Unaudited Half-yearly Financial Report

June 30, 2022

Goldman Sachs International (unlimited company)

Company Number: 02263951

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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. 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 company, "GS Group affiliate" means Group Inc. or any of its subsidiaries. Group Inc., together with its consolidated subsidiaries, form "GS Group". GS Group is a leading global financial institution that delivers a broad range of financial services across investment banking, securities, investment management and consumer banking to a large and diversified client base that includes corporations, financial institutions, governments and individuals. The company's results prepared under United States Generally Accepted Accounting Principles (U.S. GAAP) are included in the consolidated financial statements of GS Group.

The company seeks to be the advisor of choice for its clients and a leading participant in global financial markets. As part of GS Group, the company also enters into transactions with affiliates in the normal course of business as part of its market-making activities and general operations.

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.

The company strives to maintain a work environment that fosters professionalism, excellence, diversity, cooperation among employees and high standards of business ethics. The company recognises that it needs the most talented people to deliver outstanding results for clients. A diverse workforce in terms of gender, ethnicity, sexual orientation, background, culture and education ensures the development of better ideas, products and services. For further information about Goldman Sachs' people, culture and commitment to diversity, see www.goldmansachs.com/our-commitments/diversity-and-inclusion/.

References to "the financial statements" are to the unaudited financial statements as presented in Part II of this financial report.

Unless otherwise stated, all amounts in this financial report are prepared in accordance with International Financial Reporting Standards (IFRS).

All references to June 2022, March 2022 and June 2021 refer to the periods ended, or the dates, as the context requires, June 30, 2022, March 31, 2022 and June 30, 2021, respectively. All references to December 2021 refer to the date December 31, 2021. All references to December 2020 refer to the date December 31, 2020. All references to "the 2021 Annual Report" are to the company's Annual Report for the period ended December 31, 2021.

Executive Overview

The directors consider profit for the period, total assets and Common Equity Tier 1 (CET1) capital ratio as the company's key performance indicators.

Income Statement

Three Months Ended June 2022 versus June 2021. The income statement is set out on page 16 of this financial report. The company's profit for the three months ended June 2022 was $929 million, an increase of 48% compared with the three months ended June 2021.

Net revenues were $2.60 billion for the three months ended June 2022, 1% lower than the three months ended June 2021, reflecting significantly lower net revenues in Investment Banking and Investment Management, partially offset by significantly higher net revenues in FICC and higher net revenues in Equities.

Net operating expenses were $1.44 billion for the three months ended June 2022, 25% lower than the three months ended June 2021, primarily due to significantly lower compensation and benefits.

Six Months Ended June 2022 versus June 2021. The company's profit for the six months ended June 2022 was $2.36 billion, an increase of 90% compared with the six months ended June 2021.

Net revenues were $6.13 billion for the six months ended June 2022, 2% higher than the six months ended June 2021, reflecting significantly higher net revenues in FICC and higher net revenues in Equities. These increases were partially offset by significantly lower net revenues in Investment Banking and lower net revenues in Investment Management.

Net operating expenses were $2.98 billion for the six months ended June 2022, 33% lower than the six months ended June 2021, primarily due to significantly lower compensation and benefits.

See "Results of Operations" below for more information about net revenues and net operating expenses.

Capital Ratios

The company's CET1 capital ratio under the U.K. capital framework was 11.1% as of June 2022 compared to 10.7% as of December 2021.

Balance Sheet

The balance sheet is set out on page 17 of this financial report.

As of June 2022, total assets were $1.20 trillion, an increase of $52.94 billion from December 2021, primarily reflecting an increase in trading assets of $45.56 billion (primarily due to an increase in derivatives, principally as a result of an increase in currencies and commodities derivatives).

As of June 2022, total liabilities were $1.15 trillion, an increase of $50.37 billion from December 2021, primarily reflecting an increase in trading liabilities of $44.89 billion (primarily due to an increase in derivatives, principally as a result of an increase in currencies and commodities derivatives) and an increase in unsecured borrowings of $6.03 billion (primarily due to an increase in intercompany loans and debt securities issued).

Total level 3 financial assets were $6.04 billion as of June 2022 and $5.76 billion as of December 2021. See Note 21 to the financial statements for further information about level 3 financial assets, including changes in level 3 financial assets and related fair value measurement.

Under U.S. GAAP, as of June 2022, total assets were $590.39 billion and total liabilities were $557.33 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.

Business Environment

During the second 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 continued to tighten monetary policy with additional policy interest rates increases during the quarter. These factors contributed to a decrease in global equity prices and wider corporate credit spreads compared with the end of the first 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, and the persistence of COVID-19-related effects.

Results of Operations

Net Revenues

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

The table below presents net revenues by business activity.

	Three Months Ended June		Six Months Ended June	
$ in millions	**2022**	2021	**2022**	2021
Investment Banking	**$ 236**	$ 704	**$ 531**	$1,357
FICC	**967**	621	**2,702**	1,696
Equities	**1,165**	988	**2,366**	2,303
Investment Management	**232**	316	**532**	659
Total net revenues	**$2,600**	$2,629	**$6,131**	$6,015

Investment Banking

Investment Banking consists of:

Financial advisory. Includes strategic advisory engagements with respect to mergers and acquisitions, divestitures, corporate defence activities, restructurings and spin-offs.

Underwriting. Includes public offerings and private placements, including local and cross-border transactions and acquisition financing, of a wide range of securities and other financial instruments, including loans.

Corporate lending. Includes lending to corporate and financial institution clients, including through relationship lending, middle-market lending and acquisition financing.

Three Months Ended June 2022 versus June 2021. Net revenues in Investment Banking were $236 million for the three months ended June 2022, 66% lower than the three months ended June 2021, primarily due to significantly lower net revenues in Underwriting and lower net revenues in Financial advisory. The decrease in Underwriting was due to significantly lower net revenues in both Equity and Debt underwriting, reflecting a significant decline in industry-wide volumes. Net revenues in Financial advisory were lower, reflecting a decrease in industry-wide completed mergers and acquisitions transactions.

As of June 2022, the EMEA investment banking transaction backlog was higher compared with March 2022, primarily due to significantly higher estimated net revenues from potential advisory transactions, partially offset by lower estimated net revenues from potential equity and debt underwriting transactions.

Six Months Ended June 2022 versus June 2021. Net revenues in Investment Banking were $531 million for the six months ended June 2022, 61% lower than the six months ended June 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, reflecting a significant decline in industry-wide volumes. Net revenues in Financial advisory were significantly lower, reflecting a decrease in industry-wide completed mergers and acquisitions transactions.

As of June 2022, the EMEA investment banking transaction backlog was higher compared with December 2021, primarily due to significantly higher estimated net revenues from potential advisory transactions, partially offset by lower estimated net revenues from potential debt and equity underwriting transactions.

The backlog represents an estimate of net revenues from future transactions where the company believes that future revenue realisation is more likely than not. The changes in backlog may be a useful indicator of client activity levels which, over the long term, impact net revenues. However, the time frame for completion and corresponding revenue recognition of transactions in the backlog varies based on the nature of the engagement, as certain transactions may remain in the backlog for longer periods of time. In addition, the backlog is subject to certain limitations, such as assumptions about the likelihood that individual client transactions will occur in the future. Transactions may be cancelled or modified, and transactions not included in the estimate may also occur.

FICC

FICC generates revenues from intermediation and financing activities.

- **FICC intermediation.** Includes client execution activities related to making markets in both cash and derivative instruments, as detailed below.

  Interest Rate Products. Government bonds (including inflation-linked securities) across maturities, other government-backed securities, and interest rate swaps, options and other derivatives.

  Credit Products. Investment-grade and high-yield corporate securities, credit derivatives, exchange-traded funds (ETFs), bank and bridge loans, municipal securities, emerging market and distressed debt, and trade claims.

  Mortgages. Commercial mortgage-related securities, loans and derivatives, residential mortgage-related securities, loans and derivatives, and other asset-backed securities, loans and derivatives.

  Currencies. Currency options, spot/forwards and other derivatives on G-10 currencies and emerging-market products.

  Commodities. Commodity derivatives and, to a lesser extent, physical commodities, involving crude oil and petroleum products, natural gas, agricultural, base, precious and other metals, electricity, including renewable power, environmental products and other commodity products.

- **FICC financing.** Includes providing financing to the company's clients through structured credit, asset-backed lending and through securities purchased under agreements to resell (resale agreements).

Three Months Ended June 2022 versus June 2021. Net revenues in FICC were $967 million for the three months ended June 2022, 56% higher than the three months ended June 2021, due to significantly higher net revenues in FICC intermediation and FICC financing. The increase in FICC intermediation reflected significantly higher net revenues in interest rate products, commodities and currencies, partially offset by lower net revenues in credit products and mortgages. The increase in FICC financing reflected higher net revenues from structured finance, lending and resale agreements.

Six Months Ended June 2022 versus June 2021. Net revenues in FICC were $2.70 billion for the six months ended June 2022, 59% higher than the six months ended June 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 credit products and mortgages. The increase in FICC financing reflected higher net revenues from resale agreements and structured finance.

Equities

Equities generates revenues from intermediation and financing activities.

- **Equities intermediation.** Includes client execution activities related to making markets in equity products and commissions and fees from executing and clearing institutional client transactions on major stock, options and futures exchanges worldwide, as well as over-the-counter (OTC) transactions.
- **Equities financing.** Includes prime brokerage and other equities financing activities, including securities lending, margin lending and swaps and generates revenues primarily in the form of interest rate spreads or fees.

Three Months Ended June 2022 versus June 2021. Net revenues in Equities were $1.17 billion for the three months ended June 2022, 18% higher compared with the three months ended June 2021, due to significantly higher net revenues in Equities financing and higher net revenues in Equities intermediation. The increase in Equities financing reflected increased activity. The increase in Equities intermediation reflected higher net revenues in derivatives, partially offset by lower net revenues in cash products.

Six Months Ended June 2022 versus June 2021. Net revenues in Equities were $2.37 billion for the six months ended June 2022, 3% higher compared with the six months ended June 2021, due to significantly higher net revenues in Equities financing, partially offset by lower net revenues in Equities intermediation. The increase in Equities financing reflected increased activity. The decrease in Equities intermediation reflected significantly lower net revenues in cash products and lower net revenues in derivatives.

Investment Management

Investment Management includes Asset management and Wealth management.

Asset management includes direct investments made by the company, which are typically longer-term in nature, and investing services provided to GS Group affiliates or funds managed by GS Group.

Wealth management includes wealth advisory services, including portfolio management and financial counselling, brokerage and other transaction services to high-net-worth individuals and families.

Three Months Ended June 2022 versus June 2021. Net revenues in Investment Management were $232 million for the three months ended June 2022, 27% lower than the three months ended June 2021, primarily due to significantly lower net revenues in Asset management, partially offset by higher net revenues in Wealth management.

Six Months Ended June 2022 versus June 2021. Net revenues in Investment Management were $532 million for the six months ended June 2022, 19% lower than the six months ended June 2021, primarily due to significantly lower net revenues in Asset management, partially offset by higher net revenues in Wealth management.

Net Operating Expenses

Net operating expenses are primarily influenced by compensation (including the impact of the Group Inc. share price on share-based compensation), headcount and levels of business activity. Compensation and benefits includes salaries, allowances, estimated year-end discretionary compensation, amortisation of share-based compensation, changes in the fair value of share-based payment awards between grant date and delivery date and other items such as benefits. Discretionary compensation is significantly impacted by, among other factors, the level of net revenues, overall financial performance, prevailing labour markets, business mix, the structure of share-based compensation programmes and the external environment.

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").

The table below presents net operating expenses and headcount.

	Three Months Ended June		Six Months Ended June	
$ in millions	**2022**	2021	**2022**	2021
Compensation and benefits	**$ 471**	$ 899	**$1,010**	$2,468
Transaction based	**404**	525	**831**	1,038
Market development	**19**	8	**31**	12
Communications and technology	**38**	32	**75**	68
Depreciation and amortisation	**62**	56	**125**	100
Professional fees	**43**	36	**84**	76
Management charges from GS Group affiliates	**231**	219	**520**	461
Other expenses	**220**	214	**404**	405
Total operating expenses	**1,488**	1,989	**3,080**	4,628
Management charges to GS Group affiliates	**(53)**	(77)	**(98)**	(170)
Net operating expenses	**$1,435**	$1,912	**$2,982**	$4,458
Total headcount at period-end	**3,805**	3,832		

In the table above:

- Compensation and benefits included a credit of $142 million for the three months ended June 2022, a charge of $255 million for the three months ended June 2021, a credit of $326 million for the six months ended June 2022 and a charge of $590 million for the six months ended June 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 June 2022 versus June 2021. Net operating expenses were $1.44 billion for the three months ended June 2022, 25% lower than the three months ended June 2021.

Compensation and benefits were $471 million for the three months ended June 2022, 48% lower than the three months ended June 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 $613 million for the three months ended June 2022, 5% lower than the three months ended June 2021.

Transaction based expenses were $404 million for the three months ended June 2022, 23% lower than the three months ended June 2021, primarily reflecting a decrease in IFRS 15 expenses.

Six Months Ended June 2022 versus June 2021. Net operating expenses were $2.98 billion for the six months ended June 2022, 33% lower than the six months ended June 2021.

Compensation and benefits were $1.01 billion for the six months ended June 2022, 59% lower than the six months ended June 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 $1.34 billion for the six months ended June 2022, 29% lower than the six months ended June 2021, primarily reflecting a decrease in estimated annual discretionary compensation.

Transaction based expenses were $831 billion for the six months ended June 2022, 20% lower than the six months ended June 2021, primarily reflecting a decrease in IFRS 15 expenses.

As of June 2022, headcount was essentially unchanged compared with March 2022 and December 2021.

Income Tax Expense

The company's effective tax rate was 24.9% for the six months ended June 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 and Funding Sources

Balance Sheet Management

The company leverages the firmwide balance sheet management process performed at the GS Group level to manage the size and composition of its balance sheet. While the asset base of the company changes due to client activity, market fluctuations and business opportunities, the size and composition of the company's balance sheet also reflects factors including (i) overall risk tolerance, (ii) the amount of capital held and (iii) the company's funding profile, among other factors. See "Capital Management and Regulatory Capital — Capital Management" for information about the company's capital management process.

In order to ensure appropriate risk management, the company seeks to maintain a sufficiently liquid balance sheet and leverages GS Group's processes to dynamically manage its assets and liabilities, which include (i) balance sheet planning, (ii) balance sheet limits, (iii) monitoring of key metrics and (iv) scenario analyses.

Funding Sources

The company's primary sources of funding are collateralised financings, unsecured borrowings and shareholder's equity. The company raises this funding through a number of different products, including:

- Securities sold under agreements to repurchase (repurchase agreements) and securities loaned;
- Intercompany loans from GS Group affiliates;
- Debt securities issued including notes, certificates, commercial paper and warrants; and
- Other borrowings including funded derivatives and transfers of assets accounted for as financings rather than sales.

See "Balance Sheet and Funding Sources" in Part I of the 2021 Annual Report for further information about the company's balance sheet management process and funding sources.

Capital Management and Regulatory Capital

Capital adequacy is of critical importance to the company. The company has in place a comprehensive capital management policy that provides a framework, defines objectives and establishes guidelines to assist the company in maintaining the appropriate level and composition of capital in both business-as-usual and stressed conditions. See "Capital Management and Regulatory Capital" in Part I of the 2021 Annual Report for further information about the company's capital management process and regulatory capital.

Capital Management

The company determines the appropriate amount and composition of its capital by considering multiple factors, including the company's current and future regulatory capital requirements, the results of the company's capital planning and stress testing process, the results of resolution capital models and other factors, such as rating agency guidelines, the business environment and conditions in the financial markets.

Regulatory Capital

The company is subject to the U.K. capital framework, which is predominately aligned with the European Union (E.U.) capital framework prescribed in the amended E.U. Capital Requirements Directive (CRD) and the E.U. Capital Requirements Regulation (CRR). These capital regulations are largely based on the Basel Committee on Banking Supervision's (Basel Committee) capital framework for strengthening international capital standards. 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.

Regulatory Risk-Based Capital Ratios

The table below presents information about the company's minimum risk-based capital requirements, which incorporate Pillar 2A capital guidance received from the PRA and could change in the future.

	As of	
	June 2022	December 2021
Minimum risk-based capital requirements		
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 June 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	
$ in millions	**June 2022**	December 2021
Risk-based capital and risk-weighted assets		
CET1 capital	**$ 30,465**	$ 28,810
Additional Tier 1 notes	**$ 8,300**	$ 8,300
Tier 1 capital	**$ 38,765**	$ 37,110
Tier 2 capital	**$ 5,377**	$ 5,377
Total capital	**$ 44,142**	$ 42,487
Risk-weighted assets	**$273,809**	$269,762
Risk-based capital ratios		
CET1 capital ratio	**11.1%**	10.7%
Tier 1 capital ratio	**14.2%**	13.8%
Total capital ratio	**16.1%**	15.7%

In the table above:

- The company's risk-based capital ratios as of June 2022 included the company's profit after foreseeable charges for the three months ended June 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 28 basis points to the company's risk-based capital ratios as of June 2022, which represents the company's profit for the financial period reduced by foreseeable charges, divided by its risk-weighted assets (RWAs).
- The company's CET1 capital, Tier 1 capital and Total capital ratios as of June 2022 increased compared with December 2021, due to an increase in CET1 capital, partially offset by an increase in the company's RWAs.

Risk-Based Capital

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

	As of	
$ in millions	**June 2022**	December 2021
Share capital	**$ 598**	$ 598
Share premium account	**5,568**	5,568
Retained earnings	**26,954**	24,590
Accumulated other comprehensive income	**47**	(161)
Deductions	**(2,702)**	(1,785)
CET1 capital	**30,465**	28,810
Additional Tier 1 notes	**8,300**	8,300
Tier 1 capital	**$38,765**	$37,110
Tier 2 capital	**5,377**	5,377
Total capital	**$44,142**	$42,487

During both the six months ended June 2022 and the year ended December 2021, the company was in compliance with the capital requirements set by the PRA.

Risk-Weighted Assets

The table below presents information about the company's RWAs.

	As of	
$ in millions	**June 2022**	December 2021
Credit RWAs	**$142,137**	$137,267
Market RWAs	**110,832**	111,604
Operational RWAs	**20,840**	20,891
Total	**$273,809**	$269,762

In the table above, credit RWAs as of June 2022 increased by $4.87 billion compared with December 2021, primarily reflecting higher market volatility and the adoption of the Basel Committee's standardised approach for measuring counterparty credit risk exposures in connection with derivative contracts (SA-CCR) into the U.K. capital framework, effective January 1, 2022.

See "Capital Management and Regulatory Capital" in Part I of the 2021 Annual Report for a description of each RWA component.

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 5.1% as of June 2022 and 4.2% as of December 2021. The leverage ratio as of June 2022 included the company's profits after foreseeable charges for the three months ended June 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 basis points to the leverage ratio as of June 2022, which represents the company's profit for the financial period reduced by foreseeable charges, divided by its leverage exposure. The company's leverage ratio as of June 2022 increased compared with December 2021, due to a decrease in leverage exposures and an increase in Tier 1 capital.

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.

Minimum Requirement for Own Funds and Eligible Liabilities

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 June 2022, the company's MREL of $62.33 billion was in excess of its minimum requirement and consisted of the company's total regulatory capital of $44.14 billion and eligible senior intercompany borrowings, excluding accrued interest, of $18.19 billion.

Swaps, Derivatives and Commodities Regulation

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 Exchange Commission (SEC). As of both June 2022 and December 2021, the company was subject to and in compliance with applicable capital requirements for swap dealers and security-based swap dealers.

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 FRB must adopt rules to identify the applicable SOFR-based replacement rate by September 11, 2022. 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.

IBOR Exposure. The company's risk exposure to USD LIBOR is primarily in connection with its derivative contracts and, to a lesser extent, its unsecured debt, collateralised agreements, collateralised financings and cash instruments.

As of June 2022, the notional amount of the company's USD LIBOR-based derivative contracts was approximately $9 trillion, of which approximately $5 trillion will mature after June 2023 based on their contractual terms. Substantially all of such derivative contracts are with counterparties under bilateral agreements subject to the IBOR Protocol, or with central clearing counterparties or exchanges which have incorporated fallbacks consistent with the IBOR Protocol in their rulebooks and have announced that they plan to convert USD LIBOR contracts to alternative risk-free reference rates.

The company is engaged with its clients in order to remediate contractual agreements related to cash products where necessary and feasible. Remediation of such agreements is executed via bilateral or multilateral transaction-specific amendments depending on the nature of the transactions.

In addition to managing the transition of existing LIBOR based contracts, the company has executed SOFR and Sterling Overnight Index Average-based derivative contracts to make markets and facilitate client activities.

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 has negatively affected 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 have experienced 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 June 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 risks. Those risks and uncertainties are consistent with those described in the 2021 Annual Report.

Risk Management

Risks are inherent in the company's businesses and include liquidity, market, credit, operational, model, legal, compliance, conduct, regulatory and reputational risks. The company's risks include the risks across its risk categories, regions or global businesses, as well as those which have uncertain outcomes and have the potential to materially impact the company's financial results, its liquidity and its reputation. For further information about the company's risk management processes, see "Overview and Structure of Risk Management" in Part I of the 2021 Annual Report and for information about the company's areas of risk, see "Liquidity Risk Management", "Market Risk Management", "Credit Risk Management", "Operational Risk Management", "Model Risk Management" and "Other Risk Management" below and "Principal Risks and Uncertainties" in Part I of the 2021 Annual Report.

Overview and Structure of Risk Management

Overview

The company believes that effective risk management is critical to its success. Accordingly, the company has established an enterprise risk management framework that employs a comprehensive, integrated approach to risk management, and is designed to enable comprehensive risk management processes through which the risks associated with the company's business are identified, assessed, monitored and managed.

The implementation of the company's risk governance structure and core risk management processes are overseen by Enterprise Risk, which reports to the company's chief risk officer, and is responsible for ensuring that the company's enterprise risk management framework provides the company's board of directors (known hereafter as the "Board"), the company's risk committees and senior management with a consistent and integrated approach to managing the various risks in a manner consistent with the company's risk appetite.

Together with the company's Board, an extensive cross-divisional committee structure with representation from senior management of the company is central to the risk management culture throughout the company. The company's risk management structure, consistent with GS Group, is built around three core components: governance; processes; and people. See "Overview and Structure of Risk Management" in Part I of the 2021 Annual Report for further information.

Liquidity Risk Management

Overview

Liquidity risk is the risk that the company will be unable to fund itself or meet its liquidity needs in the event of company-specific, broader industry or market liquidity stress events. The company has in place a comprehensive and conservative set of liquidity and funding policies. The company's principal objective is to be able to fund itself and to enable its core businesses to continue to serve clients and generate revenues, even under adverse circumstances. See "Liquidity Risk Management" in Part I of the 2021 Annual Report for further information about the company's liquidity risk management process.

Global Core Liquid Assets (GCLA). GCLA is liquidity that the company maintains to meet a broad range of potential cash outflows and collateral needs in a stressed environment. In order to determine the appropriate size of the company's GCLA, the company models liquidity outflows over a range of scenarios and time horizons. See "Liquidity Risk Management" in Part I of the 2021 Annual Report for further information about the company's sources of GCLA, internal liquidity risk models and company-wide stress tests.

The table below presents information about GCLA.

	Average for the Three Months Ended	
$ in millions	**June 2022**	March 2022
Overnight cash deposits	**$45,871**	$42,433
U.S. government obligations	**12,744**	11,254
Non-U.S. government obligations	**19,569**	22,345
Total	**$78,184**	$76,032

The minimum GCLA required is held by the company directly and is intended for use only by the company to meet its liquidity requirements and is assumed not to be available to Group Inc. or Goldman Sachs Funding LLC (Funding IHC). In addition to GCLA held in the company, GS Group holds a portion of global GCLA directly at Group Inc. or Funding IHC, which in some circumstances may be additionally provided to the company or other major subsidiaries.

Liquidity Regulatory Framework

The implementation of the Basel Committee's international framework for liquidity risk management, standards and monitoring calls for a liquidity coverage ratio (LCR) and a net stable funding ratio (NSFR).

The company is subject to a minimum LCR of 100% under the LCR rule approved by the U.K. regulatory authorities. The company's average monthly LCR for the trailing twelve-month period ended June 2022 exceeded the minimum requirement.

The company is subject to the applicable NSFR requirement implemented in the U.K., which became effective in January 2022. As of June 2022, the company's NSFR exceeded the minimum requirement.

The implementation of these rules and any amendments adopted by the regulatory authorities could impact the company's liquidity and funding requirements and practices in the future.

Credit Ratings

The company relies on the debt capital markets to fund a portion of its day-to-day operations and the cost and availability of debt financing is influenced by the company's credit rating and that of Group Inc. Credit ratings are also important when the company is competing in certain markets, such as OTC derivatives, and when it seeks to engage in longer-term transactions.

The table below presents the unsecured credit ratings and outlook of the company and Group Inc.

	As of June 2022		
	Fitch	Moody's	S&P
GSI			
Short-term debt	**F1**	**P-1**	**A-1**
Long-term debt	**A+**	**A1**	**A+**
Ratings outlook	**Stable**	**Stable**	**Stable**
Group Inc.			
Short-term debt	**F1**	**P-1**	**A-2**
Long-term debt	**A**	**A2**	**BBB+**
Subordinated debt	**BBB+**	**Baa2**	**BBB**
Trust preferred	**BBB-**	**Baa3**	**BB+**
Preferred stock	**BBB-**	**Ba1**	**BB+**
Ratings outlook	**Stable**	**Stable**	**Stable**

Certain of the company's derivatives have been transacted under bilateral agreements with counterparties who may require the company to post collateral or terminate the transactions based on changes in the credit ratings of either the company and/or Group Inc. The company assesses the impact of these bilateral agreements by determining the collateral or termination payments that would occur assuming a downgrade by all rating agencies of both Group Inc. and the company simultaneously and of each entity individually.

The table below presents the additional collateral or termination payments related to the company's net derivative liabilities under bilateral agreements that could have been called by counterparties in the event of a one- or two-notch downgrade in Group Inc.'s and/or the company's credit ratings.

	As of	
	June	December
$ in millions	**2022**	2021
Additional collateral or termination payments:		
One-notch downgrade	**$ 21**	$118
Two-notch downgrade	**$277**	$991

Market Risk Management

Overview

Market risk is the risk of loss in the value of the company's inventory and other financial assets and liabilities accounted for at fair value due to changes in market conditions. The company employs a variety of risk measures to monitor market risk. Categories of market risk include interest rate risk, equity price risk, currency rate risk and commodity price risk.

See "Market Risk Management" in Part I of the 2021 Annual Report for further information about the company's market risk management process.

Value-at-Risk (VaR). VaR is the potential loss in value due to adverse market movements over a defined time horizon with a specified confidence level. See "Market Risk Management" in Part I of the 2021 Annual Report for further information about GS Group's VaR model, which is applied consistently by the company.

VaR is analysed at the company level and a variety of more detailed levels, including by risk category and business. Diversification effect in the tables below represents the difference between total VaR and the sum of the VaRs for the four risk categories. This effect arises because the four market risk categories are not perfectly correlated.

The table below presents the company's average daily VaR.

	Three Months Ended			Six Months Ended June	
	June	March	June		
$ in millions	**2022**	2022	2021	**2022**	2021
Categories					
Interest rates	**$ 40**	$ 33	$ 26	**$ 36**	$ 26
Equity prices	**27**	25	30	**26**	29
Currency rates	**13**	12	17	**13**	15
Commodity prices	**1**	1	2	**1**	2
Diversification effect	**(32)**	(26)	(36)	**(29)**	(32)
Total	**$ 49**	$ 45	$ 39	**$ 47**	$ 40

The company's average daily VaR increased to $49 million for the three months ended June 2022 from $45 million for the three months ended March 2022, primarily due to higher levels of volatility. The total increase of $4 million was primarily driven by an increase in the interest rates and equity prices categories, partially offset by an increase in the diversification effect.

The company's average daily VaR increased to $49 million for the three months ended June 2022 from $39 million for the three months ended June 2021, primarily due to higher levels of volatility. The total increase of $10 million was primarily driven by an increase in the interest rates category and a decrease in the diversification effect, partially offset by a decrease in the currency rates and equity prices categories.

The company's average daily VaR increased to $47 million for the six months ended June 2022 from $40 million for the six months ended June 2021, primarily due to higher levels of volatility. The total increase of $7 million was primarily driven by an increase in the interest rates category and a decrease in the diversification effect, partially offset by decreases in the equity prices and currency rates categories.

The table below presents the company's period-end VaR.

	As of		
	June	March	June
$ in millions	**2022**	2022	2021
Categories			
Interest rates	**$ 42**	$ 56	$ 25
Equity prices	**25**	33	27
Currency rates	**12**	10	23
Commodity prices	**1**	1	2
Diversification effect	**(28)**	(32)	(41)
Total	**$ 52**	$ 68	$ 36

The company's period-end VaR decreased to $52 million as of June 2022 from $68 million as of March 2022, primarily due to reduced exposures. The total decrease of $16 million was primarily driven by decreases in the interest rates and equity prices categories, partially offset by a decrease in the diversification effect.

The company's period-end VaR increased to $52 million as of June 2022 from $36 million as of June 2021, primarily due to higher levels of volatility. The total increase of $16 million was primarily driven by an increase in the interest rates category and a decrease in the diversification effect, partially offset by a decrease in the currency rates category.

The table below presents the company's high and low VaR.

	Three Months Ended					
	June 2022		March 2022		June 2021	
$ in millions	**High**	**Low**	High	Low	High	Low
Categories						
Interest rates	**$56**	**$29**	$57	$22	$28	$23
Equity prices	**$35**	**$22**	$33	$20	$25	$25
Currency rates	**$32**	**$ 6**	$20	$ 7	$23	$13
Commodity prices	**$ 2**	**$ 1**	$ 3	$ 1	$ 4	$ 1
Company-wide						
VaR	**$74**	**$39**	$68	$36	$44	$33

Sensitivity Measures

Certain portfolios and individual positions are not included in VaR because VaR is not the most appropriate risk measure for these positions.

10% Sensitivity Measures. The market risk for positions, accounted for at fair value, that are not included in VaR is determined by estimating the potential reduction in net revenues of a 10% decline in the value of these positions. The market risk of these positions was $8.3 million as of June 2022, $8.7 million as of March 2022 and $12.6 million as of June 2021.

Credit Risk Management

Overview

Credit risk represents the potential for loss due to the default or deterioration in credit quality of a counterparty (e.g., an OTC derivatives counterparty or a borrower) or an issuer of securities or other instruments the company holds. The company's exposure to credit risk comes mostly from client transactions in OTC derivatives. Credit risk also comes from cash placed with banks, securities financing transactions (i.e., resale and repurchase agreements and securities borrowing and lending activities), customer and other receivables and other assets. In addition, the company holds other positions that give rise to credit risk (e.g., bonds). These credit risks are captured as a component of market risk measures, which are monitored and managed by Market Risk. See "Credit Risk Management" in Part I of the 2021 Annual Report for further information about the company's credit risk management process.

Credit Risk Exposure

The table below presents the company's gross credit exposure to financial assets and net credit exposure after taking account of assets captured by market risk in the company's risk management process, counterparty netting (i.e., the netting of financial assets and liabilities for a given counterparty when a legal right of set-off exists under an enforceable netting agreement), and cash and security collateral received and cash collateral posted under credit support agreements, which management considers when determining credit risk. See "Credit Risk Management" in Part I of the 2021 Annual Report for detailed descriptions of credit exposures for each financial asset category.

$ in millions	Fair value	Amortised cost	Total
As of June 2022			
Gross credit exposure	**$965,263**	**$229,899**	**$1,195,162**
Net credit exposure	**$ 34,898**	**$ 90,074**	**$ 124,972**
As of December 2021			
Gross credit exposure	$922,314	$219,426	$1,141,740
Net credit exposure	$ 26,181	$ 81,886	$ 108,067

Financial Instruments Measured at Fair Value. The table below presents the company's gross credit exposure to financial assets measured at fair value through profit or loss and net credit exposure after taking account of assets captured by market risk in the company's risk management process, counterparty netting, and cash and security collateral received and cash collateral posted under credit support agreements, which management considers when determining credit risk.

$ in millions	Collateralised agreements	Trading assets	Investments	Loans	Other assets	Total
As of June 2022						
Gross credit exposure	**$ 171,896**	**$ 787,795**	**$ 368**	**$ 200**	**$5,004**	**$ 965,263**
Assets captured by market risk	**–**	**(91,862)**	**(368)**	**–**	**–**	**(92,230)**
Counterparty netting	**(26,315)**	**(605,256)**	**–**	**–**	**–**	**(631,571)**
Cash collateral	**(926)**	**(42,881)**	**–**	**–**	**–**	**(43,807)**
Security collateral received	**(143,225)**	**(19,532)**	**–**	**–**	**–**	**(162,757)**
Net credit exposure	**$ 1,430**	**$ 28,264**	**$ –**	**$ 200**	**$5,004**	**$ 34,898**
As of December 2021						
Gross credit exposure	$ 178,279	$ 742,238	$ 399	$ 398	$1,000	$ 922,314
Assets captured by market risk	–	(94,498)	(399)	–	–	(94,897)
Counterparty netting	(25,179)	(563,180)	–	(107)	–	(588,466)
Cash collateral	–	(40,420)	–	–	–	(40,420)
Security collateral received	(151,339)	(21,011)	–	–	–	(172,350)
Net credit exposure	$ 1,761	$ 23,129	$ –	$ 291	$1,000	$ 26,181

The table below presents the company's gross credit exposure to financial assets measured at fair value through profit or loss by internally determined public rating agency equivalents and other credit metrics.

	As of	
	June	December
$ in millions	**2022**	2021
AAA	**$ 12,714**	$ 19,446
AA	**65,710**	75,942
A	**661,871**	616,425
BBB	**86,424**	74,945
BB or lower	**45,174**	40,032
Unrated	**93,370**	95,524
Total	**$965,263**	$922,314

In the table above, the company's unrated gross credit exposure includes assets captured by market risk. The company's unrated net credit exposure was $570 million as of June 2022 and $419 million as of December 2021, which are financial assets for which the company has not assigned an internally determined public rating agency equivalent.

Financial Instruments Measured at Amortised Cost. The company's financial assets measured at amortised cost are set out in Note 20 to the financial statements. These amounts represent the company's gross credit exposure to financial assets measured at amortised cost.

The company's financial assets measured at amortised cost were all classified within stage 1 of the company's impairment model, namely, they were not credit-impaired on initial recognition and there has been no significant increase in credit risk since initial recognition as of June 2022 and December 2021. The expected credit losses (ECL) on these financial assets were not material as of June 2022 and December 2021. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

The table below presents the company's gross credit exposure to financial assets measured at amortised cost by internally determined public rating agency equivalents and other credit metrics.

	As of	
	June	December
$ in millions	**2022**	2021
AAA	**$ 3,161**	$ 2,214
AA	**68,663**	60,627
A	**111,686**	113,605
BBB	**19,272**	16,646
BB or lower	**25,486**	24,479
Unrated	**1,631**	1,855
Total	**$229,899**	$219,426

In the table above, the company's unrated gross credit exposure relates to financial assets for which the company has not assigned an internally determined public rating agency equivalent.

Operational Risk Management

Overview

Operational risk is the risk of an adverse outcome resulting from inadequate or failed internal processes, people, systems or from external events. The company's exposure to operational risk arises from routine processing errors, as well as extraordinary incidents, such as major systems failures or legal and regulatory matters.

See "Operational Risk Management" in Part I of the 2021 Annual Report for further information about the company's operational risk management process.

Model Risk Management

Overview

Model risk is the potential for adverse consequences from decisions made based on model outputs that may be incorrect or used inappropriately. The company relies on quantitative models across its business activities primarily to value certain financial assets and liabilities, to monitor and manage its risk, and to measure and monitor the company's regulatory capital.

See "Model Risk Management" in Part I of the 2021 Annual Report for further information about the company's model risk management process.

Other Risk Management

In addition to the areas of risk discussed above, the company manages other risks, including capital, climate, compliance and conflicts. See "Overview and Structure of Risk Management" in Part I of the 2021 Annual Report for further information.

Directors

N. Pathmanabhan was appointed to the board of directors with effect from May 18, 2022.

D. W. McDonogh resigned from the board of directors on July 29, 2022.

There were no other changes in the directorship of the company between the date of issue of this financial report and the 2021 Annual Report.

Responsibility Statement

The financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' and Article 5 of the Directive 2004/109/EC as amended by Directive 2013/50/EU. The directors confirm to the best of their knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
- The management report includes an indication of important events that have occurred during the first six months of the financial year, and their impact on the financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year. The principal risks and uncertainties are consistent with those described in "Principal Risks and Uncertainties" in this management report and the 2021 Annual Report.

R. J. Gnodde
Director
August 8, 2022

GOLDMAN SACHS INTERNATIONAL (UNLIMITED COMPANY)

Income Statement
(Unaudited)

		Three Months Ended June		Six Months Ended June	
$ in millions	**Note**	**2022**	2021	**2022**	2021
Gains or losses from financial instruments at fair value through profit or loss		**$ 2,530**	$ 1,645	**$ 5,723**	$ 4,340
Fees and commissions		**445**	1,106	**963**	1,932
Non-interest income		**2,975**	2,751	**6,686**	6,272
Interest income from financial instruments measured at fair value through profit or loss		**798**	566	**1,406**	1,104
Interest income from financial instruments measured at amortised cost		**577**	282	**968**	552
Interest expense from financial instruments measured at fair value through profit or loss		**(901)**	(513)	**(1,584)**	(1,001)
Interest expense from financial instruments measured at amortised cost		**(849)**	(457)	**(1,345)**	(912)
Net interest expense		**(375)**	(122)	**(555)**	(257)
Net revenues	4	**2,600**	2,629	**6,131**	6,015
Net operating expenses		**(1,435)**	(1,912)	**(2,982)**	(4,458)
Profit before taxation		**1,165**	717	**3,149**	1,557
Income tax expense	5	**(236)**	(91)	**(785)**	(311)
Profit for the financial period		**$ 929**	$ 626	**$ 2,364**	$ 1,246

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)

		Three Months Ended June		Six Months Ended June	
$ in millions	**Note**	**2022**	2021	**2022**	2021
Profit for the financial period		**$ 929**	$626	**$2,364**	$1,246
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Actuarial profit/(loss) relating to the pension scheme		**(109)**	105	**(127)**	149
Debt valuation adjustment	13	**233**	22	**420**	(9)
U.K. deferred tax attributable to the components of other comprehensive income		**(33)**	(33)	**(85)**	(40)
U.K. current tax attributable to the components of other comprehensive income		**–**	4	**–**	8
Other comprehensive income for the financial period, net of tax		**91**	98	**208**	108
Total comprehensive income for the financial period		**$1,020**	$724	**$2,572**	$1,354

The accompanying notes are an integral part of these financial statements.

Balance Sheet
(Unaudited)

		As of	
$ in millions	**Note**	**June 2022**	December 2021
Assets			
Cash and cash equivalents		**$ 60,096**	$ 52,422
Collateralised agreements	6	**256,830**	257,366
Customer and other receivables	7	**83,412**	86,135
Trading assets (includes $35,512 and $34,271 pledged as collateral)	8	**787,795**	742,238
Investments (includes $8 and $13 pledged as collateral)	9	**368**	399
Loans		**200**	398
Other assets	10	**7,659**	4,462
Total assets		**$1,196,360**	$1,143,420
Liabilities			
Collateralised financings	11	**$ 204,914**	$ 204,539
Customer and other payables	12	**120,548**	119,883
Trading liabilities	8	**739,876**	694,982
Unsecured borrowings	13	**85,842**	79,813
Other liabilities	14	**3,713**	5,308
Total liabilities		**1,154,893**	1,104,525
Shareholder's equity			
Share capital	15	**598**	598
Share premium account		**5,568**	5,568
Other equity instruments	16	**8,300**	8,300
Retained earnings		**26,954**	24,590
Accumulated other comprehensive income		**47**	(161)
Total shareholder's equity		**41,467**	38,895
Total liabilities and shareholder's equity		**$1,196,360**	$1,143,420

The accompanying notes are an integral part of these financial statements.
Company number: 02263951

Statement of Changes in Equity (Unaudited)

		Six Months Ended June	
$ in millions	**Note**	**2022**	2021
Share capital			
Beginning balance		**$ 598**	$ 598
Ending balance		**598**	598
Share premium account			
Beginning balance		**5,568**	5,568
Ending balance		**5,568**	5,568
Other equity instruments			
Beginning balance		**8,300**	8,300
Ending balance		**8,300**	8,300
Retained earnings			
Beginning balance		**24,590**	22,437
Profit for the financial period		**2,364**	1,246
Transfer of realised debt valuation adjustment into retained earnings, net of tax	13	**–**	(22)
Share-based payments		**566**	428
Management recharge related to share-based payments		**(566)**	(428)
Ending balance		**26,954**	23,661
Accumulated other comprehensive income			
Beginning balance		**(161)**	(325)
Other comprehensive income		**208**	108
Transfer of realised debt valuation adjustment into retained earnings, net of tax	13	**–**	22
Ending balance		**47**	(195)
Total shareholder's equity		**$41,467**	$37,932

No dividends were paid for the six months ended June 2022 and June 2021.

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
(Unaudited)

		Six Months Ended June	
$ in millions	**Note**	**2022**	2021
Cash flows from operating activities			
Cash generated from operations	17	**$11,291**	$ 679
Taxation received		**2**	2
Taxation paid		**(245)**	(202)
Net cash from operating activities		**11,048**	479
Cash flows from investing activities			
Capital expenditure for property, leasehold improvements and equipment and intangible assets		**(127)**	(126)
Purchase of investments		**(22)**	(1,216)
Proceeds from sales of investments		**48**	1,030
Net cash used in investing activities		**(101)**	(312)
Cash flows from financing activities			
Payments for lease liabilities		**–**	(2)
Net cash used in financing activities		**–**	(2)
Net increase in cash and cash equivalents, net of overdrafts		**10,947**	165
Cash and cash equivalents, net of overdrafts, beginning balance		**52,408**	43,718
Foreign exchange losses on cash and cash equivalents, net of overdrafts		**(3,396)**	(1,317)
Cash and cash equivalents, net of overdrafts, ending balance	17	**$59,959**	$42,566

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements (Unaudited)

Note 1.

General Information

The company is a private unlimited company and is incorporated and domiciled in England and Wales. The address of its registered office is Plumtree Court, 25 Shoe Lane, London, EC4A 4AU, United Kingdom.

The company's immediate parent undertaking is Goldman Sachs Group UK Limited (GSG UK), a company incorporated and domiciled in England and Wales. GSG UK together with its consolidated subsidiaries forms "GSG UK Group".

The ultimate controlling undertaking and the parent company of the smallest and largest group for which consolidated financial statements are prepared is The Goldman Sachs Group, Inc., a company incorporated in the United States of America. Copies of its consolidated financial statements, as well as certain regulatory filings, for example Quarterly Reports on Form 10-Q and the Annual Report on Form 10-K, that provide further information about GS Group and its business activities, can be obtained from Investor Relations, 200 West Street, New York, NY 10282, United States of America, GS Group's principal place of business, or at www.goldmansachs.com/investor-relations.

Note 2.

Summary of Significant Accounting Policies

Basis of Preparation

The company prepares financial statements under U.K.-adopted international accounting standards and International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (E.U.) (IFRS as it applies in the E.U.). These financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' and Article 5 of the Directive 2004/109/EC as amended by Directive 2013/50/EU. These financial statements should be read in conjunction with the 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 IFRS as it applies in the E.U. As of and for the six months ended June 2022, U.K.-adopted international accounting standards, applicable to the company, were consistent with IFRS as it applies in the E.U.

Accounting Policies

The accounting policies are consistent with those described in the 2021 Annual Report.

Note 3.

Critical Accounting Estimates and Judgements

The company's critical accounting estimates and judgements are consistent with those described in the 2021 Annual Report with the exception of the below.

Estimated Year-End Discretionary Compensation

A substantial portion of the company's compensation and benefits represents discretionary compensation, which is finalised at GS Group's 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.

Note 4.

Net Revenues

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

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

The table below presents net revenues.

	Three Months Ended June		Six Months Ended June	
$ in millions	**2022**	2021	**2022**	2021
Non-interest income				
Financial instruments mandatorily measured at fair value through profit or loss	**$ (716)**	$2,319	**$ (762)**	$ 4,611
Financial instruments designated at fair value through profit or loss	**3,246**	(674)	**6,485**	(271)
Fees and commissions	**445**	1,106	**963**	1,932
Non-interest income	**2,975**	2,751	**6,686**	6,272
Interest income				
Interest income from financial instruments measured at fair value through profit or loss	**798**	566	**1,406**	1,104
Interest income from financial instruments measured at amortised cost	**577**	282	**968**	552
Total interest income	**1,375**	848	**2,374**	1,656
Interest expense				
Interest expense from financial instruments measured at fair value through profit or loss	**(901)**	(513)	**(1,584)**	(1,001)
Interest expense from financial instruments measured at amortised cost	**(849)**	(457)	**(1,345)**	(912)
Total interest expense	**(1,750)**	(970)	**(2,929)**	(1,913)
Net interest expense	**(375)**	(122)	**(555)**	(257)
Net revenues	**$ 2,600**	$2,629	**$ 6,131**	$ 6,015

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

Note 5.

Income Tax Expense

The table below presents an analysis of the company's income tax expense.

	Three Months Ended June		Six Months Ended June	
$ in millions	**2022**	2021	**2022**	2021
Current tax				
U.K. taxation	**$137**	$ 179	**$444**	$ 417
Adjustment in respect of prior periods	**(1)**	(7)	**(4)**	(7)
Overseas taxation	**102**	95	**123**	110
Total current tax	**238**	267	**563**	520
Deferred tax				
Origination and reversal of temporary differences	**(3)**	(108)	**172**	(145)
Effect of decreased/(increased) U.K. corporation tax rate	**–**	(62)	**49**	(62)
Adjustment in respect of prior periods	**1**	(6)	**1**	(2)
Total deferred tax	**(2)**	(176)	**222**	(209)
Total income tax expense	**$236**	$ 91	**$785**	$ 311

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 in February 2022. 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.

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 in May 2021. 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.

Note 6.

Collateralised Agreements

The table below presents collateralised agreements.

	As of	
	June	December
$ in millions	**2022**	2021
Resale agreements	**$150,158**	$156,844
Securities borrowed	**106,672**	100,522
Total	**$256,830**	$257,366

Note 7.

Customer and Other Receivables

The table below presents customer and other receivables.

	As of	
	June	December
$ in millions	**2022**	2021
Receivables from broker/dealers and clearing organisations	**$17,863**	$17,102
Receivables from customers and counterparties	**65,549**	69,033
Total	**$83,412**	$86,135

In the table above, total customer and other receivables primarily consists of receivables resulting from collateral posted in connection with certain derivative transactions, customer margin loans and balances related to listed derivative activity.

Note 8.

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.

	As of	
	June	December
$ in millions	**2022**	2021
Trading cash instruments		
Money market instruments	**$ 24**	$ 6
Government and agency obligations	**28,966**	28,256
Mortgage and other asset-backed loans and securities	**317**	478
Corporate debt instruments	**22,345**	22,326
Equity securities	**50,761**	55,505
Commodities	**317**	21
Total trading cash instruments	**102,730**	106,592
Derivatives		
Interest rates	**424,771**	422,209
Credit	**23,165**	27,761
Currencies	**128,555**	91,010
Commodities	**40,854**	25,805
Equities	**67,720**	68,861
Total derivatives	**685,065**	635,646
Total trading assets	**$787,795**	$742,238

The table below presents trading liabilities.

	As of	
	June	December
$ in millions	**2022**	2021
Trading cash instruments		
Government and agency obligations	**$ 28,602**	$ 31,558
Corporate debt instruments	**6,456**	5,703
Equity securities	**40,984**	35,497
Commodities	**17**	14
Total trading cash instruments	**76,059**	72,772
Derivatives		
Interest rates	**410,244**	408,017
Credit	**20,477**	24,749
Currencies	**126,777**	92,707
Commodities	**40,162**	25,626
Equities	**66,157**	71,111
Total derivatives	**663,817**	622,210
Total trading liabilities	**$739,876**	$694,982

In the tables above:

- Corporate debt instruments includes corporate loans, debt securities, convertible debentures, prepaid commodity transactions and transfers of assets accounted for as secured loans rather than purchases.
- Equity securities includes public equities and exchange-traded funds.

Note 9.

Investments

Investments includes debt instruments and equity securities that are accounted for at fair value and are generally held by the company in connection with its long-term investing activities. Investments includes assets pledged as collateral.

The table below presents information about investments.

	As of	
	June	December
$ in millions	**2022**	2021
Corporate debt instruments	**$120**	$161
Equity securities	**248**	238
Total	**$368**	$399

In the table above:

- Corporate debt instruments primarily includes mezzanine, senior and distressed debt.
- Equity securities consists of the company's public and private equity-related investments in corporate entities.

Note 10.

Other Assets

The table below presents other assets by type.

	As of	
	June	December
$ in millions	**2022**	2021
Intercompany loans	**$5,642**	$2,083
Miscellaneous receivables and other	**819**	699
Total financial assets	**6,461**	2,782
Property, leasehold improvements and equipment	**5**	9
Intangible assets	**560**	553
Right-of-use assets	**4**	5
Pension surplus	**162**	311
Deferred tax assets	**285**	592
Prepayments and accrued income	**38**	20
Tax-related assets	**100**	177
Miscellaneous receivables and other	**44**	13
Total non-financial assets	**1,198**	1,680
Total	**$7,659**	$4,462

In the table above, miscellaneous receivables and other included in financial assets primarily includes receivables for allocation of net revenues among GS Group affiliates for their participation in GS Group's business activities.

Note 11.

Collateralised Financings

The table below presents collateralised financings.

	As of	
	June	December
$ in millions	**2022**	2021
Repurchase agreements	**$133,316**	$139,284
Securities loaned	**56,618**	51,080
Intercompany loans	**7,375**	4,205
Debt securities issued	**2,562**	4,540
Other borrowings	**5,043**	5,430
Total	**$204,914**	$204,539

In the table above:

- Current collateralised financings were $160.23 billion as of June 2022 and $143.14 billion as of December 2021 and non-current collateralised financings were $44.68 billion as of June 2022 and $61.40 billion as of December 2021.
- Intercompany loans, debt securities issued and other borrowings are secured by securities which have been pledged as collateral. This pledged collateral is either recognised in trading assets or collateralised agreements.

Note 12.

Customer and Other Payables

The table below presents customer and other payables.

	As of	
	June	December
$ in millions	**2022**	2021
Payables to broker/dealers and clearing organisations	**$ 4,645**	$ 2,781
Payables to customers and counterparties	**115,903**	117,102
Total	**$120,548**	$119,883

In the table above, total customer and other payables primarily consist of collateral received in connection with certain derivative transactions, customer credit balances related to the company's prime brokerage activities and balances related to listed derivative activity.

Note 13.

Unsecured Borrowings

The table below presents unsecured borrowings.

	As of	
	June	December
$ in millions	**2022**	2021
Overdrafts	**$ 137**	$ 14
Intercompany loans – non-MREL-eligible	**19,372**	16,179
Intercompany loans – MREL-eligible	**18,391**	18,215
Debt securities issued	**37,120**	35,179
Subordinated loans	**5,452**	5,387
Other borrowings	**5,370**	4,839
Total	**$85,842**	$79,813

In the table above:

- Current unsecured borrowings were $28.27 billion as of June 2022 and $25.62 billion as of December 2021 and non-current unsecured borrowings were $57.58 billion as of June 2022 and $54.20 billion as of December 2021.
- Payments on debt securities issued and other borrowings instruments are typically referenced to underlying financial assets, which are predominately interest rates, equities and currencies-related.
- Subordinated loans of $5.45 billion as of June 2022 and $5.39 billion as of December 2021 consist of long-term loans of $5.38 billion from the company's parent undertaking, which are unsecured and carry interest at a margin over the U.S. Federal Reserve's Federal Funds rate, and associated accrued interest. The margin is reset on a periodic basis to reflect changes in GS Group's weighted average cost of debt. These loans constitute regulatory capital as approved by the PRA and are repayable subject to PRA approval. These loans are repayable between December 26, 2029 and September 9, 2030.

Debt Valuation Adjustment

The company calculates the fair value of debt securities issued that are designated at fair value through profit or loss by discounting future cash flows at a rate which incorporates GS Group's credit spreads. The table below presents information about the cumulative net pre-tax debt valuation adjustment gains/(losses) on such financial liabilities, which is included in accumulated other comprehensive income.

	Three Months Ended June		Six Months Ended June	
$ in millions	**2022**	2021	**2022**	2021
Beginning balance	**$ (1)**	$(307)	**$(188)**	$(290)
Debt valuation adjustment	**233**	22	**420**	(9)
Transfer to retained earnings	**(1)**	16	**(1)**	30
Ending balance	**$231**	$(269)	**$ 231**	$(269)

In the table above, net gains of $1 million ($nil, net of tax) for the three months ended June 2022, net losses of $16 million ($12 million, net of tax) for the three months ended June 2021, net gains of $1 million ($nil, net of tax) for the six months ended June 2022 and net losses of $30 million ($22 million, net of tax) for the six months ended June 2021 realised upon early redemption of certain such financial liabilities, have been transferred from accumulated other comprehensive income to retained earnings.

Note 14.

Other Liabilities

The table below presents other liabilities by type.

	As of	
	June	December
$ in millions	**2022**	2021
Compensation and benefits	**$1,800**	$2,649
Income tax-related liabilities	**351**	450
Lease liabilities	**5**	5
Accrued expenses and other	**985**	1,717
Total financial liabilities	**3,141**	4,821
Income tax-related liabilities	**211**	4
Other taxes and social security costs	**359**	482
Provisions	**2**	1
Total non-financial liabilities	**572**	487
Total	**$3,713**	$5,308

Provisions

The table below presents provisions, which are in respect of judicial, regulatory and arbitration proceedings in which the company is involved.

$ in millions	
As of December 2020	$ 1
Charge during the period	1
Utilised during the period	(1)
As of December 2021	**$ 1**
Charge during the period	**8**
Utilised during the period	**(7)**
As of June 2022	**$ 2**

Note 15.

Share Capital

The table below presents share capital.

Allotted, called up and fully paid	Ordinary shares of $1 each	*$ in millions*
As of December 2020	598,182,053	$598
As of December 2021	598,182,053	$598
As of June 2022	**598,182,053**	**$598**

Note 16.

Other Equity Instruments

The table below presents information about unsecured AT1 notes.

Month of issuance	Number of AT1 notes	*$ millions*	Interest rate
June 2017	**5,800**	**$5,800**	**9.00% p.a.**
November 2018	**2,500**	**2,500**	**8.67% p.a.**
As of June 2022	**8,300**	**$8,300**	

The company's AT1 notes of $1 million each have been issued to GSG UK. They have no fixed maturity date and are not callable.

The AT1 notes will be irrevocably written-down in the event that the CET1 capital ratio of the company or the GSG UK Group falls below 7%.

Note 17.

Statement of Cash Flows Reconciliations

The table below presents cash and cash equivalents, net of overdrafts for the purpose of the statements of cash flows.

	As of June	
$ in millions	**2022**	2021
Cash and cash equivalents	**$60,096**	$42,645
Overdrafts (see Note 13)	**(137)**	(79)
Total	**$59,959**	$42,566

In the table above, cash and cash equivalents included cash that is not available for use by the company of $2.93 billion as of June 2022 and $2.76 billion as of June 2021.

Reconciliation of Cash Flows From Operating Activities

The table below presents a reconciliation of cash flows from operating activities.

	Six Months Ended June	
$ in millions	**2022**	2021
Profit before taxation	**$ 3,149**	$ 1,557
Adjustments for		
Depreciation and amortisation	**125**	100
Loss on disposal of leasehold improvements	**–**	4
Credit for defined benefit plan	**(2)**	–
Foreign exchange losses	**3,366**	1,320
Share-based compensation expense	**(202)**	668
Provisions	**8**	–
Interest on subordinated loans and MREL-eligible intercompany loans	**241**	232
Losses/(gains) on investments	**5**	(58)
Cash generated before changes in operating assets and liabilities	**6,690**	3,823
Changes in operating assets		
Decrease/(increase) in collateralised agreements	**536**	(74,136)
Decrease in customer and other receivables	**2,723**	7,612
Decrease/(increase) in trading assets	**(45,557)**	185,510
Decrease in loans	**198**	159
Decrease/(increase) in other assets	**(3,685)**	5,539
Changes in operating assets	**(45,785)**	124,684
Changes in operating liabilities		
Increase in collateralised financings	**375**	57,361
Increase in customer and other payables	**665**	1,341
Increase/(decrease) in trading liabilities	**44,894**	(186,485)
Increase/(decrease) in unsecured borrowings	**6,084**	(341)
Increase/(decrease) in other liabilities	**(1,632)**	296
Changes in operating liabilities	**50,386**	(127,828)
Cash generated from operations	**$ 11,291**	$ 679

In the table above, cash generated from operations included interest paid of $2.45 billion for the six months ended June 2022 and $1.76 billion for the six months ended June 2021, and interest received of $1.70 billion for the six months ended June 2022 and $1.49 billion for the six months ended June 2021.

Note 18.

Contingent Liabilities

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 Second Circuit Court of Appeals.

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 Second Circuit Court of Appeals. 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.

Note 19.

Related Party Disclosures

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the party in making financial or operational decisions. The company's related parties include:

- The company's parent entities;
- Other GS Group affiliates;
- Key management personnel of the company;
- Key management personnel of the company's parent entities; and
- Other related parties, which includes the company's defined benefit scheme and associates of GS Group.

The company enters into transactions with related parties in the normal course of business as part of its market-making activities and general operations. These transactions primarily relate to risk management and market-making activity, funding activity, cash management services, commitments and guarantees, transfer pricing and management charges, taxation, share-based payments and transactions with key management personnel, including compensation paid and payable.

The nature of these transactions for the six months ended June 2022 are consistent with those disclosed in Note 27 "Related Party Disclosures" in Part II of the company's 2021 Annual Report.

Note 20.

Financial Instruments

Financial Assets and Liabilities by Category

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

	Financial Assets		
$ in millions	Mandatorily at fair value	Amortised cost	Total
As of June 2022			
Cash and cash equivalents	**$ –**	**$ 60,096**	**$ 60,096**
Collateralised agreements	**171,896**	**84,934**	**256,830**
Customer and other receivables	**–**	**83,412**	**83,412**
Trading assets	**787,795**	**–**	**787,795**
Investments	**368**	**–**	**368**
Loans	**200**	**–**	**200**
Other assets	**5,004**	**1,457**	**6,461**
Total	**$965,263**	**$229,899**	**$1,195,162**
As of December 2021			
Cash and cash equivalents	$ –	$ 52,422	$ 52,422
Collateralised agreements	178,279	79,087	257,366
Customer and other receivables	–	86,135	86,135
Trading assets	742,238	–	742,238
Investments	399	–	399
Loans	398	–	398
Other assets	1,000	1,782	2,782
Total	$922,314	$219,426	$1,141,740

	Financial Liabilities			
$ in millions	Held for trading	Designated at fair value	Amortised cost	Total
As of June 2022				
Collateralised financings	**$ –**	**$135,409**	**$ 69,505**	**$ 204,914**
Customer and other payables	**–**	**–**	**120,548**	**120,548**
Trading liabilities	**739,876**	**–**	**–**	**739,876**
Unsecured borrowings	**–**	**39,550**	**46,292**	**85,842**
Other liabilities	**–**	**–**	**3,141**	**3,141**
Total	**$739,876**	**$174,959**	**$239,486**	**$1,154,321**
As of December 2021				
Collateralised financings	$ –	$146,237	$ 58,302	$ 204,539
Customer and other payables	–	–	119,883	119,883
Trading liabilities	694,982	–	–	694,982
Unsecured borrowings	–	39,190	40,623	79,813
Other liabilities	–	–	4,821	4,821
Total	$694,982	$185,427	$223,629	$1,104,038

Note 21.

Fair Value Measurement

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

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

The fair value hierarchy is as follows:

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

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

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

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

Valuation Techniques and Significant Inputs

The valuation techniques and significant inputs used in determining the fair value of the company's financial assets and liabilities disclosed below are consistent with those described in Note 29 "Fair Value Measurement" in Part II of the 2021 Annual Report.

Fair Value of Financial Assets and Liabilities by Level

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

$ in millions	Level 1	Level 2	Level 3	Total
As of June 2022				
Financial assets				
Collateralised agreements	**$ –**	**$171,779**	**$ 117**	**$171,896**
Trading cash instruments	**72,908**	**29,159**	**663**	**102,730**
Derivative instruments	**69**	**679,914**	**5,082**	**685,065**
Trading assets	**72,977**	**709,073**	**5,745**	**787,795**
Investments	**13**	**233**	**122**	**368**
Loans	**–**	**143**	**57**	**200**
Other assets	**–**	**5,004**	**–**	**5,004**
Total	**$72,990**	**$886,232**	**$ 6,041**	**$965,263**
Financial liabilities				
Collateralised financings	**$ –**	**$135,186**	**$ 223**	**$135,409**
Trading cash instruments	**66,652**	**9,363**	**44**	**76,059**
Derivative instruments	**50**	**660,730**	**3,037**	**663,817**
Trading liabilities	**66,702**	**670,093**	**3,081**	**739,876**
Unsecured borrowings	**–**	**27,364**	**12,186**	**39,550**
Total	**$66,702**	**$832,643**	**$15,490**	**$914,835**
Net derivatives	**$ 19**	**$ 19,184**	**$ 2,045**	**$ 21,248**
As of December 2021				
Financial assets				
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
Total	$74,173	$842,381	$ 5,760	$922,314
Financial liabilities				
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
Total	$64,010	$798,160	$18,239	$880,409
Net derivatives	$ (26)	$ 12,383	$ 1,079	$ 13,436

In the table above, trading assets included derivative instruments designated as hedges of $12 million as of June 2022 and $12 million as of December 2021.

Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

Trading Cash Instruments, Investments and Loans. The table below presents level 3 trading cash instrument assets, investments and loans and ranges and weighted averages of significant unobservable inputs used to value level 3 trading cash instruments, investments and loans.

	As of June 2022		As of December 2021	
$ in millions, except inputs	**Amount or Range**	**Weighted Average**	Amount or Range	Weighted Average
Trading Cash Instruments				
Mortgages and other asset-backed loans and securities				
Level 3 assets	**$ 81**		$157	
Yield	**3.9% to 14.0%**	**7.9%**	1.7% to 18.0%	4.7%
Recovery rate	**45.0% to 76.8%**	**60.4%**	47.2% to 72.5%	58.4%
Duration (years)	**0.8 to 11.6**	**5.1**	0.4 to 17.2	4.2
Corporate debt instruments and government and agency obligations				
Level 3 assets	**$510**		$464	
Yield	**2.4% to 42.2%**	**11.2%**	1.1% to 15.1%	5.6%
Recovery rate	**9.0% to 36.0%**	**24.8%**	9.0% to 60.0%	36.1
Duration (years)	**0.4 to 21.6**	**6.1**	1.8 to 28.5	5.7
Equity securities				
Level 3 assets	**$ 72**		$ 96	
Duration (years)	**6.1 to 6.1**	**6.1**	6.5 to 6.5	6.5
Total	**$663**		$717	
Investments				
Corporate debt instruments				
Level 3 assets	**$ 58**		$ 49	
Recovery rate	**9.1% to 78.5%**	**66.9%**	9.1% to 76.0%	66.6%
Equity securities				
Level 3 assets	**$ 64**		$ 56	
Multiples	**0.7x to 7.2x**	**6.2x**	7.6x to 7.6x	7.6x
Total	**$122**		$105	
Loans				
Corporate				
Level 3 assets	**$ 57**		$ 55	
Yield	**4.3% to 10.0%**	**5.2%**	4.1% to 4.1%	4.1%
Recovery rate	**15.0% to 15.0%**	**15.0%**	15.0% to 15.0%	15.0%
Duration (years)	**3.1 to 3.1**	**3.1**	N/A	N/A

In the table above:

- Ranges represent the significant unobservable inputs that were used in the valuation of each type of cash instrument and weighted averages are calculated by weighting each input by the relative fair value of the instrument.
- The ranges and weighted averages of these inputs are not representative of the appropriate inputs to use when calculating the fair value of any one trading instrument. For example, the highest yield for mortgages and other asset-backed loans and securities is appropriate for valuing a specific mortgage but may not be appropriate for valuing any other mortgages. Accordingly, the ranges of inputs do not represent uncertainty in, or possible ranges of, fair value measurements of level 3 trading cash instruments.
- Increases in yield or duration used in the valuation of level 3 instruments would have resulted in a lower fair value measurement, while increases in recovery rate or multiples would have resulted in a higher fair value measurement as of June 2022 and December 2021. Due to the distinctive nature of each level 3 instrument, the interrelationship of inputs is not necessarily uniform within each product type.
- Mortgages and other asset-backed loans and securities, corporate debt instruments and government and agency obligations and loans are valued using discounted cash flows, and equity securities are valued using market comparables and discounted cash flows.
- The fair value of any one instrument may be determined using multiple valuation techniques. For example, market comparables and discounted cash flows may be used together to determine fair value. Therefore, the level 3 balance encompasses both of these techniques.
- Duration was not significant to the valuation of level 3 loans as of December 2021.

Derivatives. The table below presents net level 3 derivatives and ranges, averages and medians of significant unobservable inputs used to value level 3 derivatives.

	As of June 2022		As of December 2021	
$ in millions, except inputs	**Amount or Range**	**Average/ Median**	Amount or Range	Average/ Median
Interest rates, net	**$ 211**		$ 354	
Correlation	**(10)% to 26%**	**13%/16%**	25% to 26%	25%/26%
Volatility (bps)	**48% to 77%**	**62%/62%**	40 to 100	56/54
Credit, net	**$2,295**		$ 2,317	
Credit spreads (bps)	**5 to 808**	**228/150**	5 to 337	142/118
Recovery rates	**20% to 75%**	**42%/40%**	20% to 50%	37%/40%
Currencies, net	**$ (50)**		$ 37	
Correlation	**20% to 23%**	**21%/21%**	20% to 23%	21%/21%
Equities, net	**$(422)**		$(1,629)	
Correlation	**(39)% to 99%**	**59%/62%**	(37)% to 98%	51%/51%
Volatility	**2% to 111%**	**20%/21%**	3% to 88%	18%/18%
Commodities, net	**$ 11**		$ –	
Total	**$2,045**		$ 1,079	

In the table above:

- Net derivative assets are shown as positive amounts and net derivative liabilities are shown as negative amounts.
- Ranges represent the significant unobservable inputs that were used in the valuation of each type of derivative. Averages represent the arithmetic average of the inputs and are not weighted by the relative fair value or notional of the respective financial instruments. An average greater than the median indicates that the majority of inputs are below the average.

- The ranges, averages and medians of these inputs are not representative of the appropriate inputs to use when calculating the fair value of any one derivative. For example, the highest correlation for equity derivatives is appropriate for valuing a specific equity derivative but may not be appropriate for valuing any other equity derivative. Accordingly, the ranges of inputs do not represent uncertainty in, or possible ranges of, fair value measurements of level 3 derivatives.
- Interest rates, currencies and equities derivatives are valued using option pricing models, and credit derivatives are valued using option pricing, correlation and discounted cash flow models.
- The fair value of any one instrument may be determined using multiple valuation techniques. For example, option pricing models and discounted cash flows models are typically used together to determine fair value. Therefore, the level 3 balance encompasses both of these techniques.
- Correlation within currencies and equities includes cross-product type correlation.

Range of Significant Unobservable Inputs and Sensitivity of Fair Value Measurement to Changes in Significant Unobservable Inputs

The range of significant unobservable inputs used to value the company's level 3 derivative instruments and the directional sensitivity of the company's level 3 instruments to changes in significant unobservable inputs are consistent with the information described in Note 29 "Fair Value Measurement" in Part II of the 2021 Annual Report.

Other Financial Assets and Liabilities. Significant unobservable inputs of other financial assets and liabilities include:

- **Resale and Repurchase Agreements and Securities Borrowed and Loaned.** As of June 2022 and December 2021, the significant unobservable inputs used to value level 3 resale agreements are incorporated into the trading cash instruments disclosures related to unobservable inputs. See "Trading Cash Instruments, Investments and Loans" and "Derivatives" above. As of June 2022 and December 2021, there were no level 3 securities borrowed, repurchase agreements and securities loaned.
- **Other Secured Financings.** As of June 2022 and December 2021, the significant unobservable inputs used to value level 3 other secured financings are incorporated into the derivatives and trading cash instruments, investments and loans disclosures related to unobservable inputs. See "Trading Cash Instruments, Investments and Loans" and "Derivatives" above.
- **Unsecured Borrowings.** As of June 2022 and December 2021, the significant unobservable inputs used to value level 3 unsecured borrowings are incorporated into the derivatives and trading cash instruments, investments and loans disclosures related to unobservable inputs. See "Trading Cash Instruments, Investments and Loans" and "Derivatives" above.

Transfers Between Level 1 and Level 2 of the Fair Value Hierarchy

During the six months ended June 2022 and the six months ended June 2021, there were no significant transfers between level 1 and level 2 financial assets and liabilities measured at fair value on a recurring basis.

Fair Value Financial Assets and Liabilities Valued Using Techniques That Incorporate Unobservable Inputs

The fair value of financial assets and liabilities may be determined in whole or part using a valuation technique based on assumptions that are not supported by prices from observable current market transactions in the same instrument or based on available observable market data and changing these assumptions will change the resultant estimate of fair value. The potential impact of using reasonable possible alternative assumptions for the valuations, including significant unobservable inputs, has been quantified as approximately $526 million as of June 2022 and $380 million as of June 2021, for favourable changes, and $228 million as of June 2022 and $229 million as of June 2021, for unfavourable changes. In determining reasonably possible alternative unfavourable assumptions, a detailed business and position level review has been performed to identify and quantify instances where potential uncertainty exists. This has taken into account the positions' fair value as compared to the range of available market information.

As of June 2022, the impact for favourable changes was primarily driven by changes in valuation adjustments related to equity and fixed income derivatives and changes in assumptions related to the valuation of secured funding spreads and equity securities. As of December 2021, the impact for favourable changes was primarily driven by changes in valuation adjustments related to equity and fixed income derivatives and changes in assumptions related to the valuation of secured funding spreads. As of both June 2022 and December 2021, the impact for unfavourable changes was primarily driven by changes in the assumptions related to the valuation of secured funding spreads, volatility and correlation inputs, and credit spreads.

The table below presents the amounts not recognised in the income statement relating to the difference between the fair value of financial assets and liabilities at initial recognition using the valuation techniques and the transaction price (day 1 P&L).

	Six Months Ended June	
$ in millions	**2022**	2021
Beginning balance	**$190**	$ 209
New transactions	**96**	114
Amounts recognised in the income statement during the period	**(56)**	(113)
Ending balance	**$230**	$ 210

Level 3 Rollforward

The table below presents a summary of the changes in fair value for all level 3 financial assets and liabilities measured at fair value on a recurring basis.

	Six Months Ended June	
$ in millions	**2022**	2021
Total financial assets		
Beginning balance	**$ 5,760**	$ 6,365
Gains/(losses)	**(312)**	(255)
Purchases	**871**	344
Sales	**(240)**	(172)
Settlements	**(831)**	(362)
Transfers into level 3	**1,239**	187
Transfers out of level 3	**(446)**	(448)
Ending balance	**$ 6,041**	$ 5,659
Total financial liabilities		
Beginning balance	**$(18,239)**	$(13,450)
Gains/(losses)	**2,133**	(754)
Purchases	**79**	(35)
Sales	**(213)**	(446)
Issuances	**(2,775)**	(12,677)
Settlements	**3,845**	5,773
Transfers into level 3	**(937)**	(579)
Transfers out of level 3	**617**	1,395
Ending balance	**$(15,490)**	$(20,773)

In the table above:

- If a financial asset or financial liability was transferred to level 3 during a reporting period, its entire gain or loss for the period is classified in level 3. For level 3 financial assets, increases are shown as positive amounts, while decreases are shown as negative amounts. For level 3 financial liabilities, increases are shown as negative amounts, while decreases are shown as positive amounts.
- Transfers between levels of the fair value hierarchy are recognised at the beginning of the reporting period in which they occur. Accordingly, the tables do not include gains or losses for level 3 financial assets and liabilities that were transferred out of level 3 prior to the end of the period.
- Level 3 financial assets and liabilities are frequently economically hedged with level 1 and level 2 financial assets and liabilities. Accordingly, level 3 gains or losses that are reported for a particular class of financial asset or financial liability can be partially offset by gains or losses attributable to level 1 or level 2 in the same class of financial asset or financial liability or gains or losses attributable to level 1, level 2 or level 3 in a different class of financial asset or financial liability. As a result, gains or losses included in the level 3 rollforward do not necessarily represent the overall impact on the company's results of operations, liquidity or capital resources.
- Gains/(losses) are predominately attributable to changes in unrealised gains or losses relating to level 3 financial assets and financial liabilities.

- The net gains on level 3 financial assets for both the six months ended June 2022 and June 2021 are reported in "Net revenues" in the income statement.
- The net gains on level 3 financial liabilities of $2.13 billion for the six months ended June 2022 included gains of $1.95 billion reported in "Net revenues" in the income statement and gains of $188 million reported in "Debt valuation adjustment" in the statement of comprehensive income. The net losses on level 3 financial liabilities of $754 million for the six months ended June 2021 included losses of $769 million reported in "Net revenues" in the income statement and gains of $15 million reported in "Debt valuation adjustment" in the statement of comprehensive income.

The table below disaggregates, by the balance sheet line items, the information for financial assets included in the summary table above.

	Six Months Ended June	
$ in millions	**2022**	2021
Collateralised agreements		
Beginning balance	**$ 121**	$ –
Gains/(losses)	**(4)**	–
Ending balance	**$ 117**	$ –
Trading assets		
Beginning balance	**$5,479**	$6,122
Gains/(losses)	**(302)**	(280)
Purchases	**848**	343
Sales	**(236)**	(170)
Settlements	**(830)**	(349)
Transfers into level 3	**1,232**	125
Transfers out of level 3	**(446)**	(398)
Ending balance	**$5,745**	$5,393
Investments		
Beginning balance	**$ 105**	$ 132
Gains/(losses)	**(4)**	26
Purchases	**15**	1
Sales	**–**	(1)
Settlements	**(1)**	(13)
Transfers into level 3	**7**	62
Ending balance	**$ 122**	$ 207
Loans		
Beginning balance	**$ 55**	$ 111
Gains/(losses)	**(2)**	(1)
Purchases	**8**	–
Sales	**(4)**	(1)
Transfers out of level 3	**–**	(50)
Ending balance	**$ 57**	$ 59

The table below disaggregates, by the balance sheet line items, the information for financial liabilities included in the summary table above.

	Six Months Ended June	
$ in millions	**2022**	2021
Collateralised financings		
Beginning balance	**$ (380)**	$ (240)
Gains/(losses)	**(63)**	(30)
Issuances	**(47)**	(101)
Settlements	**267**	–
Transfers into level 3	**–**	(1)
Ending balance	**$ (223)**	$ (372)
Trading liabilities		
Beginning balance	**$ (3,722)**	$ (3,558)
Gains/(losses)	**214**	(560)
Purchases	**79**	6
Sales	**(213)**	(446)
Settlements	**364**	721
Transfers into level 3	**(158)**	(263)
Transfers out of level 3	**355**	418
Ending balance	**$ (3,081)**	$ (3,682)
Unsecured borrowings		
Beginning balance	**$(14,137)**	$ (9,652)
Gains/(losses)	**1,982**	(164)
Purchases	**–**	(41)
Issuances	**(2,728)**	(12,576)
Settlements	**3,214**	5,052
Transfers into level 3	**(779)**	(315)
Transfers out of level 3	**262**	977
Ending balance	**$(12,186)**	$(16,719)

Transfers Between Level 2 and Level 3 of the Fair Value Hierarchy

Transfers between level 2 and level 3 generally occur due to changes in the transparency of level 3 inputs. A lack of market evidence leads to reduced transparency, whereas an increase in the availability of market evidence leads to an increase in transparency.

Financial Assets.

Six Months Ended June 2022

Trading Assets. Transfers into level 3 trading assets primarily reflected transfers of certain equity securities from level 2, principally due to reduced price transparency as a result of lack of market evidence, including fewer market transactions in these instrument.

Transfers out of level 3 trading assets primarily reflected transfers of certain equity derivatives to level 2, principally due to increased transparency of certain volatility and correlation inputs, and transfers of certain trading cash instruments into level 2, principally due to increased transparency of certain yield inputs.

Investments. Transfers into level 3 investments primarily reflected transfers of certain cash instruments from level 2, principally due to reduced transparency of certain yield inputs.

Transfers out of level 3 investments were not material.

Loans. Transfers into and out of level 3 loans were not material.

Six Months Ended June 2021

Trading Assets. Transfers into level 3 trading assets primarily reflected transfers of certain equity derivatives from level 2, principally due to reduced transparency of certain volatility and correlation inputs, and transfers of certain credit derivatives from level 2, principally due to decreased transparency of certain credit spread inputs.

Transfers out of level 3 trading assets primarily reflected transfers of certain credit derivatives to level 2, principally due to increased transparency of certain credit spread inputs, transfers of certain equity derivatives to level 2, principally due to increased transparency of certain volatility and correlation inputs, and transfers of certain trading cash instruments into level 2, principally due to increased transparency of certain yield inputs.

Investments. Transfers into level 3 investments primarily reflected transfers of certain cash instruments from level 2, principally due to reduced transparency of certain yield inputs.

Transfers out of level 3 investments primarily reflected transfers of certain cash instruments into level 2, principally due to increased transparency of certain yield inputs.

Loans. Transfers into and out of level 3 loans were not material.

Financial Liabilities.

Six Months Ended June 2022

Transfers into level 3 trading liabilities primarily reflected transfers of certain equity derivatives from level 2, principally due to reduced transparency of certain volatility and correlation inputs. Transfers into level 3 unsecured borrowings primarily reflected transfers of certain hybrid financial instruments from level 2, principally due to reduced transparency of certain volatility and correlation inputs.

Transfers out of level 3 trading liabilities primarily reflected transfers of certain equity derivatives to level 2, principally due to increased transparency of certain volatility and correlation inputs. Transfers out of level 3 unsecured borrowings primarily reflected transfers of certain hybrid financial instruments to level 2, principally due to increased transparency of certain volatility and correlation inputs.

Six Months Ended June 2021

Transfers into level 3 trading liabilities primarily reflected transfers of certain equity derivatives from level 2, principally due to reduced transparency of certain volatility and correlation inputs. Transfers into level 3 unsecured borrowings primarily reflected transfers of certain hybrid financial instruments from level 2, principally due to reduced transparency of certain volatility and correlation inputs.

Transfers out of level 3 trading liabilities primarily reflected transfers of certain equity derivatives to level 2, principally due to increased transparency of certain volatility and correlation inputs. Transfers out of level 3 unsecured borrowings primarily reflected transfers of certain hybrid financial instruments to level 2, principally due to increased transparency of certain volatility and correlation inputs.

Fair Value of Financial Assets and Liabilities Not Measured at Fair Value

The company had financial assets of $229.90 billion as of June 2022 and $219.43 billion as of December 2021 that are not measured at fair value. Given that substantially all of these balances are short-term in nature, their carrying values in the balance sheet are a reasonable approximation of fair value.

The table below presents the company's financial liabilities that are not measured at fair value by expected maturity.

	As of	
$ in millions	**June 2022**	December 2021
Current	**$182,222**	$167,014
Non-current	**57,264**	56,615
Total	**$239,486**	$223,629

In the table above:

- Current financial liabilities are short-term in nature and therefore their carrying values in the balance sheet are a reasonable approximation of fair value.
- Non-current financial liabilities primarily related to long-term intercompany loans and repurchase agreements. The interest rates of these instruments are variable in nature and approximate prevailing market interest rates for instruments with similar terms and characteristics. As such, their carrying values in the balance sheet are a reasonable approximation of fair value.

Note 22.

Financial Risk Management and Capital Management

Certain disclosures in relation to the company's financial risk management and capital management have been presented alongside other risk management and regulatory information in Part I of this financial report.