Goldman Sachs Bank Europe SE

Pillar 3 Disclosures

For the period ended June 30, 2021

TABLE OF CONTENTS

Introduction

Overview

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[1]. As of 30 June 2021, the sole shareholder of GSBE was Goldman Sachs (Cayman) Holding Company with its registered office in George Town, Cayman Islands. The bank is registered with the commercial register number HRB 114190.

On 1 July 2021, the bank was acquired by Goldman Sachs Bank USA, a direct wholly-owned subsidiary of Group Inc., with its registered office in New York, New York, USA.

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

The capital requirements are expressed as risk-based capital and leverage ratios that compare measures of regulatory capital to risk-weighted assets (RWAs), average assets and off-balance-sheet exposures. Failure to comply with these capital requirements could result in restrictions being imposed by our regulators and could limit our ability to repurchase shares, pay dividends and make certain discretionary compensation payments. GSBE's capital levels are also subject to qualitative judgements by our regulators about components of capital, risk weightings and other factors.

GSBE's regulatory capital requirement has been calculated in accordance with the E.U. Capital Requirements Directive (CRD) and the E.U. Capital Requirements Regulation (CRR). These are largely based on the Basel Committee on Banking Supervision's (Basel Committee) final capital framework for strengthening international capital standards (Basel III), which is structured around three pillars: Pillar 1 "minimum capital requirements", Pillar 2 "supervisory review process" and Pillar 3 "market discipline".

GSBE's Pillar 3 disclosures published for June 30, 2021 have been prepared in accordance with the disclosure requirements under Part 8 of Regulation (EU) No 575/2013 as amended.

The Pillar 3 disclosures have been published both in English and German languages.

As of June 30, 2021, GSBE has no exposures to disclose pursuant to the guidelines (EBA/GL/2020/07) on disclosure of exposures subject to measures applied in response to the Covid-19 crisis, as such the required tables have not been included in this document.

Information on GSBE's 2020 Annual Pillar 3 disclosures, IFRS Financial Information and Financial Statements can be accessed via the following links:

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

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

[1] https://www.goldmansachs.com/disclosures/gsbese-related-disclosures/Legal_and_Regulatory_Information.pdf

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

https://www.goldmansachs.com/investor-relations/financials/other-information/2021/2q-pillar3-2021.pdf

https://www.goldmansachs.com/investor-relations/financials/10q/2021/second-quarter-2021-10-q.pdf

Basis of Consolidation

GSBE and its subsidiaries are indirectly wholly-owned by the parent company, Group Inc. and included in its consolidated financial statements.

Due to immateriality of its subsidiaries pursuant to Section 296 (2) of HGB (Handelsgesetzbuch), GSBE waives its obligation from preparing consolidated financial statements.

The subsidiaries are:

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

Regulatory Developments

The bank's businesses are subject to extensive regulation and supervision worldwide. Regulations have been adopted or are being considered by regulators and policy-makers. The expectation is that the principal areas of impact from regulatory reform for the bank will be increased regulatory capital requirements and increased regulation and restriction on certain activities. However, given that many of the new and proposed rules are highly complex, the full impact of regulatory reform will not be known until the rules are implemented and market practices develop under final E.U. regulations.

Risk-Based Capital Ratios. In June 2019, amendments to the CRR and CRD were published in the Official Journal of the E.U.

The amendments to the CRR include changes to rules for the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities (MREL), counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, and reporting and disclosure requirements. Most of these requirements applied from June 27, 2021 in the E.U.

The amendments to the CRD include the requirement to establish an E.U. intermediate parent undertaking ("IPU") as well as provisions on remuneration, interest rate risk management, supervisory powers and macro-prudential capital requirements. The amendments to the CRD are expected to phase in over time.

In December 2017, the Basel Committee published standards that it described as the finalisation of the Basel III post-crisis regulatory reforms. These standards set a floor on internally developed capital requirements at a percentage of the capital requirements under the standardised approach. They also revised the Basel Committee's standardised and model-based approaches for credit risk, provide a new standardised approach for operational risk capital and revise the frameworks for credit valuation adjustment risk. The Basel Committee has proposed that national regulators implement these standards beginning January 1, 2023, and that the new floor be phased in through January 1, 2028.

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

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

Minimum Requirements for Own Funds and Eligible Liabilities (MREL). In May 2021, the Single Resolution Board (SRB) published an updated MREL policy. The SRB policy requires certain subsidiaries of banking groups to meet a minimum internal MREL requirement to facilitate the transfer of losses to its resolution entity, which for GSBE is Group Inc. On February 3, 2021, GSBE issued €800m of MREL eligible debt, in expectation of future internal MREL requirements. Until now, GSBE does not have a minimum internal MREL requirement set, while the SRB has communicated targets which are expected to apply from January 1, 2023.

Climate Change

We recognize that climate change presents both challenges and opportunities for our business. Climate change could potentially disrupt the firm's business, affect client activity levels and creditworthiness and damage the firm's reputation. For example, climate change may cause extreme weather events that disrupt operations at one or more of the firm's primary locations, affecting its ability to service and interact with its clients. Climate change may also have a negative impact on the financial condition of its clients, which may decrease revenues from those clients and increase the credit risk associated with loans and other credit exposures to those clients. Additionally, the firm's reputation may be damaged as a result of its involvement, or its clients' involvement, in certain industries or projects associated with climate change. The firm's Environmental Policy Framework articulates our roadmap for environmental progress and our approach to engaging with clients on climate-related risks and opportunities, including risk management guidelines for carbon intense sectors.

Climate change presents financial risk through two primary components, physical and transition. Physical risks relate to the firm's own infrastructure as well as real estate lending and investment exposure. The firm uses an internal model to assess physical risk factors at any location for time horizons through the year 2050 as well as for today. Transition risk emerges due to policy changes towards a low carbon emission economy. The firm uses an internal transition risk model that allows scenario analysis under several distinct representative pathways and distinct shocks to equity, credit and other market variables. As the firm continues to develop and refine its process around climate risk monitoring, its impact on wholesale lending will remain an important consideration.

In the context of GSBE's existing activities, our analysis suggests that the loss associated with GS stress testing scenarios at GSBE level is not material, though we will continue to monitor materiality on an ongoing basis. As the firm continues to develop and refine its process around climate risk monitoring, its impact on wholesale lending will remain an important consideration.

Brexit

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 one in the U.K.; and strengthening the capital, personnel and other resources of GSBE.

Other Developments

As at the time of publication, there continues to be uncertainty regarding the impact of the COVID-19 pandemic on the near term economic outlook, even as efforts to distribute vaccines are underway. The bank continues to successfully execute on its Business Continuity Planning (BCP) strategy and its priority remains to safeguard its employees and to seek to ensure continuity of business operations on behalf of its clients. The extent of the impact of the COVID-19 pandemic on the bank's operational and financial performance, will depend on future developments.

Key Metrics Template

The table below provides an overview of the bank's prudential regulatory position as measured by key regulatory metrics as at June 30, 2021.

Amounts in EUR millions

	Available own funds (amounts)	
1	Common Equity Tier 1 (CET1) capital	5,296
2	Tier 1 capital	5,296
3	Total capital	5,316
	Risk-weighted exposure amounts	
4	Total risk-weighted exposure amount	19,861
	Capital ratios (as a percentage of risk-weighted exposure amount)	
5	Common Equity Tier 1 ratio (%)	26.67%
6	Tier 1 ratio (%)	26.67%
7	Total capital ratio (%)	26.77%
	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 (%)	3.00%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.69%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.25%
EU 7d	Total SREP own funds requirements (%)	11.00%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)	
8	Capital conservation buffer (%)	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	
9	Institution specific countercyclical capital buffer (%)	0.04%
EU 9a	Systemic risk buffer (%)	
10	Global Systemically Important Institution buffer (%)	
EU 10a	Other Systemically Important Institution buffer	
11	Combined buffer requirement (%)	2.54%
EU 11a	Overall capital requirements (%)	13.54%
12	CET1 available after meeting the total SREP own funds requirements	4,067
	Leverage ratio	
13	Total exposure measure	52,768
14	Leverage ratio (%)	10.04%
	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 (%)	
EU 14b	of which: to be made up of CET1 capital (percentage points)	
EU 14c	Total SREP leverage ratio requirements (%)*	3.06%

	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)	
EU 14d	Leverage ratio buffer requirement (%)	
EU 14e	Overall leverage ratio requirements (%)	3.06%
	Liquidity Coverage Ratio	
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	5,516
EU 16a	Cash outflows - Total weighted value	7,173
EU 16b	Cash inflows - Total weighted value	3,916
16	Total net cash outflows (adjusted value)	3,284
17	Liquidity coverage ratio (%) **	195.35%
	Net Stable Funding Ratio	
18	Total available stable funding	13,369
19	Total required stable funding	7,660
20	NSFR ratio (%)	174.54%

* GSBE also applied the "CRR quick fix" allowing for the exemption of eligible central bank cash balances from the Leverage Exposures per Article 500b of Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 and Regulation (EU) 2020/873

** As per Article 447(f)(i) of the CRR, the ratio reported in this row is calculated as the average of the end-of-month LCR percentages for the preceding twelve-month period as opposed to the ratio of the 12 month average amounts reported in row 15 "Total high-quality liquid assets" and row 16 "Net cash outflows"

Attestation

To the best of our knowledge, we attest that the Pillar 3 Disclosures of Goldman Sachs Bank Europe SE for the period ended June 30, 2021, according to Part Eight of the CRR2, have been prepared in accordance with the formal policies and internal processes, systems and controls agreed upon at the management body level.

Frankfurt am Main 17 Nov 2021

Goldman Sachs Bank Europe SE

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