

**Goldman Sachs International  
(unlimited company)**

**Unaudited Quarterly Financial  
Information**

**September 30, 2022**

## Introduction

Goldman Sachs International (GSI or the company) delivers a broad range of financial services to clients located worldwide. The company also operates a number of branches and representative offices across Europe, the Middle East and Africa (EMEA) to provide financial services to clients in those regions.

The company's primary regulators are the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).

The company's ultimate parent undertaking and controlling entity is The Goldman Sachs Group, Inc. (Group Inc.). Group Inc., together with its consolidated subsidiaries, form "GS Group". In relation to the company, "GS Group affiliate" means Group Inc. or any of its subsidiaries.

This financial information has been prepared in line with the recognition and measurement requirements of International Financial Reporting Standards (IFRS) and includes the company's income statement, balance sheet and certain supplementary notes. See Note 1 for further information on the basis of preparation of this financial information.

All references to September 2022, June 2022 and September 2021 refer to the periods ended, or the dates, as the context requires, September 30, 2022, June 30, 2022 and September 30, 2021, respectively. All references to December 2021 refer to the date December 31, 2021. All references to "the 2021 Annual Report" are to the company's Annual Report for the year ended December 31, 2021.

## Business Environment

During the third quarter of 2022, the continuation of broad macroeconomic and geopolitical concerns, including inflationary pressures and the prolonged war in Ukraine, and uncertainty about the outlook, weighed on economic activity and kept market volatility high. In response, global central banks have generally continued to tighten monetary policy with additional policy interest rate increases during the quarter. These factors contributed to a decrease in global equity prices compared with the end of the second quarter of 2022.

The economic outlook remains uncertain, reflecting concerns about the continuation or escalation of the war between Russia and Ukraine and other geopolitical risks, inflation, and supply chain complications.

## Results of Operations

### Income Statement

**Three Months Ended September 2022 versus September 2021.** The company's profit for the three months ended September 2022 was \$911 million, an increase of 2% compared with the three months ended September 2021.

**Nine Months Ended September 2022 versus September 2021.** The company's profit for the nine months ended September 2022 was \$3.28 billion, an increase of 53% compared with the nine months ended September 2021.

### Net Revenues

The company generates revenues from the following business activities: Investment Banking; Fixed Income, Currency and Commodities (FICC); Equities; and Investment Management, which includes Asset management and Wealth management. See "Results of Operations — Net Revenues" in Part I of the 2021 Annual Report for a description of each business activity.

The table below presents net revenues by business activity.

<i>\$ in millions</i>	Three Months Ended September		Nine Months Ended September	
	2022	2021	2022	2021
Investment Banking	\$ 314	\$ 661	\$ 845	\$2,018
FICC	1,029	697	3,731	2,393
Equities	950	1,121	3,316	3,424
Investment Management	155	363	687	1,022
<b>Total</b>	<b>\$2,448</b>	<b>\$2,842</b>	<b>\$8,579</b>	<b>\$8,857</b>

**Three Months Ended September 2022 versus September 2021.** Net revenues were \$2.45 billion for the three months ended September 2022, 14% lower than the three months ended September 2021, primarily due to significantly lower net revenues in Investment Banking and Investment Management and lower net revenues in Equities, partially offset by significantly higher net revenues in FICC.

**Nine Months Ended September 2022 versus September 2021.** Net revenues were \$8.58 billion for the nine months ended September 2022, 3% lower than the nine months ended September 2021, primarily due to significantly lower net revenues in Investment Banking and Investment Management and lower net revenues in Equities, partially offset by significantly higher net revenues in FICC.

## **Investment Banking**

**Three Months Ended September 2022 versus September 2021.** Net revenues in Investment Banking were \$314 million for the three months ended September 2022, 52% lower than the three months ended September 2021, primarily due to significantly lower net revenues in Underwriting and Financial advisory. The decrease in Underwriting reflected significantly lower net revenues in Equity underwriting and lower net revenues in Debt underwriting. Financial advisory net revenues were significantly lower reflecting a decrease in industry-wide completed mergers and acquisitions transactions.

**Nine Months Ended September 2022 versus September 2021.** Net revenues in Investment Banking were \$845 million for the nine months ended September 2022, 58% lower than the nine months ended September 2021, primarily due to significantly lower net revenues in Underwriting and Financial advisory. The decrease in Underwriting reflected significantly lower net revenues in both Equity and Debt underwriting. Financial advisory net revenues were significantly lower reflecting a decrease in industry-wide completed mergers and acquisitions transactions.

## **FICC**

**Three Months Ended September 2022 versus September 2021.** Net revenues in FICC were \$1.03 billion for the three months ended September 2022, 48% higher than the three months ended September 2021, primarily due to significantly higher net revenues in FICC intermediation. The increase in FICC intermediation reflected significantly higher net revenues in interest rate products and currencies and higher net revenues in commodities and credit products, partially offset by lower net revenues in mortgages. The increase in FICC intermediation net revenues reflected significantly higher client activity as the company supported clients amid an evolving macroeconomic environment.

**Nine Months Ended September 2022 versus September 2021.** Net revenues in FICC were \$3.73 billion for the nine months ended September 2022, 56% higher than the nine months ended September 2021, due to significantly higher net revenues in FICC intermediation and higher net revenues in FICC financing. The increase in FICC intermediation reflected significantly higher net revenues in currencies, commodities and interest rate products, partially offset by significantly lower net revenues in mortgages and credit products. The increase in FICC financing was primarily driven by securities sold under agreements to repurchase. The increase in FICC intermediation net revenues reflected significantly higher client activity as the company supported clients amid an evolving macroeconomic environment.

## **Equities**

**Three Months Ended September 2022 versus September 2021.** Net revenues in Equities were \$950 million for the three months ended September 2022, 15% lower compared with the three months ended September 2021, due to lower net revenues in Equities financing and Equities intermediation. The decrease in Equities financing reflected lower activity. The decrease in Equities intermediation reflected lower net revenues in derivatives and cash products.

**Nine Months Ended September 2022 versus September 2021.** Net revenues in Equities were \$3.32 billion for the nine months ended September 2022, 3% lower compared with the nine months ended September 2021, due to lower net revenues in Equities intermediation, partially offset by higher net revenues in Equities financing. The decrease in Equities intermediation reflected significantly lower net revenues in cash products and lower net revenues in derivatives. The increase in Equities financing primarily reflected higher activity.

## **Investment Management**

**Three Months Ended September 2022 versus September 2021.** Net revenues in Investment Management were \$155 million for the three months ended September 2022, 57% lower than the three months ended September 2021, primarily due to significantly lower net revenues in Asset management. Net revenues in Wealth management were essentially unchanged.

**Nine Months Ended September 2022 versus September 2021.** Net revenues in Investment Management were \$687 million for the nine months ended September 2022, 33% lower than the nine months ended September 2021, primarily due to significantly lower net revenues in Asset management, partially offset by higher net revenues in Wealth management.

## Net Operating Expenses

The table below presents net operating expenses and headcount. Compensation and benefits include discretionary compensation, which is finalised at year-end. The company believes the most appropriate way to allocate estimated annual discretionary compensation among interim periods is in proportion to the net revenues earned in such periods. Where the company recognises revenues in its capacity as principal to a transaction and incurs expenses to satisfy some or all of its performance obligations under these transactions, it is required by IFRS 15 'Revenue from Contracts with Customers' (IFRS 15) to report these revenues gross of the associated expenses. Such expenses are included in transaction based and other expenses (known hereafter as "IFRS 15 expenses").

\$ in millions	Three Months Ended September		Nine Months Ended September	
	2022	2021	2022	2021
Compensation and benefits	\$ 402	\$ 528	\$1,412	\$2,996
Transaction based	378	550	1,209	1,588
Market development	14	12	45	24
Communications and technology	36	35	111	103
Depreciation and amortisation	63	55	188	155
Professional fees	27	41	111	117
Management charges from GS Group affiliates	301	327	821	788
Other expenses	126	196	530	601
<b>Operating expenses</b>	<b>1,347</b>	<b>1,744</b>	<b>4,427</b>	<b>6,372</b>
Management charges to GS Group affiliates	(48)	(88)	(146)	(258)
<b>Net operating expenses</b>	<b>\$1,299</b>	<b>\$1,656</b>	<b>\$4,281</b>	<b>\$6,114</b>
<b>Headcount at period-end</b>	<b>3,915</b>	<b>4,013</b>		

In the table above:

- Compensation and benefits included a credit of \$16 million for the three months ended September 2022, a charge of \$4 million for the three months ended September 2021, a credit of \$342 million for the nine months ended September 2022, and a charge of \$594 million for the nine months ended September 2021 representing recharges from Group Inc. equivalent to changes in the fair value of share-based payment awards during the period.
- Compensation and benefits include staff costs related to the company's employees. Management charges from GS Group affiliates includes staff costs recharged to the company by other GS Group affiliates. Management charges to GS Group affiliates includes staff costs recharged by the company to other GS Group affiliates.

**Three Months Ended September 2022 versus September 2021.** Net operating expenses were \$1.30 billion for the three months ended September 2022, 22% lower than the three months ended September 2021.

Compensation and benefits were \$402 million for the three months ended September 2022, 24% lower than the three months ended September 2021. Excluding the impact of recharges from Group Inc. equivalent to changes in the fair value of share-based payment awards for both periods, compensation and benefits were \$418 million for the three months ended September 2022, 20% lower than the three months ended September 2021, reflecting a decrease in estimated annual discretionary compensation.

Transaction based expenses were \$378 million for the three months ended September 2022, 31% lower than the three months ended September 2021, primarily reflecting a decrease in activity levels.

**Nine Months Ended September 2022 versus September 2021.** Net operating expenses were \$4.28 billion for the nine months ended September 2022, 30% lower than the nine months ended September 2021.

Compensation and benefits were \$1.41 billion for the nine months ended September 2022, 53% lower than the nine months ended September 2021. Excluding the impact of recharges from Group Inc. equivalent to changes in the fair value of share-based payment awards for both periods, compensation and benefits were \$1.75 billion for the nine months ended September 2022, 27% lower than the nine months ended September 2021, reflecting a decrease in estimated annual discretionary compensation.

Transaction based expenses were \$1.21 billion for the nine months ended September 2022, 24% lower than the nine months ended September 2021, primarily reflecting a decrease in activity levels.

As of September 2022, headcount was 3% higher compared with June 2022, primarily reflecting the timing of campus hires, and essentially unchanged compared with December 2021.

## Income Tax Expense

The company's effective tax rate was 23.8% for the nine months ended September 2022, which compares to the U.K. corporation tax rate applicable of 27%. The effective tax rate represents the company's income tax expense divided by its profit before taxation.

## Balance Sheet

As of September 2022, total assets were \$1.35 trillion, an increase of \$203.29 billion from December 2021, primarily reflecting an increase in trading assets of \$209.80 billion (primarily due to an increase in derivatives, principally as a result of an increase in interest rates, currencies and commodities derivatives).

As of September 2022, total liabilities were \$1.30 trillion, an increase of \$199.75 billion from December 2021, primarily reflecting an increase in trading liabilities of \$219.24 billion (primarily due to an increase in derivatives, principally as a result of an increase in interest rates, currencies and commodities derivatives), partially offset by a decrease in collateralised financings of \$23.69 billion (primarily due to changes in firm and client activity).

Under U.S. GAAP, as of September 2022, the company's total assets were \$575.75 billion and total liabilities were \$541.84 billion. Total assets and total liabilities under U.S. GAAP differ from those reported under IFRS primarily due to the company presenting derivative balances gross under IFRS if they are not net settled in the normal course of business, even where it has a legally enforceable right to offset those balances.

## Regulatory Matters and Other Developments

### Replacement of Interbank Offered Rates (IBORs), including London Interbank Offered Rate (LIBOR)

On January 1, 2022, the publication of all EUR, CHF, JPY and GBP LIBOR (non-USD LIBOR) settings along with certain USD LIBOR settings ceased. The publication of the most commonly used USD LIBOR settings will cease after June 2023. The FCA has allowed the publication and use of synthetic rates for certain GBP and JPY LIBOR settings in legacy GBP or JPY LIBOR-based derivative contracts through December 2022. The U.S. federal banking agencies' guidance strongly encourages banking organisations to cease using USD LIBOR.

The International Swaps and Derivatives Association (ISDA) 2020 IBOR Fallbacks Protocol (IBOR Protocol) has provided derivatives market participants with amended fallbacks for legacy and new derivative contracts to mitigate legal or economic uncertainty. Both counterparties have to adhere to the IBOR Protocol or engage in bilateral amendments for the terms to be effective for derivative contracts. ISDA has confirmed that the FCA's formal announcement to cease both non-USD and USD LIBOR settings fixed the spread adjustment for all LIBOR rates and as a result fallbacks applied automatically for non-USD LIBOR settings following December 31, 2021 and will apply automatically for USD LIBOR settings following June 30, 2023. The Adjustable Interest Rate (LIBOR) Act, that was enacted in March 2022, provides a statutory framework to replace USD LIBOR with a benchmark rate based on the Secured Overnight Financing Rate (SOFR) for contracts governed by U.S. law that have no fallbacks or fallbacks that would require the use of a poll or LIBOR-based rate. Under the LIBOR Act, the Board of Governors of the Federal Reserve System (FRB) must adopt rules to identify the applicable SOFR-based replacement rate. In July 2022, the FRB released proposed rules, which would identify different SOFR-based replacement rates for derivative contracts, for cash instruments such as floating-rate notes and preferred stock, for consumer contracts and for certain government-sponsored enterprise contracts. The FRB has not yet adopted these rules.

See "Regulatory Matters and Other Developments — Replacement of Interbank Offered Rates (IBORs), including London Interbank Offered Rate (LIBOR)" in Part I of the 2021 Annual Report for further information.

### **Impact of Russian Invasion of Ukraine**

The Russian invasion of Ukraine continues to negatively affect the global economy and has resulted in significant disruptions in financial markets and increased macroeconomic uncertainty. Governments around the world have responded to Russia's invasion by imposing economic sanctions and export controls on specific industry sectors, companies and individuals in Russia. Retaliatory restrictions against investors, non-Russian owned businesses and other sovereign states have been implemented by Russia. Businesses globally continue to experience shortages in materials and increased costs for transportation, energy and raw materials due, in part, to the negative effects of the war on the global economy. The escalation or continuation of the war between Russia and Ukraine presents heightened risks relating to cyber attacks, the frequency and volume of failures to settle securities transactions, supply chain disruptions, and inflation, as well as the potential for increased volatility in commodity, currency and other financial markets. Complying with economic sanctions and restrictions imposed by governments has resulted in increased operational risk. The extent and duration of the war, sanctions and resulting market disruptions, as well as the potential adverse consequences for the company's business, liquidity and results of operations, are difficult to predict.

The company's senior management, risk committees and board of directors receive regular briefings from the company's independent risk oversight and control functions, including the company's chief risk officer, on Russian and Ukrainian exposures, as well as other relevant risk metrics. GS Group has established a firmwide working group to identify and assess the operational risk associated with complying with economic sanctions and restrictions as a result of this invasion. In addition, to mitigate the risk of increased cyber attacks, GS Group liaises with government agencies in order to update its monitoring processes with the latest information.

The company is focused on closing its positions and reducing its exposure to Russia. As of September 2022, the company's total credit exposure to Russian counterparties or borrowers and its total market exposure relating to Russian issuers was not material.

### **Principal Risks and Uncertainties**

The company faces a variety of risks that are substantial and inherent in its businesses.

The principal risks and uncertainties that the company faces are: liquidity risk, market risk, credit risk, operational risk, legal and regulatory risk, competition risk, and market developments and general business environment risk. Those risks and uncertainties are consistent with those described in the 2021 Annual Report.

### **Date of Issue**

This financial information was issued on November 9, 2022.

## Income Statement (Unaudited)

<i>\$ in millions</i>	Note	Three Months Ended September		Nine Months Ended September	
		2022	2021	2022	2021
Gains or losses from financial instruments at fair value through profit or loss		<b>\$ 2,476</b>	\$ 1,986	<b>\$ 8,199</b>	\$ 6,326
Fees and commissions		<b>511</b>	986	<b>1,474</b>	2,918
Non-interest income		<b>2,987</b>	2,972	<b>9,673</b>	9,244
Interest income from financial instruments measured at fair value through profit or loss		<b>1,061</b>	578	<b>2,467</b>	1,682
Interest income from financial instruments measured at amortised cost		<b>1,152</b>	355	<b>2,120</b>	907
Interest expense from financial instruments measured at fair value through profit or loss		<b>(1,360)</b>	(551)	<b>(2,944)</b>	(1,552)
Interest expense from financial instruments measured at amortised cost		<b>(1,392)</b>	(512)	<b>(2,737)</b>	(1,424)
Net interest expense		<b>(539)</b>	(130)	<b>(1,094)</b>	(387)
<b>Net revenues</b>		<b>2,448</b>	2,842	<b>8,579</b>	8,857
Net operating expenses		<b>(1,299)</b>	(1,656)	<b>(4,281)</b>	(6,114)
<b>Profit before taxation</b>		<b>1,149</b>	1,186	<b>4,298</b>	2,743
Income tax expense	2	<b>(238)</b>	(292)	<b>(1,023)</b>	(603)
<b>Profit for the financial period</b>		<b>\$ 911</b>	\$ 894	<b>\$ 3,275</b>	\$ 2,140

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

## Statement of Comprehensive Income (Unaudited)

<i>\$ in millions</i>	Three Months Ended September		Nine Months Ended September	
	2022	2021	2022	2021
Profit for the financial period	<b>\$911</b>	\$894	<b>\$3,275</b>	\$2,140
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Actuarial gain/(loss) relating to the pension scheme	<b>(48)</b>	(93)	<b>(175)</b>	56
Debt valuation adjustment	<b>129</b>	18	<b>549</b>	9
U.K. deferred tax attributable to the components of other comprehensive income	<b>(21)</b>	23	<b>(106)</b>	(17)
U.K. current tax attributable to the components of other comprehensive income	<b>(1)</b>	2	<b>(1)</b>	10
<b>Other comprehensive income/(loss) for the financial period, net of tax</b>	<b>59</b>	(50)	<b>267</b>	58
<b>Total comprehensive income for the financial period</b>	<b>\$970</b>	\$844	<b>\$3,542</b>	\$2,198

## Balance Sheet

### (Unaudited)

<i>\$ in millions</i>	Note	As of	
		September 2022	December 2021
<b>Assets</b>			
Cash and cash equivalents		\$ 40,289	\$ 52,422
Collateralised agreements	3	245,774	257,366
Customer and other receivables		98,360	86,135
Trading assets (includes \$30,072 and \$34,271 pledged as collateral)	4	952,035	742,238
Investments (includes \$37 and \$13 pledged as collateral)		338	399
Loans		102	398
Other assets		9,816	4,462
<b>Total assets</b>		<b>\$1,346,714</b>	<b>\$1,143,420</b>
<b>Liabilities</b>			
Collateralised financings	5	\$ 180,849	\$ 204,539
Customer and other payables		129,967	119,883
Trading liabilities	4	914,226	694,982
Unsecured borrowings	6	75,274	79,813
Other liabilities		3,961	5,308
<b>Total liabilities</b>		<b>1,304,277</b>	<b>1,104,525</b>
<b>Shareholder's equity</b>			
Share capital		598	598
Share premium account		5,568	5,568
Other equity instruments		8,300	8,300
Retained earnings		27,867	24,590
Accumulated other comprehensive income		104	(161)
<b>Total shareholder's equity</b>		<b>42,437</b>	<b>38,895</b>
<b>Total liabilities and shareholder's equity</b>		<b>\$1,346,714</b>	<b>\$1,143,420</b>



## Supplementary Notes (Unaudited)

### Note 1.

#### Basis of Preparation

This financial information has been prepared using the same principles as those applied in the company's 2021 Annual Report, which were prepared in accordance with U.K.-adopted international accounting standards, the requirements of the Companies Act 2006, as applicable to companies reporting under those standards, and International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the E.U. (IFRS as it applies in the E.U.). As of and for the nine months ended September 2022, U.K.-adopted international accounting standards, applicable to the company, were consistent with IFRS as it applies in the E.U.

This financial information should be read in conjunction with the company's 2021 Annual Report.

The significant accounting policies applied in the preparation of this financial information are consistent with those described in the 2021 Annual Report. The company's critical accounting estimates and judgements include those described in the 2021 Annual Report and estimated year-end discretionary compensation, see "Results of Operations — Net Operating Expenses" for further information.

### Note 2.

#### Income Tax Expense

In June 2021, the Finance Act 2021, which increased the U.K. corporate tax main rate from 19.0% to 25.0% from April 1, 2023, was enacted. During the second quarter of 2021, the company's deferred tax assets were remeasured and a deferred tax benefit of \$62 million was recognised in the income statement.

In February 2022, the Finance Act 2022, which decreased the bank surcharge applicable to the company from 8.0% to 3.0% from April 1, 2023, was enacted. During the first quarter of 2022, the company's deferred tax assets were remeasured and a deferred tax expense of \$49 million was recognised in the income statement.

In September and October 2022, the U.K. government announced proposed changes regarding the U.K. corporate tax main rate and banking surcharge applicable to the company. As a result of these announcements, the U.K. corporate tax main rate is proposed to remain at 25.0% from April 1, 2023, while further announcements are expected on the banking surcharge applicable to the company.

### Note 3.

#### Collateralised Agreements

The table below presents collateralised agreements.

<i>\$ in millions</i>	As of	
	September 2022	December 2021
Resale agreements	\$142,470	\$156,844
Securities borrowed	103,304	100,522
<b>Total</b>	<b>\$245,774</b>	<b>\$257,366</b>

### Note 4.

#### Trading Assets and Liabilities

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

The table below presents trading assets.

<i>\$ in millions</i>	As of	
	September 2022	December 2021
<b>Trading cash instruments</b>		
Money market instruments	\$ —	\$ 6
Government and agency obligations	28,568	28,256
Mortgage and other asset-backed loans and securities	267	478
Corporate debt instruments	23,073	22,326
Equity securities	37,536	55,505
Commodities	187	21
<b>Total trading cash instruments</b>	<b>89,631</b>	<b>106,592</b>
<b>Derivatives</b>		
Interest rates	567,763	422,209
Credit	20,259	27,761
Currencies	158,810	91,010
Commodities	42,701	25,805
Equities	72,871	68,861
<b>Total derivatives</b>	<b>862,404</b>	<b>635,646</b>
<b>Total trading assets</b>	<b>\$952,035</b>	<b>\$742,238</b>

## Supplementary Notes (Unaudited)

The table below presents trading liabilities.

<i>\$ in millions</i>	As of	
	September 2022	December 2021
<b>Trading cash instruments</b>		
Government and agency obligations	\$ 25,876	\$ 31,558
Corporate debt instruments	6,571	5,703
Equity securities	40,242	35,497
Commodities	17	14
<b>Total trading cash instruments</b>	<b>72,706</b>	<b>72,772</b>
<b>Derivatives</b>		
Interest rates	553,253	408,017
Credit	17,678	24,749
Currencies	154,899	92,707
Commodities	43,385	25,626
Equities	72,305	71,111
<b>Total derivatives</b>	<b>841,520</b>	<b>622,210</b>
<b>Total trading liabilities</b>	<b>\$914,226</b>	<b>\$694,982</b>

### Note 5.

## Collateralised Financings

The table below presents collateralised financings.

<i>\$ in millions</i>	As of	
	September 2022	December 2021
Repurchase agreements	\$125,392	\$139,284
Securities loaned	39,675	51,080
Intercompany loans	7,791	4,205
Debt securities issued	2,327	4,540
Other borrowings	5,664	5,430
<b>Total</b>	<b>\$180,849</b>	<b>\$204,539</b>

In the table above, total collateralised financings included non-current collateralised financings of \$43.54 billion as of September 2022 and \$61.40 billion as of December 2021.

### Note 6.

## Unsecured Borrowings

The table below presents unsecured borrowings.

<i>\$ in millions</i>	As of	
	September 2022	December 2021
Overdrafts	\$ 154	\$ 14
Intercompany loans — non-MREL eligible	17,617	16,179
Intercompany loans — MREL eligible	17,038	18,215
Debt securities issued	29,406	35,179
Subordinated loans	5,496	5,387
Other borrowings	5,563	4,839
<b>Total</b>	<b>\$75,274</b>	<b>\$79,813</b>

In the table above, total unsecured borrowings included non-current borrowings of \$52.64 billion as of September 2022 and \$54.20 billion as of December 2021.

### Note 7.

## Fair Value Measurement of Financial Assets and Liabilities

The table below presents, by level within the fair value hierarchy, financial assets and liabilities measured at fair value on a recurring basis.

<i>\$ in millions</i>	Level 1	Level 2	Level 3	Total
<b>As of September 2022</b>				
<b>Financial assets</b>				
Collateralised agreements	\$ —	\$ 163,377	\$ 117	\$ 163,494
Trading cash instruments	57,821	31,220	590	89,631
Derivative instruments	170	857,560	4,674	862,404
Trading assets	57,991	888,780	5,264	952,035
Investments	2	235	101	338
Loans	—	50	52	102
Other assets	—	7,546	—	7,546
<b>Total</b>	<b>\$57,993</b>	<b>\$1,059,988</b>	<b>\$ 5,534</b>	<b>\$1,123,515</b>

<b>Financial liabilities</b>				
Collateralised financings	\$ —	\$ 130,811	\$ 382	\$ 131,193
Trading cash instruments	63,892	8,782	32	72,706
Derivative instruments	127	838,158	3,235	841,520
Trading liabilities	64,019	846,940	3,267	914,226
Unsecured borrowings	—	29,135	5,866	35,001
<b>Total</b>	<b>\$64,019</b>	<b>\$1,006,886</b>	<b>\$ 9,515</b>	<b>\$1,080,420</b>
<b>Net derivatives</b>	<b>\$ 43</b>	<b>\$ 19,402</b>	<b>\$ 1,439</b>	<b>\$ 20,884</b>

### As of December 2021

<b>Financial assets</b>				
Collateralised agreements	\$ —	\$ 178,158	\$ 121	\$ 178,279
Trading cash instruments	74,139	31,736	717	106,592
Derivative instruments	28	630,856	4,762	635,646
Trading assets	74,167	662,592	5,479	742,238
Investments	6	288	105	399
Loans	—	343	55	398
Other assets	—	1,000	—	1,000
<b>Total</b>	<b>\$74,173</b>	<b>\$ 842,381</b>	<b>\$ 5,760</b>	<b>\$ 922,314</b>

<b>Financial liabilities</b>				
Collateralised financings	\$ —	\$ 145,857	\$ 380	\$ 146,237
Trading cash instruments	63,956	8,777	39	72,772
Derivative instruments	54	618,473	3,683	622,210
Trading liabilities	64,010	627,250	3,722	694,982
Unsecured borrowings	—	25,053	14,137	39,190
<b>Total</b>	<b>\$64,010</b>	<b>\$ 798,160</b>	<b>\$18,239</b>	<b>\$ 880,409</b>
<b>Net derivatives</b>	<b>\$ (26)</b>	<b>\$ 12,383</b>	<b>\$ 1,079</b>	<b>\$ 13,436</b>

See Note 29 “Fair Value Measurement” in Part II of the 2021 Annual Report for further information about the valuation techniques and significant inputs to the valuation of the company's financial assets and liabilities measured at fair value.

## Supplementary Notes (Unaudited)

### Note 8.

## Capital Management and Financial Risk Management

### Regulatory Capital

The company is subject to the U.K. capital framework, which is largely based on the Basel Committee on Banking Supervision's capital framework for strengthening international capital standards (Basel III).

### Regulatory Risk-Based Capital Ratios

The table below presents information about the company's minimum risk-based capital requirements, which incorporate capital guidance received from the PRA and could change in the future.

	As of	
	September 2022	December 2021
CET1 capital ratio	8.4%	8.1%
Tier 1 capital ratio	10.4%	9.9%
Total capital ratio	13.0%	12.4%

The company's minimum risk-based capital requirements as of September 2022 increased compared with December 2021 to incorporate updated capital guidance received from the PRA.

The table below presents information about the company's risk-based capital ratios.

	As of	
	September 2022	December 2021
<i>\$ in millions</i>		
<b>Risk-based capital and RWAs</b>		
CET1 capital	\$ 31,331	\$ 28,810
Additional Tier 1 notes	\$ 8,300	\$ 8,300
Tier 1 capital	\$ 39,631	\$ 37,110
Tier 2 capital	\$ 5,377	\$ 5,377
Total capital	\$ 45,008	\$ 42,487
RWAs	\$267,737	\$269,762
<b>Risk-based capital ratios</b>		
CET1 capital ratio	11.7%	10.7%
Tier 1 capital ratio	14.8%	13.8%
Total capital ratio	16.8%	15.7%

In the table above, the risk-based capital ratios as of September 2022 included the company's profit after foreseeable charges for the three months ended September 2022 that are still subject to verification by the company's external auditors and approval by the PRA for inclusion in risk-based capital. These profits contributed approximately 27 bps to the CET1 capital ratio as of September 2022, which represents the company's profit for the financial period reduced by foreseeable charges, divided by its risk-weighted assets.

The company is a registered swap dealer with the Commodity Futures Trading Commission (CFTC) and a registered security-based swap dealer with the U.S. Securities and Exchange Commission (SEC). As of both September 2022 and December 2021, the company was subject to and in compliance with applicable capital requirements for swap dealers and security-based swap dealers.

The company is also subject to a minimum requirement for own funds and eligible liabilities (MREL) issued to GS Group affiliates, which became fully effective beginning in January 2022. As of both September 2022 and December 2021, the company was in compliance with this requirement.

### Leverage Ratio

The company is subject to the leverage ratio framework established by the PRA. The leverage ratio compares 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 company had a leverage ratio of 5.4% as of September 2022 and 4.2% as of December 2021. The leverage ratio as of September 2022 included the company's profits after foreseeable charges for the three months ended September 2022 that are still subject to verification by the company's external auditors and approval by the PRA for inclusion in risk-based capital. These profits contributed approximately 10 bps to the leverage ratio as of September 2022, which represents the company's profit for the financial period reduced by foreseeable charges, divided by its leverage exposure.

In October 2021, the framework was revised to set a minimum leverage ratio requirement at 3.25% that is expected to apply to the company from January 1, 2023.

### Liquidity Risk

**Global Core Liquid Assets (GCLA).** The table below presents information about the company's GCLA by asset class.

	Average For The Three Months Ended	
	September 2022	June 2022
<i>\$ in millions</i>		
Overnight cash deposits	\$54,639	\$45,871
U.S. government obligations	18,462	12,744
Non-U.S. government obligations	11,666	19,569
<b>Total</b>	<b>\$84,767</b>	<b>\$78,184</b>

## Supplementary Notes

### (Unaudited)

#### Market Risk

**Value-at-Risk (VaR).** The table below presents information about the company's average daily VaR.

\$ in millions	Three Months Ended			Nine Months Ended	
	September	June	September	September	September
	2022	2022	2021	2022	2021
<b>Categories</b>					
Interest rates	\$ 37	\$ 40	\$ 22	\$ 37	\$ 25
Equity prices	27	27	26	26	28
Currency rates	15	13	11	13	14
Commodity prices	1	1	2	1	2
Diversification effect	(28)	(32)	(24)	(28)	(30)
<b>Total</b>	<b>\$ 52</b>	<b>\$ 49</b>	<b>\$ 37</b>	<b>\$ 49</b>	<b>\$ 39</b>

#### Note 9.

#### Legal Proceedings

The company is involved in a number of judicial, regulatory and arbitration proceedings (including those described below) concerning matters arising in connection with the conduct of the company's business. Except as noted in the first matter below, it is not practicable to reliably estimate the possible financial impact in excess of provisions, if any, of these proceedings on the company.

**Banco Espirito Santo S.A. and Oak Finance.** Beginning in February 2015, the company commenced actions against Novo Banco S.A. (Novo Banco) in the English Commercial Court and the Bank of Portugal (BoP) in Portuguese Administrative Court in response to BoP's decisions in December 2014, September 2015 and December 2015 to reverse an earlier transfer to Novo Banco of an \$835 million facility agreement (the Facility), structured by the company, between Oak Finance Luxembourg S.A. (Oak Finance), a special purpose vehicle formed in connection with the Facility, and Banco Espirito Santo S.A. (BES) prior to the failure of BES. In July 2018, the English Supreme Court found that the English courts will not have jurisdiction over the company's action unless and until the Portuguese Administrative Court finds against BoP in the company's parallel action. In July 2018, the Liquidation Committee for BES issued a decision seeking to claw back from the company \$54 million paid to the company and \$50 million allegedly paid to Oak Finance in connection with the Facility, alleging that the company acted in bad faith in extending the Facility, including because the company allegedly knew that BES was at risk of imminent failure. In October 2018, the company commenced an action in Lisbon Commercial Court challenging the Liquidation Committee's decision and has since also issued a claim against the Portuguese State seeking compensation for losses of approximately \$222 million related to the failure of BES, together with a contingent claim for the \$104 million sought by the Liquidation Committee.

**Interest Rate Swap Antitrust Litigation.** The company is among the defendants named in a putative antitrust class action relating to the trading of interest rate swaps, filed in November 2015 and consolidated in the U.S. District Court for the Southern District of New York. The company is also among the defendants named in two antitrust actions relating to the trading of interest rate swaps, commenced in April 2016 and June 2018, respectively, in the U.S. District Court for the Southern District of New York by three operators of swap execution facilities and certain of their affiliates. These actions have been consolidated for pretrial proceedings. The complaints generally assert claims under federal antitrust law and state common law in connection with an alleged conspiracy among the defendants to preclude exchange trading of interest rate swaps. The complaints in the individual actions also assert claims under state antitrust law. The complaints seek declaratory and injunctive relief, as well as treble damages in an unspecified amount. Defendants moved to dismiss the class and the first individual action and the district court dismissed the state common law claims asserted by the plaintiffs in the first individual action and otherwise limited the state common law claim in the putative class action and the antitrust claims in both actions to the period from 2013 to 2016. On November 20, 2018, the court granted in part and denied in part the defendants' motion to dismiss the second individual action, dismissing the state common law claims for unjust enrichment and tortious interference, but denying dismissal of the federal and state antitrust claims. On March 13, 2019, the court denied the plaintiffs' motion in the putative class action to amend their complaint to add allegations related to conduct from 2008 to 2012, but granted the motion to add limited allegations from 2013 to 2016, which the plaintiffs added in a fourth consolidated amended complaint filed on March 22, 2019. The plaintiffs in the putative class action moved for class certification on March 7, 2019.

**Commodities-Related Litigation.** The company is among the defendants named in putative class actions relating to trading in platinum and palladium, filed beginning on November 25, 2014 and most recently amended on May 15, 2017, in the U.S. District Court for the Southern District of New York. The amended complaint generally alleges that the defendants violated federal antitrust laws and the Commodity Exchange Act in connection with an alleged conspiracy to manipulate a benchmark for physical platinum and palladium prices and seek declaratory and injunctive relief, as well as treble damages in an unspecified amount. On March 29, 2020, the court granted the defendants' motions to dismiss and for reconsideration, resulting in the dismissal of all claims. On April 27, 2020, plaintiffs appealed to the U.S. Court of Appeals for the Second Circuit.

## Supplementary Notes (Unaudited)

The company is among the defendants in a number of putative class and individual actions filed beginning on August 1, 2013 and consolidated in the U.S. District Court for the Southern District of New York. The complaints generally allege violations of federal antitrust laws and state laws in connection with the storage of aluminium and aluminium trading. The complaints seek declaratory, injunctive and other equitable relief, as well as unspecified monetary damages, including treble damages. In December 2016, the district court granted defendants' motions to dismiss and on August 27, 2019, the Second Circuit vacated the district court's dismissals and remanded the case to district court for further proceedings. On July 23, 2020, the district court denied the class plaintiffs' motion for class certification, and on December 16, 2020 the Second Circuit denied leave to appeal the denial. On February 17, 2021, the district court granted defendants' motion for summary judgment with respect to the claims of most of the individual plaintiffs. On April 14, 2021, the plaintiffs appealed to the U.S. Court of Appeals for the Second Circuit. On May 31, 2022, the two remaining individual plaintiffs entered into a settlement with the defendants. The company has paid the full amount of its contribution to the settlement.

**Credit Default Swap Antitrust Litigation.** The company is among the defendants named in a putative antitrust class action relating to the settlement of credit default swaps, filed on June 30, 2021 in the U.S. District Court for the District of New Mexico. The complaint generally asserts claims under federal antitrust law and the Commodity Exchange Act in connection with an alleged conspiracy among the defendants to manipulate the benchmark price used to value credit default swaps for settlement. The complaint also asserts a claim for unjust enrichment under state common law. The complaint seeks declaratory and injunctive relief, as well as unspecified amounts of treble and other damages. On November 15, 2021, the defendants filed a motion to dismiss the complaint. On February 4, 2022, the plaintiffs filed an amended complaint and voluntarily dismissed Group Inc. from the action. On April 5, 2022, the defendants filed a motion to dismiss the amended complaint.

**Regulatory Investigations and Reviews and Related Litigation.** Group Inc. and certain of its affiliates, including the company, are subject to a number of other investigations and reviews by, and in some cases have received subpoenas and requests for documents and information from, various governmental and regulatory bodies and self-regulatory organisations and litigation relating to various matters relating to GS Group's businesses and operations, including:

- The securities offering process and underwriting practices;
- Investment management and financial advisory services;
- Conflicts of interest;
- Transactions involving government-related financings and other matters;
- The offering, auction, sales, trading and clearance of corporate and government securities, currencies, commodities and other financial products and related sales and other communications and activities, as well as GS Group's supervision and controls relating to such activities, including compliance with applicable short sale rules, algorithmic, high-frequency and quantitative trading, futures trading, options trading, when-issued trading, transaction reporting, technology systems and controls, securities lending practices, prime brokerage activities, trading and clearance of credit derivative instruments and interest rate swaps, commodities activities and metals storage, private placement practices, allocations of and trading in securities, and trading activities and communications in connection with the establishment of benchmark rates, such as currency rates;
- Compliance with the U.K. Bribery Act and the U.S. Foreign Corrupt Practices Act;
- Hiring and compensation practices;
- System of risk management and controls; and
- Insider trading, the potential misuse and dissemination of material non-public information regarding corporate and governmental developments and the effectiveness of insider trading controls and information barriers.

In addition, investigations, reviews and litigation involving the company's affiliates and such affiliates' businesses and operations, including various matters referred to above but also other matters, may have an impact on the company's businesses and operations.