | 8 | 1,592 | 1,600 |
| Trading assets | 2,835 | - | 2,835 |
| Investments | 1 | 17 | 18 |
| Other assets | - | 23 | 23 |
| Total | 3,128 | 2,708 | 5,836 |

| <i>€ in millions</i> | Financial Liabilities | | | |
|-----------------------------|-----------------------|--------------------------|----------------|---------------|
| | Held for trading | Designated at fair value | Amortised cost | Total |
| As of December 2020 | | | | |
| Collateralised financings | - | 1,460 | 1,240 | 2,700 |
| Customer and other payables | - | - | 10,333 | 10,333 |
| Trading liabilities | 37,463 | - | - | 37,463 |
| Deposits | - | - | 1,221 | 1,221 |
| Unsecured borrowings | - | 938 | 325 | 1,263 |
| Other liabilities | - | - | 286 | 286 |
| Total | 37,463 | 2,398 | 13,405 | 53,266 |
| As of December 2019 | | | | |
| Collateralised financings | - | 131 | - | 131 |
| Customer and other payables | - | - | 1,386 | 1,386 |
| Trading liabilities | 2,758 | - | - | 2,758 |
| Deposits | - | - | 9 | 9 |
| Unsecured borrowings | - | 10 | 659 | 669 |
| Other liabilities | - | - | 124 | 124 |
| Total | 2,758 | 141 | 2,178 | 5,077 |

All financial assets measured at amortised cost are classified in stage 1 as at December 31, 2020 and December 31, 2019.

Notes to the Financial Information

Offsetting of Financial Assets and Liabilities

The tables below present financial assets and liabilities that are subject to enforceable netting agreements and offsetting. Amounts are only offset in the balance sheet, when the bank currently has a legally enforceable right to set-off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In the tables below:

- Gross amounts exclude the effects of both counterparty netting and collateral, and therefore are not representative of the bank's economic exposure.
- Amounts not offset in the balance sheet include counterparty netting (i.e., the netting of financial assets and liabilities for a given counterparty when a legal right of set-off exists under an enforceable netting agreement), and cash and security collateral received and posted under enforceable credit support agreements, that do not meet the criteria for offsetting under IFRS.
- Where the bank has received or posted collateral under credit support agreements, but has not yet determined whether such agreements are enforceable, the related collateral has not been included in the amounts not offset in the balance sheet.
- Gross amounts for the bank included derivative assets of €218 million and derivative liabilities of €615 million as of December 2020 and derivative assets of €205 million and derivative liabilities of €248 million as of December 2019 which are not subject to an enforceable netting agreement or are subject to a netting agreement that the bank has not yet determined to be enforceable.
- Substantially all resale agreements and securities borrowed within collateralised agreements and repurchase agreements and securities loaned within collateralised financings are subject to enforceable netting agreements as of December 2020 and December 2019.

| <i>€ in millions</i> | As of December 2020 | | | | | | |
|---|---------------------|-------------------------------------|---|---|---------------------|----------------|---------------|
| | Gross amounts | Amounts offset in the balance sheet | Net amount presented in the balance sheet | Amounts not offset in the balance sheet | | | Net amount |
| Counterparty netting | | | | Cash collateral | Security collateral | | |
| Financial Assets | | | | | | | |
| Collateralised agreements | € 4,530 | (1,276) | 3,254 | (2,078) | 0 | (1,167) | 10 |
| Customer and other receivables | 10,397 | (1,544) | 8,853 | (56) | (6,248) | (509) | 2,040 |
| Trading cash instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Derivatives | 37,545 | (1,183) | 36,363 | (27,656) | (5,769) | (453) | 2,485 |
| Trading assets | 37,545 | (1,183) | 36,363 | (27,656) | (5,769) | (453) | 2,485 |
| Other assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial assets subject to enforceable netting agreements | 52,472 | (4,003) | 48,470 | (29,790) | (12,017) | (2,129) | 4,535 |
| Financial assets not subject to enforceable netting agreements | 8,145 | 0 | 8,145 | 0 | 0 | 0 | 8,145 |
| Total financial assets | 60,617 | (4,003) | 56,615 | (29,790) | (12,017) | (2,129) | 12,679 |
| Financial Liabilities | | | | | | | |
| Collateralised financings | 3,976 | (1,276) | 2,700 | (2,077) | 0 | (591) | 31 |
| Customer and other payables | 6,975 | (155) | 6,820 | (56) | (5,769) | 0 | 995 |
| Trading cash instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Derivatives | 37,365 | (1,027) | 36,338 | (27,656) | (6,248) | (437) | 1,997 |
| Trading liabilities | 37,365 | (1,027) | 36,338 | (27,656) | (6,248) | (437) | 1,997 |
| Unsecured borrowings | 1,555 | (1,544) | 11 | 0 | 0 | 0 | 11 |
| Financial liabilities subject to enforceable netting agreements | 49,871 | (4,003) | 45,869 | (29,790) | (12,017) | (1,028) | 3,034 |
| Financial liabilities not subject to enforceable netting agreements | 7,396 | 0 | 7,396 | 0 | 0 | 0 | 7,396 |
| Total financial liabilities | 57,267 | (4,003) | 53,265 | (29,790) | (12,017) | (1,028) | 10,430 |

Notes to the Financial Information

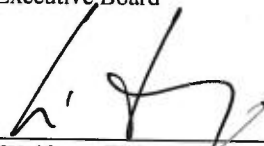
As of December 2019

| € in millions | Gross amounts | Amounts offset in the balance sheet | Net amount presented in the balance sheet | Amounts not offset in the balance sheet | | | Net amount |
|---|---------------|-------------------------------------|---|---|-----------------|---------------------|--------------|
| | | | | Counterparty netting | Cash collateral | Security collateral | |
| Financial Assets | | | | | | | |
| Collateralised agreements | 298 | (16) | 283 | (131) | 0 | (146) | 6 |
| Customer and other receivables | 2,853 | (1,492) | 1,361 | 0 | (28) | 0 | 1,333 |
| Trading cash instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Derivatives | 2,748 | 0 | 2,748 | (1,629) | (235) | (664) | 220 |
| Trading assets | 2,748 | 0 | 2,748 | (1,629) | (235) | (664) | 220 |
| Other assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial assets subject to enforceable netting agreements | 5,899 | (1,508) | 4,392 | (1,760) | (263) | (810) | 1,558 |
| Financial assets not subject to enforceable netting agreements | 1,444 | 0 | 1,444 | 0 | 0 | 0 | 1,444 |
| Total financial assets | 7,343 | (1,508) | 5,836 | (1,760) | (263) | (810) | 3,002 |
| Financial Liabilities | | | | | | | |
| Collateralised financings | 146 | (15) | 131 | (131) | 0 | 0 | 0 |
| Customer and other payables | 1,076 | 0 | 1,076 | 0 | (235) | 0 | 841 |
| Trading cash instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Derivatives | 2,640 | 0 | 2,640 | (1,629) | (28) | (900) | 83 |
| Trading liabilities | 2,640 | 0 | 2,640 | (1,629) | (28) | (900) | 83 |
| Unsecured borrowings | 1,501 | (1,491) | 9 | 0 | 0 | 0 | 9 |
| Financial liabilities subject to enforceable netting agreements | 5,363 | (1,506) | 3,856 | (1,760) | (263) | (900) | 933 |
| Financial liabilities not subject to enforceable netting agreements | 1,222 | 0 | 1,222 | 0 | 0 | 0 | 1,222 |
| Total financial liabilities | 6,585 | (1,506) | 5,078 | (1,760) | (263) | (900) | 2,155 |

Frankfurt am Main, May 27, 2021

Goldman Sachs Bank Europe SE

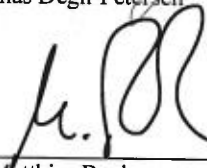
The Executive Board



Dr. Wolfgang Fink



Thomas Degn-Petersen



Dr. Matthias Bock