Goldman Sachs International Bank Zweigniederlassung Frankfurt

Pillar 3 Disclosures

For the period ended December 31, 2024

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Introduction

Overview

Goldman Sachs International Bank Zweigniederlassung Frankfurt ("GIBF", "branch", or "branch office") is headquartered in Frankfurt am Main and is registered in the commercial register of the district court in Frankfurt am Main under the registration number HRB 101336.

The branch is considered a credit institution pursuant to Section 53(1) of the German Banking Act (KWG). The branch is supervised by the Federal Financial Supervisory Authority (BaFin) and the Deutsche Bundesbank.

The branch is included in the financial statements of Goldman Sachs International Bank ("GSIB"), having its registered office in London, United Kingdom (Companies House No. 01122503). GSIB is a UK-domiciled bank involved in lending and deposit-taking activities, securities lending and a primary dealer for UK government bonds.

The ultimate parent company of the branch is the Goldman Sachs Group, Inc. located in New York, USA ("Group Inc."). Group Inc. is a bank holding company and a financial holding company regulated by the Board of Governors of the Federal Reserve System. In relation to the branch, "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 to a large and diversified client base that includes corporations, financial institutions, governments and individuals.

For information on Group Inc.'s financial statements and regulatory capital ratios, please refer to the firm's Pillar 3 Disclosures and Annual Report on Form 10-K. References to the "2024 Form 10-K" are to the firm's Annual Report on Form 10-K for the year ended December 31, 2024. All references to December 2024 refer to the period ended, or the date, as the context requires, December 31, 2024.

https://www.goldmansachs.com/investor-relations/financials/10k/2024/2024-10-k.pdf

https://www.goldmansachs.com/investor-relations/financials/other-information/2024/4q-pillar3-2024.pdf

The information contained in the report corresponds to the status of the reporting date on December 31 of the reporting year or the approved annual financial statements. The accounting standard used is HGB[1].

Pursuant to section 53(1) of the KWG, GIBF'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), as applicable. 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 (NSFR), 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.

According to Art. 431 CRR, institutions must disclose the information specified in Part Eight of the CRR (information on capital, risks taken and risk management processes). Internal processes, systems and controls have been put in place to ensure that GIBF's disclosures are appropriate and consistent with the requirements of Part Eight of the CRR.

The disclosure of the branch office takes place at the level of the individual institution. Disclosures for GIBF as of December 31, 2024 were prepared according to Art. 433c CRR[2]. GIBF publishes the disclosure report as of December 31, 2024 according to Part Eight of the CRR, and Section 26a (1) sentence 1 German Banking Act (KWG) and disclosures can be accessed via the following link:

https://www.goldmansachs.com/disclosures/index.html

[1] Rounded numbers can generate slight differences.
[2] Based on GIBF's balance sheet size, the branch is not in scope for remuneration disclosures as of December 31, 2024.

Definition of Risk-Weighted Assets (RWA)

The risk weights used in the calculation of RWAs reflect an assessment of the riskiness of our assets and exposures. These risk weights and exposures 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.

Regulatory Development

The firm's, including the branch's businesses are subject to extensive regulation and supervision worldwide. New regulations have been adopted or are being considered by regulators and policymakers. 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.

In 2024, the E.U. adopted rules to implement the Basel III Revisions, through amendments to the CRR and CRD, referred to as CRR III and CRD VI. The amendments to CRR include the Fundamental Review of the Trading Book (FRTB) rules, revised rules for credit risk capital, a new standardised approach for operational risk and Credit Valuation Adjustment (CVA) risk capital and a floor on internally modelled capital requirements under the standardised approach, commonly known as the "output floor". Substantial parts of these rules became effective in January 2025, though certain provisions applied beginning July 2024. The application date of the FRTB rules is subject to change. While currently legislated for January 1, 2026, a proposed delay to January 1, 2027, is under review. The amendments to CRD include harmonised minimum regulatory requirements for third country branches which are yet to be transposed in German law.

Business Environment

In 2024, the global economy grew, but was impacted throughout the year by broad macroeconomic and geopolitical concerns. Concerns regarding inflation and ongoing geopolitical stresses, including tensions with China and the conflicts in Ukraine and the Middle East, remained elevated. Despite these concerns, the economy in the Eurozone and U.K. showed some improvement from low levels, while in the U.S., the economy has remained resilient and equity markets have reacted favourably to the outcomes of national elections. Additionally, markets were focused on policy interest rate cuts by several central banks, including the European Central Bank, U.S. Federal Reserve and the Bank of England.

Attestation by the Branch Managers according to Art. 431(3) CRR

To the best of our knowledge, we attest that the Pillar 3 Disclosures of Goldman Sachs International Bank Zweigniederlassung Frankfurt for the period ended December 31, 2024, 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.

Martin Ettl
Branch Manager
Goldman Sachs International Bank, Frankfurt Branch

Mario Kohl
Branch Manager
Goldman Sachs International Bank, Frankfurt Branch

Key Metrics

The table below provides an overview of the branch's prudential regulatory position as measured by key regulatory metrics as of December 2024 and previously reported reference periods. In the table below and throughout the disclosure, audited profits for the period ending on the reference date are excluded from own funds except for December 2023 and December 2022.

Table 1: EU KM1 - Key metrics template

		a	b	
€ in TEUR		As of December 2024	As of December 2023	As of December 2022
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	2,051,868	2,051,868	2,050,587
2	Tier 1 capital	2,051,868	2,051,868	2,050,587
3	Total capital	2,051,868	2,051,868	2,050,587
	Risk-weighted exposure amounts			
4	Total risk exposure amount	11,991	6,577	30,697
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	17,112.4%	31,196.1%	6,680.1%
6	Tier 1 ratio (%)	17,112.4%	31,196.1%	6,680.1%
7	Total capital ratio (%)	17,112.4%	31,196.1%	6,680.1%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	5.5%	5.5%	4.0%
EU 7b	of which: to be made up of CET1 capital (percentage points)	3.1%	3.1%	2.3%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	4.1%	4.1%	3.0%
EU 7d	Total SREP own funds requirements (%)	13.5%	13.5%	12.0%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	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%
9	Institution specific countercyclical capital buffer (%)	1.2%	1.6%	1.0%
EU 9a	Systemic risk buffer (%)	0.0%	0.0%	0.0%
10	Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%
EU 10a	Other Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%
11	Combined buffer requirement (%)	3.7%	4.1%	3.5%
EU 11a	Overall capital requirements (%)	17.2%	17.6%	15.5%
12	CET1 available after meeting the total SREP own funds requirements (%)	17,098.9%	31,182.6%	6,668.1%
	Leverage ratio			
13	Total exposure measure	9,725,323	17,572,904	16,957,503
14	Leverage ratio (%)	21.1%	11.7%	12.1%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%	0.0%
EU 14c	Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%
EU 14e	Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%
	Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	11,748,960	18,940,521	10,504,838
EU 16a	Cash outflows - Total weighted value	374,764	279,581	35,353
EU 16b	Cash inflows - Total weighted value	6,599	24,953	5,975
16	Total net cash outflows (adjusted value)	368,166	254,628	29,377
17	Liquidity coverage ratio (%)	3,366.9%	13,348.0%	45,825.5%
	Net Stable Funding Ratio[1]			
18	Total available stable funding	9,152,514	16,882,235	16,873,702
19	Total required stable funding	24,149	87,889	79,134,364
20	NSFR ratio (%)	37,900.0%	19,209.0%	21,322.9%

[1] NSFR details (€ in millions) as at 31 March 2024 were as follows: Available Stable Funding 13,493 Required Stable Funding 86, and the NSFR ratio 15,695%; as at 30 June 2024 were as follows: Available Stable Funding 7,366, Required Stable Funding 135, and the NSFR ratio 5,443%; as at 30 September 2024 were as follows: Available Stable Funding 8,129, Required Stable Funding 16, and the NSFR ratio 52,290%.

In the table above:-

1. The capital ratios and leverage ratio as of December 2024 exclude the branch's profits for 2024, which were subject to approval by the branch manager's to be included as regulatory capital at the reference date. These profits would have contributed 588 basis points and 1 basis point to the CET1 capital ratio and leverage ratio respectively.

2. The total capital ratio decreased by 14,083.7 percentage points (pp) vs. December 2023 to 17,112.4%, mainly driven by an increase in operational RWAs by €3.6m and market RWAs by €1.3m.

3. GIBF's Pillar 2 requirement (P2R) capital add-on is set by BaFin, is 4% from January 7, 2025.

4. The leverage ratio increased by 9.4pp vs. December 2023 to 21.1% mainly driven by a decrease in on-balance sheet exposures, mainly deposit placements of EUR cash with the central bank by €7,847.6m.

5. As of December 2024, the institution specific countercyclical capital buffer decreases the minimum CET1 ratio by 0.4% primarily driven by relative decrease in credit risk exposures against United Kingdom in 2024.

6. The liquidity coverage ratio (LCR) decreased by 9,981.1pp vs. December 2023 to 3,366.9%, due to a decrease in high quality liquid assets (HQLA) by €7,191.6m and an increase in the net cash outflows (NCO) by €113.5m to €368.2m. The NCOs increase was primarily driven by an increase in interest outflows associated with the intercompany loan.

7. The NSFR increased by 18,691.0pp vs. December 2023 to 37,900.0%, due to a decrease in required stable funding by €63.7m to €24.1m, mainly driven by a decrease in unsecured funding, driven by a term loan to GSIB. This was partially offset by a decrease in available stable funding by €7,729.7m to €9,152.5m, due to a decrease in the operational loan.

Risk-Weighted Assets

RWAs are calculated based on measures of credit risk, market risk and operational risk. The table below presents a summary of the RWAs and capital requirements by type as of December 2024 and December 2023. Total own funds requirements represents 8% of the total risk exposure amounts (RWEAs).

Table 2: EU OV1 - Overview of total risk exposure amounts

€ in TEUR		Total risk exposure amounts (RWEAs)		Total own funds requirements
		a	b	c
		December 2024	December 2023	December 2024
1	**Credit risk (excluding CCR)**	**1,449**	**940**	**116**
2	Of which the standardised approach	1,449	940	116
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple riskweighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
6	**Counterparty credit risk - CCR**	**-**	**-**	**-**
7	Of which the standardised approach	-	-	-
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	-	-	-
9	Of which other CCR	-	-	-
15	**Settlement risk**	**-**	**-**	**-**
16	**Securitisation exposures in the non-trading book (after the cap)**	**-**	**-**	**-**
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**1,752**	**448**	**140**
21	Of which the standardised approach	1,752	448	140
22	Of which IMA	-	-	-
EU 22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**8,790**	**5,190**	**703**
EU 23a	Of which basic indicator approach	8,790	5,190	703
EU 23b	Of which standardised approach	-	-	-
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
29[1]	**Total**	**11,991**	**6,577**	**959**

[1] EBA mapping rows from 10 to 14 and 25 to 28 are described as "Not Applicable" and hence are not shown in the table above.

Risk Management Approach

GIBF believes that effective risk management is critical to its success, and therefore has established an enterprise risk management framework which is integrated into the risk management framework of the GSIB head office and through which the risks associated with the branch's businesses are identified, assessed, monitored and managed.

Governance

Risk governance of GSIB and GIBF starts with the Board of GSIB and the GIBF Branch Managers at the level of the branch, which both directly and through its committees, including the GSIB Board Risk Committee and the GSIB Risk Committee, oversee GSIB's and GIBF's risk management policies and practices, respectively. The GSIB Board is responsible for the annual review and approval of GSIB's risk appetite statement, which describes the levels and types of risk it is willing to accept, in order to achieve the objectives included in its strategic business plan, while remaining in compliance with regulatory requirements. GSIB's and GIBF's strategy is aligned with that of GS Group and GSIB's Board is ultimately responsible for overseeing and providing direction about GSIB's and thus GIBF's strategic business plan and risk appetite, with additional management oversight provided by GIBF Branch Managers for the activities of the branch.

GIBF's risk reporting and monitoring processes are commensurate and proportional to the branch's limited scope of activities and risk taking. The Senior Risk Officer ("SRO") of GIBF is primarily responsible for overseeing the management of the branch's risks.

Risk management arrangements

Consistent with GS Group and GSIB, GIBF maintains strong and proactive communication about risk and it has a culture of collaboration in decision-making among the first and second lines of defence, and senior management. While the first line of defence is responsible for the risk-generating activities, as well as for the design and execution of controls to mitigate such risks, the second line of defence ensures a strong oversight structure and an appropriate segregation of duties.

The risk management arrangements and systems are considered appropriate given the strategy and risk profile of the branch. These elements are reviewed at least annually and, where appropriate, updated to reflect best practice, evolving market conditions and changing regulatory requirements.

GIBF, both as a stand-alone branch as well as on a consolidated basis as part of GSIB and as part of the wider GS Group, monitors and controls risk exposure through a variety of separate but complementary financial, operational and legal reporting systems in the second line of defence functions. In addition, each revenue division as well as Corporate Treasury is responsible for monitoring risk as part of their first line of defence responsibilities.

Strategies and processes to manage risks

- **Credit risk:** GIBF aims to avoid or mitigate notable uncollateralised or unhedged credit risk exposure to third parties, with the exception of short term cash placement at the Deutsche Bundesbank, e.g., by usage of sub-participation of third party loans originated by the branch as well as adequate collateralisation, e.g., in form of prefunding requested from sub-participation providers.

- **Market risk:** The branch has no appetite for trading book market risk exposures and only limited appetite for market risk in the banking book, e.g., in form of modest (non-material) FX risk arising from foreign currency denominated balance sheet positions (primarily intercompany claims) as well as interest rate risk in the banking book (IRRBB) arising from liquidity management activity.

- **Liquidity risk:** GIBF pursues a liquidity policy which requires the branch to pre-fund its estimated potential cash and collateral needs during a liquidity crisis and to hold this liquidity in the form of unencumbered, high-quality liquidity buffers.

- **Operational and compliance risk, including related concentration risks:** are managed by qualified in-house personnel, also drawing on the support from, and systems provided by, other GS Group entities, including GSIB. GIBF aims to mitigate material risks by effective processes and controls as well as, where appropriate, the use of insurance contracts.

Credit Risk

Overview

Credit risk represents the potential loss that may arise due to the default or deterioration of the credit quality of a counterparty / borrower. Within the framework of its risk management approach, GIBF distinguishes between credit risk, placement risk from deposit transactions and settlement risk.

GIBF's credit risk arises primarily from deposits with central banks, granting of select loans or lending facilities to existing clients of the firm and select deposits placed with affiliates. Credit risks from loan commitments are fully mitigated through the use of sub-participation agreements with a GS affiliate.

Credit Risk, which is part of the second line of defence and reports to the SRO, has primary responsibility for assessing, monitoring and managing the credit risk by providing independent oversight and challenge across the branch's business.

During the reporting year, GIBF's credit risk strategy continued to aim to maintain a high standard of credit quality.

As a branch and integrated part of GSIB and in turn the broader GS Group, GIBF’s activities are selected and conducted in a manner which supports the broader business strategy of GSIB and GS Group.

Credit Risk Management Process

The branch’s framework for managing credit risk is consistent with the framework of GS Group. The branch’s Credit Risk function is integrated with GS Group's Credit Risk function which reports to GS Group’s Chief Risk Officer (CRO).

The branch’s process for managing credit risk includes the critical components of the risk management framework described in the “Overview and Structure of Risk Management” within “Management Report” of GIBF’s 2024 Financial Statements, as well as the following:

- Setting of credit limits and monitoring compliance with established credit risk limits;
- Regular reporting on the branch’s credit exposures and credit concentrations to the branch’s SRO and Branch Managers;
- Assessing and determining internal credit ratings for counterparties and the associated likelihood that a counterparty will default on its payment obligations;
- Measuring our current and potential credit exposure and losses resulting from a counterparty default;
- Using credit risk mitigants (sub-participations).

The firm’s credit risk management systems capture credit exposure to individual counterparties and on an aggregate basis to counterparties and their subsidiaries. GSIB's and GIBF's management receive regular reporting on GIBF’s aggregate credit risk by product, industry, country and region.

Risk Measures

Credit Risk is measured based on the potential loss in the event of non-payment by a counterparty using current and potential exposure. For deposits and lending commitments, the primary measure is a function of the notional amount of the position.

Credit Risk Mitigation

To reduce GIBF's credit exposures, the branch employs a variety of potential risk mitigants. Risk mitigants include risk transfers and pre-financing (for loan commitments).

Credit risk management and credit risk limits

Given the limited activities and conservative risk management approach of GIBF, the branch expects to have minor credit risk exposures other than short-term central bank deposits and select intercompany deposit placements or transfer pricing receivables.

Counterparty credit limits are set for potential exposure and settlement limits at the risk party and aggregate ultimate parent level. The limits are set by Credit Risk and are subject to the required approvals by the SRO and the branch managers.

Credit Risk is responsible for monitoring these limits and identifying and escalating to senior management and/or the appropriate risk committee, on a timely basis, instances where limits have been exceeded.

Market Risk

Market risk sensitive trades intended for the trading book are not expected to be booked and managed in GIBF. Based on the strategy and activity profile of the branch, any market risk exposure is expected to be limited to non-trading book interest rate risk and limited FX risk arising from non-EUR denominated balance sheet positions.

GIBF’s exposure to interest rate risk in the banking book (IRRBB) arises from changes in the present value of assets and liabilities as interest rates change, as well as differences in interest earned or paid due to the reset characteristics of the branch’s assets and liabilities.

IRRBB management process

GIBF’s market risk scope is limited to the banking book. IRRBB is measured across a range of interest rate scenarios using metrics such as Net Interest Income (NII) and Economic Value of Equity (EVE). NII sensitivity measures the impacts of changes in rates on the accrued interest of banking book assets and liabilities over a defined time horizon. EVE sensitivity measures the change in the present value of banking book assets and liabilities as a function of different interest rate assumptions.

The branch evaluates periodically the sensitivity to changes in interest rates at the Branch Manager Meeting, which is the primary oversight body responsible for risk management.

Operational Risk

Overview

Operational risk is the risk of an adverse outcome resulting from inadequate or failed internal processes, people, systems or from external events. Exposure to operational risk arises from routine processing errors, as well as extraordinary incidents, such as major systems failures or legal and regulatory matters, that could occur for the branch or its third-party vendors.

Potential types of loss events related to internal and external operational risk include:

- Clients, products and business practices;
- Execution, delivery and process management;
- Business disruption and system failures;
- Employment practices and workplace safety;
- Third-party risk, including vendor risk;
- Damage to physical assets;
- Internal fraud; and
- External fraud.

Operational Risk, which is part of second line of defence, and reports to the GS Group’s CRO and the GIBF SRO, has primary responsibility for developing and implementing a formalised framework for assessing, monitoring and managing operational risk to support oversight and challenge across the branch's businesses, with the goal of maintaining the branch’s exposure to operational risk at levels that are within its risk appetite. The branch’s framework for managing operational risk is consistent with the framework of GS Group.

Operational Risk Management Process

GIBF's process for managing operational risk includes the critical components of the risk management framework described in “Risk Management – Overview and Structure of Risk Management” in Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the firm’s 2024 Form 10-K.

Top-down and bottom-up approaches are combined to manage and measure operational risk. From a top-down perspective, senior management assesses firmwide as well as entity and business-level operational risk profiles, as appropriate. From a bottom-up perspective, the first and second lines of defence are responsible for risk identification and risk management on a day-to-day basis, including escalating operational risks and risk events to senior management.

The operational risk management framework is designed to comply with the operational risk measurement rules under Basel III and has evolved based on changing needs of the branch's businesses and regulatory guidance.

Policies have been established that require all employees to report and escalate operational risk events. When operational risk events are identified, policies require that the events be documented and analysed to determine whether changes are required in the systems and/ or processes to further mitigate the risk of future events.

Operational risk management applications are used to capture, analyse and report operational risk event data and key metrics. One of the branch's key risk identification and control assessment tools is an operational risk and control self-assessment process. This process consists of the identification and rating of operational risks on a forward-looking basis, and the related controls. The results from this process are analysed to evaluate operational risk exposures and identify businesses, activities, or products with heightened levels of operational risk.

Capital Requirements

The operational risk capital requirements for GIBF are calculated under the Basic Indicator Approach in accordance with the CRR. Potential reportable operational risk incidents are recorded in the firm’s central system and assessed by the responsible business area and the second line of defence Risk department, and reported to the branch managers on a regular or as needed ad-hoc basis.

Capital Adequacy

Overview

The appropriate level and composition of capital is determined by taking into account a number of factors including current and future regulatory capital requirements, the Internal Capital Adequacy Assessment Process (ICAAP) process, the results of stress tests, and the business and financial market environment.

Approach to assessing the adequacy of the internal capital

GIBF conducts regular capital adequacy assessments as part of its ICAAP cycle to ensure capital adequacy relative to its risk profile. The ICAAP is an internal process, which is integrated into the governance structure of GIBF in accordance with the regulatory guidelines, including the process for risk identification and determination of material risks, the capital planning process and the framework for risk appetite.

In accordance with the BaFin guideline "Supervisory assessment of bank-internal capital adequacy concepts and their integration into the overall performance and risk management processes (ICAAP)" from May 2018, the ICAAP includes two complementary perspectives: the Normative Perspective and the Economic Perspective.

In the Normative Perspective capital adequacy is considered from a regulatory and accounting view, by comparing the regulatory definition of capital resources to regulatory capital requirements for material risks. The perspective includes a forward-looking 3-year forecast of the ability of GIBF to meet the regulatory capital requirements under certain planning assumptions (baseline scenario) and unfavourable developments (adverse scenario). The capital requirements are calculated in accordance with regulatory requirements over the planning horizon. As part of the analysis of impacts under the adverse scenario, GIBF projects additional losses and their impact on regulatory capital ratios. GIBF met its regulatory capital requirements at all times over the respective observation period in the Normative Perspective.

The Economic Perspective involves defining and quantifying the internal capitalisation and economic capital requirements that GIBF must maintain to mitigate risks that could have a significant impact on capitalisation from an economic perspective. GIBF uses its regulatory capital as a starting point for quantifying internal capital in the Economic Perspective and makes adjustments to reflect economic considerations. For risk quantification, GIBF uses, among other things, internal methods that make it possible to capture an economic view of the risk over a targeted risk horizon of one year.

The economic capital requirements for market risk, which GIBF has classified as not material, result mainly from foreign currency risks as well as modest interest rate risk in the banking book, which are determined using the standardised approach and regulatory stress scenario assumptions, respectively. The economic capital requirements for credit risk are determined using a credit risk model based on internal assessments (including internal credit ratings).

Operational risk economic capital is determined via statistical models and scenario analysis, considering internal/external loss data, business environment, and controls. Internal capital uses the Loss Distribution Approach (LDA) – an Advanced Measurement Approach (AMA) – measured at a 99.9% confidence level annually. The LDA, calculated via Monte Carlo simulation at the GSIB level, is allocated to the GIBF branch level using a revenue factor. A hypothetical loss scenario ensures conservatism.

The economic capital requirements are conservatively aggregated across the risk categories without taking diversification effects into account. The limit system of GIBF requires compliance with the minimum requirement for the economic capital adequacy ratio of 100%[1].

[1] Liquidity risks are considered in GIBF's annual Internal liquidity adequacy assessment process (ILAAP).

Regulatory Own Funds

The table below presents further information on the detailed capital position of GIBF. The capital ratios as of December 2024 exclude the branch's profits for 2024, which were subject to approval by the branch managers, to be included as regulatory capital.

Table 3: EU CC1 - Composition of regulatory own funds

		As of December 2024	
		(a)	(b)
€ in TEUR		**Amounts**	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	2,050,000	Row 10 of EU CC2 template
	of which: Instrument type 1	-	
	of which: Instrument type 2	-	
	of which: Instrument type 3	-	
2	Retained earnings	1,868	Column (b), Row 11 of EU CC2 template
3	Accumulated other comprehensive income (and other reserves)	-	
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**2,051,868**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-	
8	Intangible assets (net of related tax liability) (negative amount)	-	
9	Not applicable	-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
20	Not applicable	-	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
EU-20c	of which: securitisation positions (negative amount)	-	
EU-20d	of which: free deliveries (negative amount)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
22	Amount exceeding the 17,65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
24	Not applicable	-	
25	of which: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current financial year (negative amount)	-	

EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-
26	Not applicable	-
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-
27a	Other regulatory adjustments	-
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	-
29	**Common Equity Tier 1 (CET1) capital**	**2,051,868**
Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	-
31	of which: classified as equity under applicable accounting standards	-
32	of which: classified as liabilities under applicable accounting standards	-
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-
35	of which: instruments issued by subsidiaries subject to phase out	-
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	-
Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-
41	Not applicable	-
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-
42a	Other regulatory adjustments to AT1 capital	-
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-
44	**Additional Tier 1 (AT1) capital**	-
45	**Tier 1 capital (T1 = CET1 + AT1)**	**2,051,868**
Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	-
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-
49	of which: instruments issued by subsidiaries subject to phase out	-
50	Credit risk adjustments	-
51	**Tier 2 (T2) capital before regulatory adjustments**	-
Tier 2 (T2) capital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-
54a	Not applicable	-
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-
56	Not applicable	-
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-
EU-56b	Other regulatory adjustments to T2 capital	-
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-
58	**Tier 2 (T2) capital**	-

59	**Total capital (TC = T1 + T2)**	**2,051,868**
60	**Total Risk exposure amount**	**11,991**
Capital ratios and requirements including buffers		
61	Common Equity Tier 1 capital	17,112.37%
62	Tier 1 capital	17,112.37%
63	Total capital	17,112.37%
64	Institution CET1 overall capital requirements	11.30%
65	of which: capital conservation buffer requirement	2.50%
66	of which: countercyclical capital buffer requirement	1.21%
67	of which: systemic risk buffer requirement	0.00%
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.00%
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	3.09%
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	17,098.87%
National minima (if different from Basel III)		
69	Not applicable	-
70	Not applicable	-
71	Not applicable	-
Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-
74	Not applicable	-
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-
Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-
82	Current cap on AT1 instruments subject to phase out arrangements	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-
84	Current cap on T2 instruments subject to phase out arrangements	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-

Following table represents the balance sheet of the branch prepared in accordance with applicable accounting framework and under regulatory scope of consolidation. GIBF's regulatory scope of consolidation exclude the branch's profits for 2024, which were subject to approval by the branch managers.

Table 4: EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

€ in TEUR				**As of December 2024**
		a	b	c
		Balance sheet as in audited financial statements	**Under regulatory scope of consolidation**	**Reference**
		As at period end	**As at period end**	
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial statements*				
1	Cash and cash equivalents	-	-	
2	Receivables from credit institutions	9,627,393	9,627,393	
3	Receivables from customers	-	-	
4	Other assets	2,440	2,440	
	Total assets	**€ 9,629,833**	**€ 9,629,833**	
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial statements*				
5	Liabilities to credit institutions	-	-	
6	Liabilities to customers	208,390	208,390	
7	Other liabilities	7,815	7,815	
8	Provisions	3,108	3,108	
9	Head office account	7,357,947	7,357,947	
	Total liabilities	**€ 7,577,260**	**€ 7,577,260**	
Shareholders' Equity				
10	Endowment capital	2,050,000	2,050,000	Row 1 of EU CC1 template
11	Retained earnings	2,573	1,868	Row 2 of EU CC1 template
	Total shareholders' equity	**€ 2,052,573**	**€ 2,051,868**	
	Total liabilities and shareholder's equity	**€ 9,629,833**	**€ 9,629,128**	

Liquidity Risk

Liquidity risk is the risk that GIBF will be unable to fund itself or meet its liquidity needs in the event of branch-specific, broader industry, or market liquidity stress events. GSIB including its branch, GIBF maintains comprehensive and conservative liquidity and funding polices and frameworks to manage this risk. GIBF's principal objective is to be able to fund itself and to enable its core businesses to continue to serve clients and generate revenues, even under adverse circumstances.

Liquidity Risk function, which is independent of the commercial and liquidity management functions and reports to the branch's SRO, has primary responsibility for identifying, assessing, monitoring and managing the liquidity risk of GIBF, through regular monitoring of activities, implementation of stress tests, and monitoring of the various liquidity ratios through the limits framework.

GIBF has a robust liquidity risk management framework in place, which we consider adequate. It leverages this framework to maintain a sufficient amount of liquidity to ensure we remain appropriately funded and liquid in the event of stress.

Internal Framework ("Stress Test")

In order to determine the appropriate size of the liquidity pool of GIBF, an internal liquidity model is used, called the "Modelled Liquidity Outflow (MLO)", which captures and quantifies GIBF's liquidity risks over a 30-day stress scenario.

We also consider other factors, including, but not limited to, an assessment of our potential intraday liquidity needs through an additional "Intraday Liquidity Model", and other applicable regulatory requirements and a qualitative assessment of our condition, as well as the financial markets.

Modelled Liquidity Outflow (MLO): This is based on conducting multiple scenarios that include combinations of market-wide and firm-specific stress. These scenarios are characterised by the following qualitative elements:

- Severely challenging market environments, which include low consumer and business confidence, financial and political instability and adverse changes in market values, including potential declines in equity markets and widening of credit spreads; and
- A GS Group specific crisis potentially triggered by material losses, reputational damage, litigation and/or rating downgrades.

The following are the key modelling elements of the MLO which are most relevant for GIBF:

- Liquidity needs over a 30-day scenario;
- A two-notch downgrade of the long-term senior unsecured credit ratings of GS Group Inc. and its rated subsidiaries;
- Changing conditions in the financing markets that limit access to unsecured and secured financing;
- A combination of contractual and contingent outflows.

Intraday Liquidity Model: This measures the GIBF's intraday liquidity needs in a scenario characterised by the same qualitative elements as the MLO, where access to sources of intraday liquidity may become constrained. The intraday liquidity model considers a variety of factors, including historical settlement activity.

Long Term Stress Testing: GIBF utilises long-term stress tests to take a forward view on its liquidity position through prolonged stress periods in which the branch experiences a severe liquidity stress and recovers in an environment that continues to be challenging.

Liquidity Regulatory Framework

Implementation of the Basel Committee's international framework for liquidity risk management, standards and monitoring requires a LCR and a NSFR.

The LCR is designed to ensure that financial institutions maintain a sufficient level of HQLAs to absorb expected NCOs in a period of stress 30-day liquidity. GIBF is subject to a minimum LCR of 100% under the LCR rule approved by the European Parliament and Council. As of December 2024, GIBF's LCR exceeded the minimum regulatory requirement.

The NSFR is designed to support stable medium to long-term funding of the assets over a one-year horizon. The Basel Committee NSFR framework requires maintaining an NSFR of 100%. GIBF is subject to the NSFR requirement applicable in the EU, which came into force in June 2021. As of December 2024, GIBF's NSFR exceeded the minimum regulatory requirement. The implementation of these rules and any amendments adopted by regulatory authorities could affect GIBF's liquidity and funding requirements and practices in the future.

Further details on GIBF's LCR and NSFR can be found in the Key Metrics template (Table 1). The results of the LCR, NSFR, MLO and Intraday Liquidity Model are regularly reported to GIBF's branch managers.

Governance Arrangements

GIBF is managed by its branch managers under their own responsibility. The branch managers carry the full responsibility for the management of the branch in accordance with the German Banking Act[1]. They are appointed and dismissed by the board of directors of GSIB.

Corporate governance disclosures for GSIB are available at https://www.goldmansachs.com/disclosures.

As of the date of this publication, the branch managers of GIBF do not hold any other directorships.

Recruitment and Diversity

As part of the Goldman Sachs Group, GIBF implements the global principles, measures, and goals for diversity at Goldman Sachs.

In the selection of the branch managers, a candidate for each role is considered when, in addition to the actual knowledge, capabilities and experience required by regulations, professional and personal competence of the candidates is also demonstrated. GIBF thereby places the highest requirements on persons who are considered for selection.

The branch, consistent with the people strategy of Goldman Sachs Group remains focused on the importance of attracting and retaining exceptional and diverse talent and will continue to develop programs consistent with its fundamental commitment to inclusive merit-based recruitment, promotion and advancement in compliance with applicable laws.

With a view to the nature, scale, and complexity of the risk profile of the activities, GIBF has not set up a separate risk committee. Information on risk is monitored on an ongoing basis by one of the branch managers, the SRO of GIBF, who is responsible for risk management of the branch, and is reported to all branch managers by way of periodic risk reports that comprise, among others, updates on credit, market, liquidity and operational risk. Risk information is further shared with the GSIB Board Risk Committee as required. Please refer to the GSIB corporate governance disclosures referenced above for further information.

[1] Kreditwesengesetz - KWG.

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 “Risk Factors” in Part I, Item 1A in the firm's 2024 Form 10-K.

Glossary

- **Credit Risk.** The potential for loss due to the default or deterioration in credit quality of a counterparty (e.g., an OTC derivatives counterparty or a borrower) or an issuer of securities or other instruments we hold.

- **Liquidity Risk.** The risk that the branch will be unable to fund itself or meet its liquidity needs in the event of branch specific, broader industry or market liquidity stress events.

- **Market Risk.** Market risk is the risk of an adverse impact to the earnings due to changes in market conditions.

- **Operational Risk.** The risk of an adverse outcome resulting from inadequate or failed internal processes, people, systems or from external events.

Glossary of Acronyms

Acronym	Description
AMA	Advanced Measurement Approach
BaFin	Federal Financial Supervisory Authority
CRD	Capital Requirements Directive
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CVA	Credit Valuation Adjustment
EBA	European Banking Authority
EU	European Union
EVE	Economic Value of Equity
FRTB	Fundamental Review of Trading Book
GIBF	Goldman Sachs International Bank Zweigniederlassung Frankfurt
GSIB	Goldman Sachs International Bank
HQLA	High Quality Liquid Asset
ICAAP	Internal Capital Adequacy Assessment Process
ILAAP	Internal Liquidity Adequacy Assessment Process
IRRBB	Interest Rate Risk in the Banking Book
KWG	German Banking Act
LCR	Liquidity Coverage Ratio
LDA	Loss Distribution Approach
MLO	Modelled Liquidity Outflow
NCO	Net Cash Outflow
NII	Net Interest Income
NSFR	Net Stable Funding Ratio
RWEA	Risk Weighted Exposure Amount
SRO	Senior Risk Officer
TREA	Total Risk Exposure Amount