



Goldman Sachs Group UK Limited

# Pillar 3 Disclosures

For the period ended August 31, 2020

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## Introduction

### Overview

The Goldman Sachs Group, Inc. (Group Inc. or parent company), a Delaware corporation, together with its consolidated subsidiaries (collectively, the firm), is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals. Goldman Sachs Group UK Limited (GSGUKL) is a wholly owned subsidiary of Group Inc. When we use the terms “Goldman Sachs”, “GS Group” and “the firm”, we mean Group Inc. and its consolidated subsidiaries and when we use the terms “GSGUK”, “the company”, “we”, “us” and “our”, we mean GSGUKL and its consolidated subsidiaries.

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

GSGUK is supervised on a consolidated basis by the Prudential Regulation Authority (PRA) and as such is subject to minimum capital adequacy standards. Certain subsidiaries of GSGUK are regulated by the Financial Conduct Authority (FCA) and the PRA, or solely by the FCA, and are subject to minimum capital adequacy standards also on a standalone basis.

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. GSGUK’s capital levels are also subject to qualitative judgements by our regulators about components of capital, risk weightings and other factors.

For information on Group Inc.’s financial statements and regulatory capital ratios, please refer to the firm’s most recent Quarterly Pillar 3 Disclosures and Quarterly Report on Form 10-Q. References to the “Quarterly Report on Form 10-Q” are to the firm’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020.

<https://www.goldmansachs.com/investor-relations/financials/current/other-information/3q-pillar3-2020.pdf>

<https://www.goldmansachs.com/investor-relations/financials/current/10q/third-quarter-2020-10-q.pdf>

The GSGUK consolidated 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’s 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 CRR is directly applicable in the UK and certain provisions of the CRD or discretionary aspects of CRR have been implemented in the PRA and FCA Rulebooks.

In 2018, GSGUK changed its accounting reference date from December 31 to November 30. As such, its third quarter for 2020 is for the three months ended August 31, 2020. All references to August 2020 refer to the period ended, or the date, as the context requires, August 31, 2020.

The Pillar 3 disclosures set out the qualitative and quantitative elements of Part 8 of the CRR, as supplemented by the PRA and FCA Rulebooks, for which we have determined that more frequent disclosure is appropriate in accordance with the European Banking Authority (EBA) Guidelines under Articles 431(1), 432(2) and 433 of CRR. From March 2018, these quarterly Pillar 3 disclosures have also been prepared in accordance with the EBA Guidelines on disclosure requirements under Part 8 of the CRR published in December 2016.

GSGUK also publishes annual Pillar 3 disclosures. The latest available published annual Pillar 3 disclosures can be accessed via the following link:

<https://www.goldmansachs.com/disclosures/>

The latest annual consolidated financial information for GSGUK can be accessed via the following link:

<https://www.goldmansachs.com/disclosures/gsgukl-consolidated-financials-2019.pdf>

**Pillar 3 Disclosures**

Measures of exposures and other metrics disclosed in this report may not be based on U.K. Generally Accepted Accounting Practices (U.K. GAAP), may not be directly comparable to measures reported in financial statements, and may not all be comparable to similar measures used by other companies. These disclosures are not required to be, and have not been, audited by our independent auditors.

**Basis of Consolidation**

GSGUKL is the holding company for a group that provides a wide range of financial services to clients located worldwide. The company's functional currency is US dollars and these disclosures are prepared in that currency.

The following U.K.-regulated subsidiaries are included in the regulatory consolidation:

- Goldman Sachs International (GSI)
- Goldman Sachs International Bank (GSIB)
- Goldman Sachs Asset Management International (GSAMI)
- Goldman Sachs MB Services Limited (GSMBSL)

The scope of consolidation for regulatory capital purposes is consistent with the U.K. GAAP consolidation.

The company is required to make certain capital disclosures on an individual or subconsolidated basis for significant subsidiaries. The significant subsidiaries of GSGUK are GSI and GSIB. GSI is the firm's broker dealer in the Europe, Middle East and Africa (EMEA) region and its risk profile is materially the same as GSGUK. GSIB is GSGUK's deposit-taking subsidiary. Risk management policies and procedures are applied consistently to GSI, GSIB and to GSGUK as a whole. The remaining entities have minimal balance sheet activity and have not been determined material subsidiaries for the purposes of these disclosures.

**Restrictions on the Transfer of Funds or Regulatory Capital within the Firm**

Group Inc. is a holding company and, therefore, utilises dividends, distributions and other payments from its subsidiaries to fund dividend payments and other payments on its obligations, including debt obligations. Regulatory capital requirements, as well as other provisions of applicable law and regulations restrict Group Inc.'s ability to withdraw capital from its regulated subsidiaries. Within GSGUK, capital is provided by GSGUKL to subsidiary entities. Capital is considered transferable to other entities within the GSGUK Group without any significant restriction except to the extent

it is required for regulatory purposes.

For information about restrictions on the transfer of funds within Group Inc. and its subsidiaries, see "Note 20. Regulation and Capital Adequacy" in Part I, Item 1 "Financial Statements" and "Risk Management – Liquidity Risk Management" and "Equity Capital Management and Regulatory Capital" in Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the firm's Quarterly Report on Form 10-Q.

**Definition of Risk-Weighted Assets**

The risk weights used in the calculation of RWAs reflect an assessment of the riskiness of our assets and exposures. These risk weights are based on either predetermined levels set by regulators or on internal models which are subject to various qualitative and quantitative parameters that are subject to approval by our regulators. The relationship between available capital and capital requirements can be expressed in the form of a ratio, and capital requirements are arrived at by dividing RWAs by 12.5. In this document, minimum capital ratios set out in Table 1 are expressed including the impact of additional buffers.

**Fair Value**

Trading assets and liabilities, certain investments and loans, and certain other financial assets and liabilities, are included in our consolidated balance sheets at fair value (i.e., marked-to-market), with related gains or losses generally recognised in our consolidated statements of earnings and, therefore, in capital. 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. The use of fair value to measure financial instruments is fundamental to risk management practices and is our most critical accounting policy. The daily discipline of marking substantially all of our inventory to current market levels is an effective tool for assessing and managing risk and provides transparent and realistic insight into our financial exposures. The use of fair value is an important aspect to consider when evaluating our capital base and our capital ratios as changes in the fair value of our positions are reflected in the current period's shareholders' equity, and accordingly, regulatory capital; it is also a factor used to determine the classification of positions into the banking book and trading book.

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For additional information regarding the determination of fair value under accounting principles generally accepted in the United States (U.S. GAAP) and controls over valuation of financial instruments, see “Note 3. Significant Accounting Policies” in Part I, Item 1 “Financial Statements”, and “Critical Accounting Policies – Fair Value” in Part I, Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the firm’s Quarterly Report on Form 10-Q.

The firm has documented policies and maintains systems and controls for the calculation of Prudent Valuation Adjustment (“PVA”) as required by the Commission Delegated Regulation (EU) No. 2016/101. PVA represents the excess of valuation adjustments required to achieve prudent value, over any adjustment applied in the firm’s fair value that addresses the same source of valuation uncertainty. For a valuation input where the range of plausible values is created from mid prices, Prudent Value represents the point within the range where the firm is 90% confident that the mid value which could be achieved in exiting the valuation exposure would be at that price or better. The Firm’s methodology addresses fair value uncertainties arising from a number of sources; market price uncertainty, close-out costs, model risk, unearned credit spreads, investing and funding cost, concentrated positions, future administrative costs, early termination, operational risk. Methodologies utilised by our independent control functions to calculate PVA are aligned with, and use the same external data sources as, those used when carrying out price verification of fair value.

**Banking Book / Trading Book Classification**

The firm has a comprehensive framework of policies, controls and reporting to meet the requirements of the CRR for inclusion of positions in the banking book and trading book. In order to determine the appropriate regulatory capital treatment for our exposures, positions must be first classified into either “banking book” or “trading book”. Positions are classified as banking book unless they qualify to be classified as trading book.

Trading book positions generally meet the following criteria: they are assets or liabilities that are accounted for at fair value; they are risk managed using a Value-at-Risk (VaR) internal model; they are held as part of our market-making and underwriting businesses and are intended to be resold in the short term, or positions intended to benefit from actual or expected short-term price differences between buying and selling prices or from other price or interest rate variations<sup>1</sup>. Trading book positions are subject to market risk regulatory

capital requirements, as are foreign exchange and commodity positions, whether or not they meet the other criteria for classification as trading book positions. Market risk is the risk of loss in value of these positions due to changes in market conditions. Some trading book positions, such as derivatives, are also subject to counterparty credit risk regulatory capital requirements.

Banking book positions may be accounted for at amortised cost, fair value or in accordance with the equity method. Banking book positions are subject to credit risk regulatory capital requirements. Credit risk represents the potential for loss due to the default or deterioration in credit quality of a counterparty (e.g., an Over-The-Counter (OTC) derivatives counterparty or a borrower) or an issuer of securities or other instruments we hold.

**Regulatory Developments**

The company’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 company 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 the final E.U. and/or U.K. regulations.

GSGUK is subject to the capital framework for E.U.-regulated financial institutions prescribed in the CRD and the CRR. These capital regulations are largely based on the Basel Committee on Banking Supervision’s (Basel Committee) capital framework for strengthening international capital standards (Basel III). The Basel Committee is the primary global standard setter for prudential bank regulation, and its member jurisdictions implement regulations based on its standards and guidelines. During the Brexit transition period, the current E.U. rules on prudential regulation will continue to apply to GSGUK. The U.K. government is introducing legislation to provide that the current prudential rules will continue to apply from January 1, 2021.

**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

<sup>1</sup> As defined in point (85) of Article 4(1) in CRR

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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 the amendments to the CRR are expected to apply from June 2021 in the UK. The requirements for MREL are already effective. The implementation timing of the market risk revisions is dependent on technical standards, which have yet to be finalised. The firm expects that binding market risk rules will not apply before 2023.

The amendments to the CRD include provisions on financial holding companies, remuneration, interest rate risk management, supervisory powers and macro-prudential capital requirements. The U.K., as an E.U. member state at the time of publication in the Official Journal, is required to adopt the amendments to the CRD. The amendments to the CRD will be phased in over time with most changes applicable from June 28, 2021, and some macro prudential measures applicable from January 1, 2022. HM Treasury and the Bank of England have launched consultations on the transposition of the CRD amendments.

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. HM Treasury stated in its Financial Services Bill proposal that the UK remains committed to a full, timely and consistent implementation of the standards.

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

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

**Climate Change**

We recognise 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 we may identify opportunities in the allocation of capital and resources towards innovative financial solutions and green initiatives. In addition we have developed methodologies to identify and manage the physical and transition risks to our assets and counterparties arising from increasing climate change, which we will continue to refine as our climate risk management framework evolves.

**Other Developments**

The persistence of the COVID-19 pandemic poses ongoing challenges for the global economy. While economic activity has generally accelerated from earlier in the year when widespread lockdown measures were in place, progress has been uneven across countries and the sustainability of global economic recovery is vulnerable to the risk of a resurgence in infections. Governments and central banks around the world have remained proactive in responding to the crisis through unprecedented accommodative monetary policy and fiscal stimulus.

The company has continued to successfully execute on its Business Continuity Planning (BCP) strategy since initially activating it in March 2020 in response to the emergence of the COVID-19 pandemic. The company's priority has been to safeguard its employees and to seek to ensure continuity of business operations on behalf of its clients. As a result of the company's BCP strategy, the majority of its employees worked remotely during the three months ended August 2020, as in the three months ended May 2020. The company has established policies and protocols to enable a phased return to office, taking into account the readiness of people, communities and facilities. These policies and protocols continue to be reviewed and updated in light of the changing public health situation and legislative requirements.

The COVID-19 pandemic has created economic and financial disruptions that have in the past adversely affected, and may

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in the future adversely affect the company's business, financial condition, liquidity and results of operations. The extent to which the COVID-19 pandemic will negatively affect the company's businesses, financial condition, liquidity and results of operations will depend on future developments, which are highly uncertain and cannot be predicted.

On June 27, 2020, the E.U. adopted amendments to the CRR to ease prudential constraints for banks and encourage lending to the economy during the COVID-19 pandemic. These changes do not have a material impact on the company's binding capital constraints.

## Capital Framework

### Capital Structure

For regulatory capital purposes, a company's total available capital has the following components:

- Common Equity Tier 1 capital (CET1), which is comprised of common shareholders' equity, after giving effect to deductions for disallowed items and other adjustments;
- Tier 1 capital which is comprised of CET1 capital and other qualifying capital instruments; and
- Tier 2 capital which is comprised of long term qualifying subordinated debt and preference shares.

Certain components of our regulatory capital are subject to regulatory limits and restrictions under the rules. In general, to qualify as Tier 1 or Tier 2 capital, an instrument must be fully paid and unsecured. A qualifying Tier 1 or Tier 2 capital instrument must also be subordinated to all senior indebtedness of the organisation.

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

- A capital conservation buffer of 2.5%, consisting entirely of capital that qualifies as CET1.
- A countercyclical capital buffer of up to 2.5% (consisting entirely of CET1 capital) in order to counteract excessive credit growth. The buffer only applies to GSGUK's exposures to certain types of counterparties and exposures based in jurisdictions which have announced and implemented a countercyclical buffer. The buffer was negligible as of August 2020. The countercyclical capital buffer applicable to GSGUK could change in the future and, as a result, GSGUK's risk-based capital requirements could increase.
- The individual capital requirement under Pillar 2A (an additional amount to cover risks not adequately captured in Pillar 1). The PRA performs a periodic supervisory review of GSI's and GSIB's Internal Capital Adequacy

Assessment Process (ICAAP), which leads to a final determination by the PRA of individual capital requirement under Pillar 2A. The sum of Pillar 1 and Pillar 2A requirement is referred to as "Total Capital Requirement" or TCR and represents the minimum amount of capital the PRA considers that a firm should hold at all times.

Together these constitute total minimum regulatory capital ratios.

### Minimum Regulatory Capital Ratios

The following table presents GSGUK's, GSI's and GSIB's total minimum regulatory capital ratios as of August 2020.

**Table 1: Minimum Regulatory Capital Ratios**

	August 2020 Minimum ratio <sup>1</sup>		
	GSGUK	GSI	GSIB
CET1 ratio	8.2%	8.2%	8.4%
Tier 1 capital ratio	10.1%	10.1%	10.3%
Total capital ratio	12.7%	12.7%	12.9%

The ratios in the above table incorporate the TCR received from the PRA. As of August 2020, GSGUK's TCR at the total capital level was 10.2%.

The PRA also defines the forward looking capital requirement which represents the PRA's view of the capital that GSGUK would require to absorb losses in stressed market conditions. This is known as Pillar 2B or the "PRA buffer" and is not reflected in the minimum regulatory capital ratios shown in Table 1 above.

### Compliance with Capital Requirements

As of August 31, 2020, all of GSGUK's regulated subsidiaries had capital levels in excess of their minimum regulatory capital requirements.

## Regulatory Capital

### Overview

The following table presents a breakdown of GSGUK's capital ratios under CRR as of August 31, 2020, including those for our significant subsidiaries GSI and GSIB.

**Table 2: Regulatory Capital Ratios**

<i>\$ in millions</i>	<b>As of August 2020</b>		
	<b>GSGUK</b>	<b>GSI</b>	<b>GSIB</b>
CET1 Capital	\$ 29,425	\$ 25,914	\$ 3,036
Tier 1 Capital	37,725	34,214	3,036
Tier 2 Capital	6,411	5,224	826
<b>Total Capital</b>	<b>\$ 44,136</b>	<b>\$ 39,438</b>	<b>\$ 3,862</b>
<b>RWAs</b>	<b>\$ 270,075</b>	<b>\$ 245,865</b>	<b>\$ 20,092</b>
<b>CET1 Ratio</b>	<b>10.9%</b>	<b>10.5%</b>	<b>15.1%</b>
<b>Tier 1 Capital Ratio</b>	<b>14.0%</b>	<b>13.9%</b>	<b>15.1%</b>
<b>Total Capital Ratio</b>	<b>16.3%</b>	<b>16.0%</b>	<b>19.2%</b>

### Transitional Impact of IFRS 9

IFRS9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 – Financial Instruments: Recognition and Measurement that relates to the classification and measurement of financial instruments. Based on materiality no further disclosures for the transitional impact of IFRS9 are made in this document.

### Leverage Ratio

GSGUK is required to monitor and disclose its leverage ratio using the CRR's definition of exposure as amended by the European Commission Leverage Ratio Delegated Act. In June 2019, the European Commission published updates to the CRR to implement a 3% minimum leverage ratio requirement for certain E.U. financial institutions, including GSGUK. This leverage ratio compares CRR's definition of Tier 1 capital to a measure of leverage exposure, defined as the sum of certain assets plus certain off-balance-sheet exposures (which include a measure of derivatives, securities financing transactions, commitments and guarantees), less Tier 1 capital deductions. The required minimum leverage ratio will become effective for GSGUK on 27 June 2021. This leverage ratio is based on our current interpretation and understanding of this rule and may evolve as the interpretation and application of this rule is discussed with our regulators.

**Table 3: Leverage Ratio**

<i>\$ in millions</i>	<b>As of August 2020</b>		
	<b>GSGUK</b>	<b>GSI</b>	<b>GSIB</b>
Tier 1 Capital	\$ 37,725	\$ 34,214	\$ 3,036
Leverage Ratio Exposure	\$ 821,138	\$ 775,786	\$ 45,782
<b>Leverage Ratio</b>	<b>4.6%</b>	<b>4.4%</b>	<b>6.6%</b>

**Pillar 3 Disclosures****Capital Structure**

All capital, RWAs and ratios are based on current interpretation, expectations and understanding of the rules and may evolve as the interpretation and application is discussed with our regulators.

Assets that are deducted from capital in computing the numerator of the capital ratios are excluded from the computation of RWAs in the denominator of the ratios. The following tables contain information on the components of our regulatory capital structure.

**Table 4: Regulatory Capital Resources**

<i>\$ in millions</i>	<b>As of August 2020</b>		
	<b>GSGUK</b>	<b>GSI</b>	<b>GSIB</b>
Ordinary Share Capital	\$ 2,135	\$ 598	\$ 63
Share Premium Account Including Reserves	618	5,478	2,085
Retained Earnings <sup>1</sup>	31,613	22,466	1,154
Unaudited profits for the financial period	(2,848)	(467)	(78)
<b>CET1 Capital Before Deductions</b>	<b>\$ 31,518</b>	<b>\$ 28,075</b>	<b>\$ 3,224</b>
Net Pension Assets	(289)	(289)	-
CVA and DVA	34	68	9
Prudent Valuation Adjustments	(417)	(373)	(7)
Expected Loss Deduction and Loan Loss Provision	(912)	(764)	(148)
Other Adjustments <sup>2</sup>	(164)	(462)	(38)
Intangibles	(345)	(341)	(4)
<b>CET1 Capital After Deductions</b>	<b>\$ 29,425</b>	<b>\$ 25,914</b>	<b>\$ 3,036</b>
<b>Additional Tier 1 capital</b>	<b>8,300</b>	<b>8,300</b>	<b>-</b>
<b>Tier 1 Capital After Deductions</b>	<b>\$ 37,725</b>	<b>\$ 34,214</b>	<b>\$ 3,036</b>
Tier 2 Capital Before Deductions <sup>3</sup>	6,503	5,377	826
Amortisation of Tier 2 Capital	\$(92)	(153)	-
<b>Tier 2 Capital After Deductions</b>	<b>\$ 6,411</b>	<b>\$ 5,224</b>	<b>\$ 826</b>
<b>Total Capital Resources</b>	<b>\$ 44,136</b>	<b>\$ 39,438</b>	<b>\$ 3,862</b>

1. Includes unrecognised profits as of August 2020.
2. Other Adjustments include regulatory deductions for foreseeable charges applicable to profits recognised as of June 2020 in GSI, deferred tax assets and ineligible capital.
3. Tier 2 Capital represents subordinated debt with an original term to maturity of five years or greater, and preference shares.

**Minimum Requirement for Own Funds and Eligible Liabilities (MREL)**

The amendments to the CRR published in June 2019 require material subsidiaries of an overseas banking group at the consolidated E.U. level, such as GSGUK, to have sufficient own funds and eligible liabilities to meet internal MREL. These rules began to phase in from June 27, 2019, and will become fully effective on January 1, 2022.

**Table 5: Own Funds and Eligible Liabilities**

<i>\$ in millions</i>	<b>As of August 2020</b>
	<b>GSGUK</b>
<b>Total own funds and eligible liabilities</b>	<b>\$ 57,903</b>
Total RWA	270,075
Total own funds and eligible liabilities as a percentage of RWA	21.44%
Leverage Exposure	821,138
Total own funds and eligible liabilities as a percentage of leverage exposure	7.05%

As of August 31, 2020, GSGUK had own funds and eligible liabilities in excess of its internal MREL.

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## Risk-Weighted Assets

RWAs are calculated based on measures of credit risk, market risk and operational risk. The tables below represent a summary of the RWAs and capital requirements for GSGUK, GSI and GSIB by type as at August 31, 2020 and May 31, 2020.

Table 6: Overview of RWAs<sup>1</sup>

## GSGUK

\$ in millions

		RWAs		Minimum capital requirements
		August 2020	May 2020	
1	Credit risk (excluding CCR)	\$ 36,895	\$ 31,053	\$ 2,952
2	Of which the standardised approach	3,783	3,237	303
4	Of which the advanced IRB (AIRB) approach	30,966	27,061	2,477
5	Of which equity IRB under the simple risk-weighted approach or the IMA	2,146	755	172
6	CCR	\$ 102,169	\$ 94,786	\$ 8,174
7	Of which mark to market	7,714	6,972	617
9	Of which the standardised approach	-	-	-
10	Of which internal model method (IMM)	72,706	62,909	5,817
11	Of which risk exposure amount for contributions to the default fund of a CCP	744	507	60
12	Of which CVA VaR	21,005	24,398	1,680
13	Settlement risk	\$ 2,636	\$ 4,292	\$ 211
14	Securitisation exposures in the banking book (after the cap)	\$ 1,158	\$ 1,163	\$ 93
19	Market risk	\$ 108,826	\$ 122,289	\$ 8,706
20	Of which the standardised approach	43,316	43,762	3,465
21	Of which IMA	65,510	78,527	5,241
22	Large exposures	-	-	-
23	Operational risk	\$ 18,391	\$ 17,010	\$ 1,471
24	Of which basic indicator approach	-	-	-
25	Of which standardised approach	18,391	17,010	1,471
29	<b>Total</b>	<b>\$ 270,075</b>	<b>\$ 270,593</b>	<b>\$ 21,607</b>

## GSI

\$ in millions

		RWAs		Minimum capital requirements
		August 2020	May 2020	
1	Credit risk (excluding CCR)	\$ 19,654	\$ 16,542	\$ 1,572
2	Of which the standardised approach	\$ 1,096	\$ 671	\$ 88
4	Of which the advanced IRB (AIRB) approach	\$ 16,412	\$ 15,116	\$ 1,313
5	Of which equity IRB under the simple risk-weighted approach or the IMA	\$ 2,146	\$ 755	\$ 171
6	CCR	\$ 101,369	\$ 94,002	\$ 8,110
7	Of which mark to market	\$ 7,314	\$ 6,553	585
9	Of which the standardised approach	-	-	-
10	Of which internal model method (IMM)	\$ 72,416	62,681	5,794
11	Of which risk exposure amount for contributions to the default fund of a CCP	\$ 744	506	59
12	Of which CVA VaR	\$ 20,895	24,262	1,672
13	Settlement risk	\$ 2,636	\$ 4,292	\$ 211
14	Securitisation exposures in the banking book (after the cap)	-	-	-
19	Market risk	\$ 106,053	\$ 119,489	\$ 8,484
20	Of which the standardised approach	40,543	40,962	3,243
21	Of which IMA	65,510	78,527	5,241
22	Large exposures	-	-	-
23	Operational risk	\$ 16,153	\$ 16,153	\$ 1,292
24	Of which basic indicator approach	-	-	-
25	Of which standardised approach	16,153	16,153	1,292
29	<b>Total</b>	<b>\$ 245,865</b>	<b>\$ 250,478</b>	<b>\$ 19,669</b>

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## GSIB

\$ in millions

	RWAs		Minimum capital requirements
	August 2020	May 2020	
1 Credit risk (excluding CCR)	\$ 15,490	\$ 12,906	\$ 1,239
2 Of which the standardised approach	113	\$ 93	9
4 Of which the advanced IRB (AIRB) approach	15,377	\$ 12,813	1,230
5 Of which equity IRB under the simple risk-weighted approach or the IMA	0	\$ 0	0
6 CCR	\$ 682	\$ 610	\$ 55
7 Of which mark to market	359	\$ 353	29
9 Of which the standardised approach			-
10 Of which internal model method (IMM)	290	\$ 228	23
11 Of which risk exposure amount for contributions to the default fund of a CCP	0	\$ 1	0
12 Of which CVA VaR	33	\$ 28	3
13 Settlement risk	-	-	-
14 Securitisation exposures in the banking book (after the cap)	\$ 1,158	\$ 1,163	\$ 93
19 Market risk	\$ 2,192	\$ 2,403	\$ 175
20 Of which the standardised approach	2,192	\$ 2,403	175
21 Of which IMA	-	-	-
22 Large exposures			-
23 Operational risk	\$ 570	\$ 570	\$ 46
24 Of which basic indicator approach			-
25 Of which standardised approach	570	\$ 570	46
<b>29 Total</b>	<b>\$ 20,092</b>	<b>\$ 17,652</b>	<b>\$ 1,608</b>

GSGUK total capital ratio was materially unchanged at 16.3% from May 2020 to August 2020 as a reduction in Market RWAs offset an increase in Credit RWAs, as follows:

- GSGUK Market RWAs as of August 2020 decreased by \$13.5 billion compared with May 2020, primarily reflecting a decrease in modelled market risk driven by data points related to COVID-19 volatility dropping out of the average.
- GSGUK Credit RWAs as of August 2020 increased by \$11.4 billion compared with May 2020, primarily reflecting an increase in credit risk driven by increased credit exposures, and an increase in counterparty credit risk driven by GSGUK ceasing to utilise the GS Group guarantee<sup>2</sup> and foreign currency translation differences over the period.

<sup>1</sup> A new securitisation framework came into effect in 2019 for new securitisations issued after 1 January 2019. All securitisations are subject to the new framework as of 1 January 2020.

<sup>2</sup> For further information on the GS Group guarantee, see "Credit Risk Mitigation" in GSGUK Pillar 3 disclosures for the period ended May 2020.

The following table presents the quarterly flow statements of RWAs and Capital requirements for Credit Risk, Counterparty Credit Risk (CCR) and Market Risk for GSGUK, GSI and GSIB.

**Table 7: RWA Flow Statements of Credit Risk Exposures under the IRB Approach**

	RWA amounts			Capital requirements		
	GSGUK	GSI	GSIB	GSGUK	GSI	GSIB
1 RWAs as at the end of the previous reporting period	\$ 27,061	\$ 15,116	\$ 12,813	\$ 2,165	\$ 1,209	\$ 1,025
2 Asset size	\$ 2,161	279	1,882	173	\$ 22	\$ 151
3 Asset quality	\$ (248)	(407)	159	(20)	\$ (32)	\$ 12
7 Foreign exchange movements	\$ 1,357	739	618	108	\$ 59	\$ 49
8 Other	\$ 635	685	(95)	51	\$ 55	\$ (7)
<b>9 RWAs as at the end of the current reporting period</b>	<b>\$ 30,966</b>	<b>\$ 16,412</b>	<b>\$ 15,377</b>	<b>\$ 2,477</b>	<b>\$ 1,313</b>	<b>\$ 1,230</b>

## Pillar 3 Disclosures

Table 8: RWA Flow Statements of CCR Exposures under the IMM

		RWA amounts			Capital requirements		
		GSGUK	GSI	GSIB	GSGUK	GSI	GSIB
<i>\$ in millions</i>		As of August 2020					
<b>1</b>	<b>RWAs as at the end of the previous reporting period</b>	<b>\$ 62,909</b>	<b>\$ 62,681</b>	<b>\$ 228</b>	<b>\$ 5,033</b>	<b>\$ 5,015</b>	<b>\$ 18</b>
<b>2</b>	Asset size	\$ 502	447	55	40	36	4
<b>3</b>	Credit quality of counterparties	\$ 5,547	5,545	2	444	444	0
<b>7</b>	Foreign exchange movements	\$ 3,386	3,380	6	271	270	1
<b>8</b>	Other	\$ 362	363	(1)	29	29	(0)
<b>9</b>	<b>RWAs as at the end of the current reporting period</b>	<b>\$ 72,706</b>	<b>\$ 72,416</b>	<b>\$ 290</b>	<b>\$ 5,817</b>	<b>\$ 5,794</b>	<b>\$ 23</b>

Table 9: RWA Flow Statements of Market Risk Exposures under the IMA

## GSGUK

		VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWAs	Total capital requirements
<b>1</b>	<b>RWAs at previous quarter end</b>	<b>\$ 16,811</b>	<b>\$ 16,950</b>	<b>\$ 12,931</b>	<b>\$ 1,653</b>	<b>\$ 30,182</b>	<b>\$ 78,527</b>	<b>\$ 6,282</b>
<b>1a</b>	Regulatory adjustment	(12,739)	(12,318)	-	(834)	(15,402)	(41,293)	(3,303)
<b>1b</b>	<b>RWAs at the previous quarter-end</b>	<b>\$ 4,072</b>	<b>\$ 4,632</b>	<b>\$ 12,931</b>	<b>\$ 819</b>	<b>\$ 14,780</b>	<b>\$ 37,234</b>	<b>\$ 2,979</b>
<b>2</b>	Movement in risk levels	(1,171)	1,465	(930)	7	(2,101)	(2,730)	(218)
<b>3</b>	Model updates/changes	1	2	-	-	-	3	0
<b>8a</b>	<b>RWAs at the end of the reporting period</b>	<b>\$ 2,902</b>	<b>\$ 6,099</b>	<b>\$ 12,001</b>	<b>\$ 826</b>	<b>\$ 12,679</b>	<b>\$ 34,507</b>	<b>\$ 2,761</b>
<b>8b</b>	Regulatory adjustment	7,222	12,116	-	115	11,550	31,003	2,480
<b>8</b>	<b>RWAs at the end of the reporting period</b>	<b>\$ 10,124</b>	<b>\$ 18,215</b>	<b>\$ 12,001</b>	<b>\$ 941</b>	<b>\$ 24,229</b>	<b>\$ 65,510</b>	<b>\$ 5,241</b>

## GSI

		VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWAs	Total capital requirements
<b>1</b>	<b>RWAs at previous quarter end</b>	<b>\$ 16,811</b>	<b>\$ 16,950</b>	<b>\$ 12,931</b>	<b>\$ 1,653</b>	<b>\$ 30,182</b>	<b>\$ 78,527</b>	<b>\$ 6,282</b>
<b>1a</b>	Regulatory adjustment	(12,739)	(12,318)	-	(834)	(15,402)	(41,293)	(3,303)
<b>1b</b>	<b>RWAs at the previous quarter-end</b>	<b>\$ 4,072</b>	<b>\$ 4,632</b>	<b>\$ 12,931</b>	<b>\$ 819</b>	<b>\$ 14,780</b>	<b>\$ 37,234</b>	<b>\$ 2,979</b>
<b>2</b>	Movement in risk levels	(1,171)	1,465	(930)	7	(2,101)	(2,730)	(218)
<b>3</b>	Model updates/changes	1	2	-	-	-	3	0
<b>8a</b>	<b>RWAs at the end of the reporting period</b>	<b>\$ 2,902</b>	<b>\$ 6,099</b>	<b>\$ 12,001</b>	<b>\$ 826</b>	<b>\$ 12,679</b>	<b>\$ 34,507</b>	<b>\$ 2,761</b>
<b>8b</b>	Regulatory adjustment	7,222	12,116	-	115	11,550	31,003	2,480
<b>8</b>	<b>RWAs at the end of the reporting period</b>	<b>\$ 10,124</b>	<b>\$ 18,215</b>	<b>\$ 12,001</b>	<b>\$ 941</b>	<b>\$ 24,229</b>	<b>\$ 65,510</b>	<b>\$ 5,241</b>

## **Liquidity Risk Management**

Disclosure of the information required under article 435 of the CRR, including those detailed in the EBA Guidelines on liquidity risk management, has been made under separate disclosure on September 30, 2020.

The liquidity risk management disclosure for GSGUK, published on the firm's website adjacent to this document, can be accessed via the following link:

<http://www.goldmansachs.com/disclosures/index.html>

## **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 these statements include, among others, those discussed in "Risk Factors" in Part I, Item 1A in the firm's 2019 Form 10-K as well as Part II, Item 1A in the firm's Quarterly Report on Form 10-Q.