Goldman Sachs Group UK Limited

Pillar 3 Disclosures

For the period ended March 31, 2023

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Introduction

Overview

The Goldman Sachs Group, Inc. (Group Inc. or parent company), a Delaware corporation, together with its consolidated subsidiaries (collectively, the firm), is a leading global 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. Goldman Sachs Group UK Limited (GSGUKL) is a wholly owned subsidiary of Group Inc. When we use the terms "Goldman Sachs", "GS Group" and "the firm", we mean Group Inc. and its consolidated subsidiaries and when we use the terms "GSGUK", "the company", "we", "us" and "our", we mean GSGUKL and its consolidated subsidiaries.

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

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

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

For information on Group Inc.'s financial statements and regulatory capital ratios, please refer to the firm's most recent Quarterly Pillar 3 Disclosures and Quarterly Report on Form 10-Q. References to the "Quarterly Report on Form 10-Q" are to the firm's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023. All references to March 2023 refer to the period ended, or the date, as the context requires, March 31, 2023.

https://www.goldmansachs.com/investor-relations/financials/other-information/2023/1q-pillar3-2023.pdf

https://www.goldmansachs.com/investor-relations/financials/10q/2023/first-quarter-2023-10-q.pdf

The GSGUK consolidated regulatory capital requirement has been calculated in accordance with the U.K's implementation of the Capital Requirements Directive (CRD), the Capital Requirements Regulation (CRR [1]) and associated PRA supervisory rules and regulatory standards. These requirements are largely based on the Basel Committee's final capital framework for strengthening international capital standards (Basel III), which is structured around three pillars: Pillar 1 "minimum capital requirements", Pillar 2 "supervisory review process" and Pillar 3 "market discipline".

The annual Pillar 3 disclosures set out qualitative and quantitative elements for which more frequent disclosure is appropriate in accordance with the PRA Rulebook.

[1] In this document, the term 'CRR' refers to the onshored version of Regulation (E.U.) No 575/2013 of the European Parliament and of the Council of 26 June 2013, as amended by UK authorities including by way of PRA CRR rule instruments.

GSGUK also publishes annual Pillar 3 disclosures and consolidated financial statements- these can be accessed via the following link:

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

The latest annual consolidated financial information for GSGUK, prepared in line with the recognition and measurement requirements of E.U.-adopted International Financial Reporting Standards (IFRS), can be accessed via the following link:

Measures of exposures and other metrics disclosed in this report may not be based on IFRS, may not be directly comparable to measures reported in financial statements, and may not be comparable to similar measures used by other companies. These disclosures are not required to be, and have not been, audited by our independent auditors.

Basis of Consolidation

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

The following UK-regulated subsidiaries are included in the regulatory consolidation:

- Goldman Sachs International (GSI)
- Goldman Sachs International Bank (GSIB)

The scope of consolidation for regulatory capital purposes is consistent with the IFRS consolidation.

Following the exemption of GSGUKL from the requirement to be an approved parent financial holding company, GSI is the CRR consolidation entity, meaning that GSI is responsible for compliance with requirements applicable to GSGUK on a consolidated basis.

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

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

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

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

Definition of Risk-Weighted Assets

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

Fair Value

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

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

Banking Book / Trading Book Classification

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

Trading book positions generally meet the following criteria: they are assets or liabilities that are accounted for at fair value; they are risk managed using a Value-at-Risk (VaR) internal model; they are held as part of our market-making and underwriting businesses and are intended to be resold in the short term, or positions intended to benefit from actual or expected short-term price differences between buying and selling prices or from other price or interest rate variations[2]. Trading book positions are subject to market risk regulatory capital requirements, as are foreign exchange and commodity positions, whether or not they meet the other criteria for classification as trading book positions. Market risk is the risk of loss in value of these positions due to changes in market conditions. Some trading book positions, such as derivatives, are also subject to counterparty credit risk regulatory capital requirements.

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

Regulatory Developments

The company's businesses are subject to extensive regulation and supervision worldwide. Regulations have been adopted or are being considered by regulators and policy-makers. Given that many of the new and proposed rules are highly complex, the full impact of regulatory reform will not be known until the rules are implemented and market practices develop under final U.K. regulations.

The U.K. adopted E.U. financial services legislation that was in effect on December 31, 2020. From this date, which marked the end of the transition period after the U.K.'s withdrawal from the E.U, the U.K. has been adopting its own regulations.

Risk-Based Capital Ratios. In October 2021, the PRA published CRR rules corresponding to onshored CRR provisions which were revoked by HM Treasury. The purpose of these rules was to implement certain international standards that remained to be implemented in the U.K.

The Financial Policy Committee and the PRA also published in October 2021 a revised UK leverage ratio framework[3] and in May 2023 a complementary policy on the risks from contingent leverage[4].

As a result, new rules introducing the standardised approach to counterparty credit risk (SA-CCR) and changes to rules for the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities (MREL), large exposures and reporting and disclosure requirements became effective from January 1, 2022. In addition, the PRA implemented new rules at this date in respect of the application of consolidated requirements to financial holding companies and mixed financial holding companies.

In November 2022, the PRA further published its consultation paper on rules implementing Basel III standards

[2] As defined in point (85) of Article 4(1) in CRR
[3] See PRA Policy Statements 21/21 and 22/21, October 2021
[4] See PRA Policy Statement PS5/23, May 2023

(Basel III Revisions) with effective date January 1, 2025[5].

The Basel Committee described these standards as the finalisation of Basel III post-crisis regulatory reforms. The standards include revisions to the framework relating to the standardised and internal model-based approaches used to calculate market risk requirements and clarify the scope of positions subject to market risk capital requirements. They also revise the Basel Committee's standardised and internal model-based approaches for credit risk, provide a new standardised approach for operational risk capital and revise the frameworks for credit valuation adjustment (CVA) risk. Finally, the Basel III Revisions set a floor on internally modelled capital requirements at a percentage of the capital requirements under the standardised approach.

Under the PRA's draft rules, certain subsidiaries of international groups would not be subject to a U.K. floor on their internally modelled capital requirements. The impact of these draft rules on the firm (including its RWAs and regulatory capital ratios) is subject to uncertainty until the legislation is finalised and implemented.

In December 2022, the Basel Committee also published a final standard on the prudential treatment of cryptoasset exposures. U.K. authorities have not yet proposed rules implementing these Basel standards.

Subsequent Noteworthy Events

On April 1, 2023, GSI transferred its U.K. asset management business to Goldman Sachs Asset Management International (GSAMI), GS Group's primary U.K. asset management entity. This combines GSI's and GSAMI's U.K. asset management businesses in GSAMI, consistent with GS Group's resolution planning and the commercial objectives of its asset management business. This business had average annual net revenues in the last three years of $436 million, and approximately 300 employees and immaterial assets and liabilities as of March 2023.

As consideration for the transfer, GSI has received a non-controlling interest in a GS Group affiliate. Although GSI will recognise a gain equivalent to the fair value of the business in the second quarter of 2023, GSI is not expecting to recognise a related increase in its regulatory capital based on its current capital planning.

Business Environment

During the first quarter of 2023, broad macroeconomic and geopolitical concerns that began in the prior year continued to weigh on global economic activity. Financial markets were positively impacted by improvement in inflationary measures and a slowdown in the pace of monetary policy tightening in the U.S., which contributed to an increase in global equity and bond prices compared with the end of 2022. In March, momentum was disrupted by stress in the banking sector, including the failure of two regional banks in the U.S. and the planned combination of Switzerland's two largest financial institutions, which resulted in a period of high interest rate volatility. The economic outlook remains uncertain, reflecting concerns about geopolitical risks, inflation and stress in the banking sector.

Other Developments

Stress in the Banking Sector

During the first quarter of 2023, Silicon Valley Bank and Signature Bank, two regional banks in the U.S., experienced large deposit outflows that ultimately resulted in the failure of these banks in March 2023 and the appointment of the Federal Deposit Insurance Corporation (FDIC) as receiver for them. On May 1, 2023, First Republic Bank was placed under FDIC receivership, and the FDIC entered into a purchase and assumption agreement with JPMorgan Chase Bank, N.A. under which JPMorgan Chase Bank, N.A. will assume all of the deposits, including uninsured deposits, and substantially all of the assets of First Republic Bank.

In addition, concerns about the solvency of Credit Suisse Group AG, a globally systemically important bank (G-SIB) based in Switzerland, escalated rapidly and, as a result, UBS Group AG and Credit Suisse Group AG, working in conjunction with Swiss regulators, entered into an agreement under which UBS Group AG will acquire Credit Suisse Group AG.

A more systemic spread of concerns regarding the financial stability or solvency of banks could negatively impact the firm's results of operations and financial condition.

These events have placed heightened focus on the impact that rising interest rates have had on the market values of securities portfolios of banks measured at amortised cost. GSGUK's securities measured at amortised cost were $131 million as of March 2023 and $54 million as of December 2022. All other securities held by GSGUK were measured at fair value through profit or loss or other comprehensive income.

GSGUK's liquidity position during the first quarter of 2023 remained strong. Average GCLA for GSI and GSIB were $74.90 billion and $25.5 billion respectively for the quarter.

[5] See PRA Consultation paper (CP 16/22), 30 November 2022

Attestation

To the best of our knowledge, we confirm that we have taken all reasonable measures to ensure that the information included in this disclosure complies with Section 4 of the CRR disclosure requirements as set out in the PRA Rulebook and has been prepared in accordance with formal policies and internal processes, systems and controls agreed at the management body level.

Richard Taylor Chief Finance Officer	Lesley Steele Chief Risk Officer

Capital Framework

Capital Structure

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

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

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

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

- A capital conservation buffer of 2.5%, consisting entirely of capital that qualifies as CET1 capital.
- A countercyclical capital buffer of up to 2.5% (consisting entirely of CET1) in order to counteract excessive credit growth. The buffer only applies to the company's exposures to certain types of counterparties based in jurisdictions which have announced a countercyclical buffer. The buffer is set to increase from 05 July 2023, as the UK increases the CCYB rate to 2% which is estimated to increase the minimum capital requirement approximately by 23 basis points[4]. The countercyclical capital buffer applicable to the company could change in the future and, as a result, the company's risk-based capital requirements could increase.
- The individual capital requirement under Pillar 2A (an additional amount to cover risks not adequately captured in Pillar 1). The PRA performs a periodic supervisory review of GSI's and GSIB's Internal Capital Adequacy Assessment Process (ICAAP), which leads to a final determination by the PRA of individual capital requirement under Pillar 2A. The sum of Pillar 1 and Pillar 2A requirements is referred to as "Total Capital Requirement" or TCR and represents the minimum amount of capital the PRA considers that a firm should hold at all times.

The PRA also defines the forward looking capital requirement which represents the PRA's view of the capital that GSGUK would require to absorb losses in stressed market conditions to the extent not covered by the capital conservation buffer. This is known as Pillar 2B or the "PRA buffer" and is not reflected in the Key metrics table shown in Table 1 below.

Compliance with Capital Requirements

As of March 31, 2023, all of GSGUK's regulated subsidiaries had capital levels in excess of their minimum regulatory capital requirements.

[4] From July 5, 2023, the UK CCYB rate is expected to increase to 2%

Key Metrics

The tables below represent an overview of prudential regulatory positions measured by key regulatory metrics for GSGUK, GSI and GSIB as at March 31, 2023, December 31, 2022, September 30, 2022, June 30, 2022 and March 31, 2022.

Table 1: Key Metric Template

$ in millions		As of March 2023			As of December 2022			As of September 2022			As of June 2022			As of March 2022		
		GSGUK	**GSI**	**GSIB**	**GSGUK**	**GSI**	**GSIB**	**GSGUK**	**GSI**	**GSIB**	**GSGUK**	**GSI**	**GSIB**	**GSGUK**	**GSI**	**GSIB**
	Available own funds (amounts)															
1	Common Equity Tier 1 (CET1) capital	$ 36,854	$ 31,995	$ 3,400	$ 36,670	$ 31,780	$ 3,409	$ 36,035	$ 31, 331	$ 3,080	$ 35,531	$ 30,465	$ 3,272	$ 34,630	$ 29,593	$ 3,344
2	Tier 1 capital	$ 45,154	$ 40,295	$ 3,400	$ 44,970	$ 40,080	$ 3,409	$ 44,335	$ 39,631	$ 3,080	$ 43,831	$ 38,765	$ 3,272	$ 42,930	$ 37,893	$ 3,344
3	Total capital	$ 51,657	$ 45,672	$ 4,226	$ 51,473	$ 45,457	$ 4,237	$ 50,838	$ 45,008	$ 3,906	$ 50,334	$ 44,142	$ 4,098	$ 49,433	$ 43,270	$ 4,170
	Risk-weighted exposure amounts															
4	Total risk-weighted exposure amount	$ 267,964	$ 248,240	$ 15,945	$ 267,871	$ 247,653	$ 15,674	$ 288,398	$ 267,737	$ 15,542	$296,209	$ 273,809	$ 17,135	$ 298,227	$ 274,946	$ 16,693
	Capital ratios (as a percentage of risk-weighted exposure amount)															
5	Common Equity Tier 1 ratio (%)	13.75%	12.89%	21.33%	13.69%	12.83%	21.75%	12.49%	11.70%	19.81%	12.00%	11.13%	19.09%	11.61%	10.76%	20.03%
6	Tier 1 ratio (%)	16.85%	16.23%	21.33%	16.79%	16.18%	21.75%	15.37%	14.80%	19.81%	14.80%	14.16%	19.09%	14.40%	13.78%	20.03%
7	Total capital ratio (%)	19.28%	18.40%	26.51%	19.22%	18.36%	27.03%	17.63%	16.81%	25.13%	16.99%	16.12%	23.91%	16.58%	15.74%	24.98%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)															
UK 7a	Additional CET1 SREP requirements (%)	1.38%	1.38%	2.23%	1.38%	1.38%	2.23%	1.38%	1.37%	2.23%	1.38%	1.37%	2.23%	1.05%	1.03%	1.52%
UK 7b	Additional AT1 SREP requirements (%)	1.84%	1.83%	2.98%	1.84%	1.84%	2.98%	1.84%	1.83%	2.98%	1.83%	1.83%	2.98%	1.40%	1.37%	2.03%
UK 7c	Additional T2 SREP requirements (%)	2.46%	2.45%	3.97%	2.46%	2.45%	3.97%	2.45%	2.44%	3.97%	2.45%	2.43%	3.97%	1.87%	1.83%	2.71%
UK 7d	Total SREP own funds requirements (%)	10.46%	10.45%	11.97%	10.46%	10.45%	11.97%	10.45%	10.44%	11.97%	10.45%	10.43%	11.97%	9.87%	9.83%	10.71%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)															
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
UK 8a	Conservation buffer	0. %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

	due to macro-prudential or systemic risk identified at the level of a Member State (%)															
9	Institution specific countercyclical capital buffer (%)	0.33%	0.31%	0.49%	0.35%	0.34%	0.42%	0.05%	0.05%	0.06%	0.05%	0.04%	0.07%	0.04%	0.04%	0.05%
UK 9a	Systemic risk buffer (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
10	Global Systemically Important Institution buffer (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
UK 10a	Other Systemically Important Institution buffer	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
11	Combined buffer requirement (%)	2.83%	2.81%	2.99%	2.85%	2.84%	2.92%	2.55%	2.55%	2.56%	2.55%	2.54%	2.57%	2.54%	2.54%	2.55%
UK 11a	Overall capital requirements (%)	13.29%	13.26%	14.96%	13.30%	13.28%	14.89%	13.00%	12.99%	14.53%	12.99%	12.98%	14.54%	12.41%	12.37%	13.26%
12	CET1 available after meeting the total SREP own funds requirements (%)	7.87%	7.01%	12.35%	7.81%	6.96%	12.77%	6.62%	5.83%	10.84%	6.12%	5.26%	10.12%	6.15%	5.23%	12.00%
	Leverage ratio															
13	Leverage ratio total exposure measure[1]	$ 783,881	$ 724,738	$ 55,904	$ 714,629	$ 659,896	$ 49,383	$ 786,408	$ 730,484	$ 52,023	$ 814,261	$ 762,032	$ 48,851	$ 832,617	$ 777,182	$ 51,482
14	Leverage ratio	5.76%	5.56%	6.08%	6.29%	6.07%	6.87%	5.64%	5.43%	5.92%	5.38%	5.09%	6.70%	5.16%	4.88%	6.49%
	Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)[2]															
UK 14a	Additional CET1 leverage ratio requirements (%)*	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
UK 14b	Additional AT1 leverage ratio requirements (%)*	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
UK 14c	Additional T2 leverage ratio requirements (%)*	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
UK 14d	Total SREP leverage ratio requirements (%)*	3.25%	3.25%	3.25%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
UK 14e	Applicable leverage buffer*	0.10%	0.10%	0.20%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
UK 14f	Overall leverage ratio requirements (%)*	3.35%	3.35%	3.45%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Liquidity Coverage Ratio															
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	$ 101,534	$ 79,273	$ 22,261	$ 99,518	$ 79,517	$ 20,000	$ 97,783	$ 78,898	$ 18,885	$ 95,696	$ 76, 927	$ 18,769	$ 93,679	$ 75,191	$ 18,488

UK 16a	Cash outflows - Total weighted value	$ 203,097	$ 189,623	$ 20,057	$ 206,809	$ 193,229	$ 19,375	$ 206,874	$ 193,905	$ 18,646	$ 202,182	$ 188,458	$ 19,544	$ 196,752	$ 182,715	$ 20,088
UK 16b	Cash inflows - Total weighted value	$ 150,733	$ 142,020	$ 5,819	$ 156,418	$ 145,759	$ 6,867	$ 159,134	$ 147,247	$ 6,925	$ 159,216	$ 145, 042	$ 7,877	$ 156,299	$ 141,191	$ 8,179
16	Total net cash outflows (adjusted value)	$ 53,629	$ 48,667	$ 14,237	$ 53,892	$ 49,537	$ 12,506	$ 53,093	$ 49,882	$ 11,720	$ 50,805	$ 47,771	$ 11,668	$ 49,339	$ 46,206	$ 11,911
17	Liquidity coverage ratio (%)	190%	163%	158%	185%	161%	161%	184%	158%	162%	189%	162%	162%	191%	164%	155%
	Net Stable Funding Ratio															
18	Total available stable funding	$ 201,093	$ 161,508	$ 45,806	$ 204,824	$ 165,845	$ 45,775									
19	Total required stable funding	$ 158,665	$ 142,907	$ 28,779	$ 161,293	$ 144,394	$ 30,642									
20	NSFR ratio (%)	127%	113%	160%	127%	115%	151%									

Notes:

1. GSGUK's leverage exposure has increased from $715bn in December 2022 to $784bn in March 2023 primarily driven by increased on-balance sheet exposures within cash inventory and other assets.
2. The binding leverage ratio requirement at 3.25% plus a countercyclical leverage ratio buffer estimated at c.0.10% based on a 1% UK CCYB rate applied from January 1, 2023. From July 05, 2023, the UK CCYB rate is expected to increase to 2%, adding a further c.0.10% basis points to the requirement.

Minimum Requirement for Own Funds and Eligible Liabilities (MREL)

Material subsidiaries of an overseas banking group at the consolidated level, such as GSGUK, are required to have sufficient own funds and eligible liabilities to meet internal MREL. After an initial phase-in, these rules became effective from January 1, 2022.

GSGUK own funds and eligible liabilities key metrics are provided in Table 2.

Table 2: Own Funds and Eligible Liabilities

$ in millions	**As of March 2023**
	GSGUK
Total own funds and eligible liabilities	**$ 69,033**
Total RWA	267,964
Total own funds and eligible liabilities as a percentage of RWA	25.76%
Leverage Exposure	783,881
Total own funds and eligible liabilities as a percentage of leverage exposure	8.81%

Risk-Weighted Assets

RWAs are calculated based on measures of credit risk, market risk and operational risk. The tables below represent a summary of the RWAs and capital requirements for GSGUK, GSI and GSIB by type as at March 31, 2023 and December 31, 2022.

Table 3: Overview of RWAs

GSGUK

$ in millions		RWAs		Minimum capital requirements
		March-2023	**December-2022**	
1	**Credit risk (excluding CCR)**	**$ 39,822**	**$ 34,774**	**$ 3,186**
2	Of which the standardised approach	5,120	6,685	410
UK 4a	Of which equities under the simple risk weighted approach	2,170	2,651	174
5	Of which the advanced IRB (AIRB) approach	32,532	25,438	2,602
6	**Counterparty credit risk - CCR**	**$ 100,268**	**$ 102,602**	**$ 8,021**
7	Of which the standardised approach	9,855	10,473	788
8	Of which internal model method (IMM)	67,608	65,109	5,409
UK 8a	Of which exposures to a CCP	866	893	69
UK 8b	Of which credit valuation adjustment – CVA	21,939	26,127	1,755
15	**Settlement risk**	**$ 6,306**	**$ 11,430**	**$ 504**
16	**Securitisation exposures in the non-trading book (after the cap)**	**$ 522**	**$ 480**	**$ 42**
18	Of which SEC-ERBA (including IAA)	112	92	9
19	Of which SEC-SA approach	227	223	18
UK 19a	Of which 1250%/deduction	183	165	15
20	**Position, foreign exchange and commodities risks (Market risk)**	**$ 95,980**	**$ 93,519**	**$ 7,678**
21	Of which the standardised approach	55,539	54,894	4,443
22	Of which IMA	40,441	38,625	3,235
UK 22a	**Large exposures**	**-**	**-**	-
23	**Operational risk**	**$ 25,066**	**$ 25,066**	**$ 2,005**
UK 23b	Of which standardised approach	25,066	25,066	2,005
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**-**	**-**	-
29	**Total**	**$ 267,964**	**$ 267,871**	**$ 21,436**

GSGUK risk weighted assets are relatively unchanged from December 2022 to March 2023. RWAs are primarily driven by increased credit risk RWAs partially offset by decreased settlement risk RWAs:

- GSGUK’s Credit Risk RWA increased from $35bn in December 2022 to $40bn in March 2023 primarily driven by increased balance sheet exposures.

- GSGUK’s Settlement Risk RWA decreased from $11bn in December 2022 to $6bn in March 2023 primarily driven by lower aged unsettled trades over the quarter.

GSI

$ in millions				
		RWAs		Minimum capital requirements
		March-2023	December-2022	
1	**Credit risk (excluding CCR)**	**$ 27,421**	**$ 22,599**	**$ 2,194**
2	Of which the standardised approach	1,869	3,451	149
UK 4a	Of which equities under the simple risk weighted approach	2,635	2,651	211
5	Of which the advanced IRB (AIRB) approach	22,917	16,497	1,834
6	**Counterparty credit risk - CCR**	**$ 98,863**	**$ 100,163**	**$ 7,909**
7	Of which the standardised approach	9,466	10,243	757
8	Of which internal model method (IMM)	66,718	63,004	5,338
UK 8a	Of which exposures to a CCP	866	893	69
UK 8b	Of which credit valuation adjustment – CVA	21,813	26,023	1,745
15	**Settlement risk**	**$ 6,305**	**$ 11,430**	**$ 504**
16	**Securitisation exposures in the non-trading book (after the cap)**	**-**	**-**	**-**
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
UK 19a	Of which 1250%/ deduction	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**$ 92,678**	**$ 90,488**	**$ 7,414**
21	Of which the standardised approach	52,237	51,863	4,179
22	Of which IMA	40,441	38,625	3,235
UK 22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**$ 22,973**	**$ 22,973**	**$ 1,838**
UK 23b	Of which standardised approach	22,973	22,973	1,838
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**-**	**-**	**-**
29	**Total**	**$ 248,240**	**$ 247,653**	**$ 19,859**

GSIB

$ in millions				
		RWAs		Minimum capital requirements
		March-2023	December-2022	
1	**Credit risk (excluding CCR)**	**$ 11,487**	**$ 11,869**	**$ 919**
2	Of which the standardised approach	403	421	32
UK 4a	Of which equities under the simple risk weighted approach	0	0	0
5	Of which the advanced IRB (AIRB) approach	11,084	11,448	887
6	**Counterparty credit risk - CCR**	**$ 841**	**$ 494**	**$ 68**
7	Of which the standardised approach	260	129	21
8	Of which internal model method (IMM)	560	344	45
UK 8a	Of which exposures to a CCP	0	0	0
UK 8b	Of which credit valuation adjustment – CVA	21	21	2
15	**Settlement risk**	**$ 1**	**$ 0**	**$ 0**
16	**Securitisation exposures in the non-trading book (after the cap)**	**$ 484**	**$ 415**	**$ 39**
18	Of which SEC-ERBA (including IAA)	110	88	9
19	Of which SEC-SA approach	206	200	17
UK 19a	Of which 1250%/ deduction	168	127	13
20	**Position, foreign exchange and commodities risks (Market risk)**	**$ 2,294**	**$ 2,058**	**$ 184**
21	Of which the standardised approach	2,294	2,058	184
22	Of which IMA	-	-	-
UK 22a	**Large exposures**	**-**	**-**	-
23	**Operational risk**	**$ 838**	**$ 838**	**$ 67**
UK 23b	Of which standardised approach	838	838	67
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**-**	**-**	-
29	**Total**	**$ 15,945**	**$ 15,674**	**$ 1,277**

The following table presents a quarterly flow statement of the RWAs and Capital requirements under the IMM for GSGUK, GSI and GSIB as of March 31, 2023.

Table 4: RWA Flow Statements of CCR Exposures under the IMM

$ in millions				As of March 2023
		RWA amounts		
		GSGUK	**GSI**	**GSIB**
1	**RWA as at the end of the previous reporting period**	**$ 65,109**	**$ 63,004**	**$ 344**
2	Asset size	2,082	3,300	215
3	Credit quality of counterparties	(4)	(0)	(4)
7	Foreign exchange movements	440	437	2
8	Other	(19)	(23)	3
9	**RWA as at the end of the current reporting period**	**$ 67,608**	**$ 66,718**	**$ 560**

The following table presents a quarterly flow statement of the RWAs and Capital requirements under the IRB approach for GSGUK, GSI and GSIB as of March 31, 2023.

Table 5: RWA Flow Statements of Credit Risk Exposures under the IRB Approach*

$ in millions				As of March 2023
		RWA amounts		
		GSGUK	**GSI**	**GSIB**
1	**Risk weighted exposure amount as at the end of the previous reporting period**	**$ 25,438**	**$ 16,497**	**$ 11,448**
2	Asset size (+/-)	7,186	6,844	(401)
3	Asset quality (+/-)	(416)	(590)	(121)
7	Foreign exchange movements (+/-)	303	139	164
8	Other (+/-)	21	27	(6)
9	**Risk weighted exposure amount as at the end of the reporting period**	**$ 32,532**	**$ 22,917**	**$ 11,084**

* Refer Table 5 “Overview of RWAs” for the commentary between December 31, 2022 to March 31, 2023

Table 6: RWA Flow Statements of Market Risk Exposures under the IMA

GSGUK

$ in millions								**As of March 2023**
		VaR	**SVaR**	**IRC**	**Comprehensive risk measure**	**Other**	**Total RWAs**	**Total capital requirements**
1	**RWAs at previous quarter end**	**$ 7,248**	**$ 14,165**	**$ 3,709**	**$ 3,213**	**$ 10,290**	**$ 38,625**	**$ 3,090**
1a	*Regulatory adjustment*	(4,750)	(10,123)	(754)	(283)	(3,774)	(19,686)	(1,575)
1b	***RWAs at the previous quarter-end***	**2,498**	**4,042**	**2,955**	**2,930**	**6,516**	**18,939**	**1,515**
2	Movement in risk levels	36	1,237	942	(207)	(1,483)	526	42
3	Model updates/changes	(13)	(2)	-	-	-	(14)	(1)
8a	***RWAs at the end of the reporting period***	**2,521**	**5,277**	**3,897**	**2,723**	**5,033**	**19,451**	**1,556**
8b	*Regulatory adjustment*	6,263	9,846	-	102	4,779	20,990	1,679
8	**RWAs at the end of the reporting period**	**$ 8,784**	**$ 15,123**	**$ 3,897**	**$ 2,825**	**$ 9,812**	**$ 40,441**	**$ 3,235**

GSI

$ in millions								**As of March 2023**
		VaR	**SVaR**	**IRC**	**Comprehensive risk measure**	**Other**	**Total RWAs**	**Total capital requirements**
1	**RWAs at previous quarter end**	**$ 7,248**	**$ 14,165**	**$ 3,709**	**$ 3,213**	**$ 10,290**	**$ 38,625**	**$ 3,090**
1a	*Regulatory adjustment*	(4,750)	(10,123)	(754)	(283)	(3,774)	(19,686)	(1,575)
1b	***RWAs at the previous quarter-end***	**2,498**	**4,042**	**2,955**	**2,930**	**6,516**	**18,939**	**1,515**
2	Movement in risk levels	36	1,237	942	(207)	(1,483)	526	42
3	Model updates/changes	(13)	(2)	-	-	-	(14)	(1)
8a	***RWAs at the end of the reporting period***	**2,521**	**5,277**	**3,897**	**2,723**	**5,033**	**19,451**	**1,556**
8b	*Regulatory adjustment*	6,263	9,846	-	102	4,779	20,990	1,679
8	**RWAs at the end of the reporting period**	**$ 8,784**	**$ 15,123**	**$ 3,897**	**$ 2,825**	**$ 9,812**	**$ 40,441**	**$ 3,235**

Movement in risk levels (line 2 in Table 6) increased by $0.5bn comprising exposure changes impacting SVaR and IRC (+$1.2bn and +$0.9bn respecitively) driven by increased exposure to equities and rates partially offset by decreased currency exposure impacting Risk not in VaR add-ons (under ‘Other’).

Liquidity Risk

Overview

GSGUK is subject to the liquidity requirements as set out in the CRR with regard to liquidity coverage requirement for credit institutions and other applicable guidelines as set by the PRA. When we use the term "liquidity standards", we refer to the aforementioned regulations. The liquidity standards set forth minimum liquidity levels designed to ensure that credit institutions and investment firms maintain adequate amount of liquid assets to withstand a 30 calendar-day stress scenario. This information should be read in conjunction with Group Inc.'s most recent Annual Report on Form 10-K for the year ended March 31, 2023.

Liquidity Risk Management

Liquidity risk is the risk that we will be unable to fund GSGUK or meet our liquidity needs in the event of firm-specific, broader industry or market liquidity stress events. We have in place a comprehensive and conservative set of liquidity and funding policies. Our principal objective is to be able to fund GSGUK and to enable our core businesses to continue to serve clients and generate revenues, even under adverse circumstances.

We manage liquidity risk according to three principles: (i) hold sufficient excess liquidity in the form of Global Core Liquid Assets (GCLA) to cover outflows during a stressed period, (ii) maintain appropriate Asset-Liability Management, and (iii) maintain a viable Contingency Funding Plan.

For information about Group Inc.'s internal Liquidity Risk Management framework, see "Risk Management – Liquidity Risk Management" in Part I, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the firm's Annual Report on Form 10-K.

Corporate Treasury, which reports to our Chief Financial Officer, has primary responsibility for developing, managing and executing our liquidity and funding strategy within our risk appetite.

Liquidity Risk, which is independent of our revenue-producing units and Treasury, and reports to our Chief Risk Officer, has primary responsibility for identifying, monitoring and managing our liquidity risk through firmwide oversight and the establishment of stress testing and limits frameworks.

The company's framework for managing liquidity risk is consistent with, and part of, the GS Group framework.

We use liquidity limits at various levels and across liquidity risk types to manage the size of our liquidity exposures. Limits are measured relative to acceptable levels of risk given our liquidity risk tolerance. The purpose of these limits is to assist senior management in monitoring and controlling our overall liquidity profile.

Based on the results of our internal liquidity risk models, as well as consideration of other factors including, but not limited to, an assessment of our potential intraday liquidity needs and a qualitative assessment of the condition of the financial markets and GSGUK, we believe that our liquidity position as of March 31, 2023 was appropriate.

For information about Group Inc.'s internal Liquidity Risk Management framework, see "Risk Management – Liquidity Risk Management" in Part I, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the firm's Annual Report on Form 10-K.

Compliance with Liquidity Requirements

The PRA Rulebook requires that a firm maintains a LCR that is no less than 100%. In addition, the PRA may require a firm to hold additional liquidity for risks not covered in the LCR, referred to as Pillar 2 risks. A firm's HQLA is expected to be available for use to address liquidity needs in a time of stress, which could result in a firm's LCR dropping below the applicable requirement. The liquidity standards also set forth a supervisory framework for addressing LCR shortfalls that is intended to enable supervisors to monitor and respond appropriately to the unique circumstances that give rise to a firm's LCR shortfall.

This information is based on our current interpretation and understanding of the regulatory requirements and may evolve as we discuss the interpretation and application of these rules with our regulators. Table 13 (lines 1 through 23) presents GSGUK's, LCR in the format provided in the PRA guidelines on LCR Disclosure. Tables 7 through 12 present a supplemental breakdown of GSGUK's LCR components. Tables 14 and 15 present the disclosure template for GSI and GSIB, respectively.

Liquidity Coverage Ratio

The liquidity standards require a firm to maintain an amount of high-quality liquid assets (HQLA) sufficient to meet stressed net cash outflows (NCOs) over a prospective 30 calendar-day period. The LCR is calculated as the ratio of HQLA to NCOs.

The table below presents a summary of our trailing twelve month average monthly LCR for the period ended March 31, 2023.

Table 7: Liquidity Coverage Ratio

$ in millions	Twelve Months Ended March 2023
	Average Weighted
Total high-quality liquid assets	101,534
Net cash outflows	53,629
Liquidity coverage ratio[1]	**190%**

1. The ratio reported in this row is calculated as average of the monthly LCRs for the trailing twelve months and may not equal the calculation of ratio using component amounts reported in "Total high-quality liquid assets" and "Net cash outflows".

In the table above, the average weighted Total HQLA balance reflects the application of haircuts prescribed in the liquidity standards as described in the HQLA section.

The average weighted Total HQLA held by GSGUK is expected to meet the liquidity requirements set out in the Liquidity Coverage Ratio (CRR) Chapter of the PRA Rulebook as well as the additional requirements set by the PRA to cover Pillar 2 risks.

GSGUK's average monthly LCR for the trailing twelve-month period ended March 2023 was 190%. The NCOs largely consist of prospective outflows related to GSGUK's secured and unsecured funding, derivative positions and unfunded commitments. We expect business-as-usual fluctuations in our client activity, business mix and overall market environment to affect our average LCR on an ongoing basis.

See "High-Quality Liquid Assets" and "Net Cash Outflows" for further information about GSGUK's LCR.

High-Quality Liquid Assets

Total HQLA represents unencumbered, high-quality liquid assets held by a firm. The liquidity standards define HQLA in three asset categories: Level 1, Level 2A and Level 2B, and applies haircuts and limits to certain asset categories.

Level 1 assets are considered the most liquid and are eligible for inclusion in a firm's HQLA amount without a haircut or limit. Level 2A and 2B assets are considered less liquid than Level 1 assets and are subject to additional adjustments as prescribed in the liquidity standards. In addition, the sum of Level 2A and 2B assets cannot comprise more than 40% of a firm's HQLA amount, and Level 2B assets cannot comprise more than 15% of a firm's HQLA amount.

Table 7 presents a summary of the weighted average Total HQLA held by GSGUK, calculated in accordance with the liquidity standards.

Our HQLA substantially consists of Level 1 assets and is diversified across our major operating currencies. Our HQLA is also substantially similar in composition to our GCLA.

For information about Group Inc.'s GCLA, see "Risk Management – Liquidity Risk Management" in Part I, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the firm's Annual Report on Form 10-K.

Net Cash Outflows

Overview

The liquidity standards define NCOs as the net of cash outflows and inflows during a prospective stress period of 30 calendar days. NCOs are calculated by applying prescribed outflow and inflow rates to certain assets, liabilities and off-balance-sheet arrangements. These outflow and inflow rates reflect a specific standardised stress scenario to a firm's funding sources, contractual obligations and assets over the prospective stress period, as prescribed by the liquidity standards. Due to the inherently uncertain and variable nature of stress events, a firm's actual cash outflows and inflows in a realised liquidity stress event may differ, possibly materially, from those reflected in a firm's NCOs.

To capture outflows and inflows that would occur within a 30 calendar-day period, the liquidity standards require that a firm's NCOs calculation reflects outflows and inflows based on the contractual maturity of certain assets, liabilities and off-balance-sheet arrangements. To determine the maturity date of outflows, the liquidity standards account for any option that could accelerate the maturity date of an instrument or the date of a transaction. Where contractual maturity is not applicable, the liquidity standards also set forth stressed outflow assumptions. In addition, the liquidity standards require a firm to recognise contractual outflows within a 30 calendar-day period that are not otherwise described in the liquidity standards and to not recognise inflows not specified in the liquidity standards. The inflows included in the NCOs calculation are subject to a cap of 75% of a firm's calculated outflows.

Table 7 above presents a summary of GSGUK's NCOs, calculated in accordance with the liquidity standards.

More details on each of the material components of our NCOs, including a description of the applicable sections of the liquidity standards, are described below.

In the tables referenced in the remainder of this section, unweighted balances reflect certain GSGUK's assets, liabilities and off-balance-sheet arrangements captured in the liquidity standards. Weighted balances reflect the application of prescribed outflow and inflow rates to these unweighted balances.

Unsecured and Secured Financing

Overview

Our primary sources of funding are deposits, collateralised financings, unsecured short-term and long-term borrowings (including funding from Group Inc. and affiliates), and shareholders' equity. We seek to maintain broad and diversified funding sources globally across products, programs, markets,

currencies and creditors to avoid funding concentrations.
For information about Group Inc.'s funding sources, see "Balance Sheet and Funding Sources" in Part I, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the firm's Annual Report on Form 10-K.

Unsecured Net Cash Outflows

GSGUK's unsecured funding consists of a number of different products, including:

- Debt securities issued, which includes notes, certificates, commercial paper and warrants; and
- Savings, demand and time deposits from consumers and institutional clients, and through internal and third-party broker-dealers; and
- Funding from Group Inc and affiliates

GSGUK's unsecured debt and deposits are a source of funding for inventory, lending activity and other assets, including a portion of our liquid assets.

The liquidity standards require that the NCOs calculation reflects a firm's upcoming maturities of unsecured long-term debt and other unsecured funding products during a 30 calendar-day period, assuming no roll over of debt that matures.

The liquidity standards also prescribe outflows related to a partial loss of retail, small business, and wholesale deposits.

Inflows from deposits placed with agent banks and lending activity are included as part of "Inflows from fully performing exposures" (see Table 8).

The table below presents a summary of GSGUK's NCOs related to our unsecured borrowing and lending activity, calculated in accordance with the liquidity standards.

Table 8: Unsecured Net Cash Outflows

$ in millions	Twelve Months Ended March 2023	
	Average Unweighted	**Average Weighted**
Outflows		
Retail deposits and deposits from small business customers, of which:	31,136	4,597
Stable deposits	0	0
Less stable deposits	30,020	4,597
Unsecured wholesale funding, of which:	37,900	33,192
Non-operational deposits	33,537	28,829
Unsecured debt	4,363	4,363
Inflows		
Inflows from fully performing exposures	3,277	861
Net unsecured cash outflows/(inflows)[1]	**65,759**	**36,928**

1. Net unsecured cash outflows/(inflows) reflects the subtraction of the inflow amounts from the outflow amounts shown in the table above and is included for illustrative purposes.

Secured Net Cash Outflows

GSGUK funds a significant amount of inventory on a secured basis, including repurchase agreements, securities loaned and other secured financings. In addition, we provide financing to our clients for their securities trading activities, as well as securities lending and other prime brokerage services.

The liquidity standards consider outflows and inflows related to secured funding and securities services together as part of "Secured wholesale funding" and "Secured lending" (see Table 9).

Specifically, under the liquidity standards, secured funding transactions include repurchase agreements, collateralised deposits, securities lending transactions and other secured wholesale funding arrangements. Secured lending transactions, as defined under the liquidity standards, include reverse repurchase transactions, margin loans, securities borrowing transactions and secured loans.

The standardised stress scenario prescribed in the liquidity standards applies outflow and inflow rates between 0-100% to secured funding and lending transactions. Specific outflow and inflow rates are based on factors such as the quality of the underlying collateral, as well as the type, tenor, and counterparty of a transaction.

The table below presents a summary of GSGUK's NCOs related to our secured funding and lending activity, calculated in accordance with the liquidity standards.

Table 9: Secured Net Cash Outflows

$ in millions	Twelve Months Ended March 2023	
	Average Unweighted	**Average Weighted**
Outflows		
Secured wholesale funding		**51,159**
Inflows		
Secured lending	**415,790**	**118,894**
Net secured cash outflows/(inflows)[1]		**(67,735)**

1. Net secured cash outflows/(inflows) reflects the subtraction of the inflow amounts from the outflow amount shown in the table above and is included for illustrative purposes.

Derivatives

Overview

Derivatives are instruments that derive their value from underlying asset prices, indices, reference rates and other inputs, or a combination of these factors. Derivatives may be traded on an exchange or they may be privately negotiated contracts, which are usually referred to as OTC derivatives. Certain OTC derivatives are cleared and settled through central clearing counterparties, while others are bilateral contracts between two counterparties.

GSGUK is exposed to derivative risk through:

- **Market-Making.** As a market maker, GSGUK enters into derivative transactions to provide liquidity to clients and to facilitate the transfer and hedging of their risks. In this role, we typically act as principal and are required to commit capital to provide execution, and maintain inventory in response to, or in anticipation of, client demand.

- **Risk Management.** GSGUK also enters into derivatives to actively manage risk exposures that arise from its market-making and investing and lending activities in derivative and cash instruments. Our holdings and exposures are hedged, in many cases, on either a portfolio or risk-specific basis, as opposed to an instrument-by-instrument basis. In addition, the firm may enter into derivatives that are used to manage interest rate exposure in certain fixed-rate unsecured long-term and short-term borrowings, and deposits.

We enter into various types of derivatives, including futures, forwards, swaps and options.

For information about Group Inc.'s derivative exposures and hedging activities, see Note 7 "Derivatives and Hedging Activities" in Part II, Item 8 "Financial Statements and Supplementary Data" in the firm's Annual Report on Form 10-K.

Derivative Net Cash Outflows

The liquidity standards require that derivative NCOs reflect outflows and inflows resulting from contractual settlements related to derivative transactions occurring over a 30 calendar-day period. These outflows and inflows can generally be netted at a counterparty level if subject to a valid qualifying master netting agreement. In addition, the liquidity standards require that NCOs reflect certain contingent outflows related to a firm's derivative positions that may arise during a 30 calendar-day stress scenario, including:

- Incremental collateral required as a result of a change in a firm's financial condition;

- Legal right of substitution of collateral posted to a firm for less liquid or non-HQLA collateral;

- Collateral required as a result of market movements. The liquidity standards require that a firm reflects in its NCOs calculation the absolute value of the largest net cumulative collateral outflow or inflow in a 30 calendar-day period over the last two years; and

- Excess collateral greater than the current collateral requirement under the governing contract that a firm may be contractually required to return to counterparty.

In the table below, "Outflows related to derivative exposures and other collateral requirements" reflects contractual derivative settlements, as well as contingent derivative outflows, calculated in accordance with the liquidity standards. Inflows from contractual derivative settlements are reflected in "Other cash inflows" (see Table 12). The liquidity standards do not recognise contingent derivative inflows.

The table below presents a summary of the GSGUK's derivative NCOs, calculated in accordance with the liquidity standards.

Table 10: Derivative Net Cash Outflows

$ in millions	Twelve Months Ended March 2023	
	Average Unweighted	Average Weighted
Outflows related to derivative exposures and other collateral requirements	26,459	22,942

Unfunded Commitments

Overview

GSGUK's commercial lending activities include lending to investment-grade and non-investment-grade corporate borrowers. Such commitments include commitments related to relationship lending activities (principally used for operating and general corporate purposes) and related to other investment banking activities (generally extended for contingent acquisition financing and are often intended to be short-term in nature, as borrowers often seek to replace them with other funding sources). The firm also extends lending commitments in connection with other types of corporate lending, commercial real estate financing, retail lending and other collateralized lending.

In addition, the firm provides financing to clients who warehouse financial assets. These arrangements are secured by the warehoused assets, primarily consisting of residential real estate, consumer and corporate loans.

Unfunded Commitments Net Cash Outflows

The liquidity standards apply outflow rates to the undrawn portion of committed credit and liquidity facilities that a firm has extended based on counterparty type and purpose. The undrawn portion is defined as the amount of the facility that could be drawn upon within 30 calendar days under the governing agreement, less the fair value of any liquid assets that serve as collateral, after recognising the applicable haircut for those assets. Commitments extended to non-financial sector corporates are prescribed an outflow rate of 10-30%, insurance sector entities an outflow rate of 40-100%, credit institutions an outflow rate of 40% and all others an outflow rate of 100%.

The table below presents a summary of GSGUK's NCOs related to our unfunded commitments, calculated in accordance with the liquidity standards.

Table 11: Unfunded Commitments Net Cash Outflows

$ in millions	Twelve Months Ended March 2023	
	Average Unweighted	Average Weighted
Credit and liquidity facilities	5,228	2,636

Other Net Cash Outflows

The table below presents a summary of GSGUK's other cash outflows and inflows, including, but not limited to, overnight and term funding from Group Inc. and affiliates, derivative inflows, unsettled inventory balances, loans of collateral to effect customer short sales and other prime brokerage services.

Table 12: Other Net Cash Outflows

$ in millions	Twelve Months Ended March 2023	
	Average Unweighted	Average Weighted
Outflows		
Other contractual obligations	97,347	19,046
Other contingent funding obligations	104,699	69,525
Inflows		
Other cash inflows	30,978	30,978
Net other cash outflows/(inflows)[1]	**171,068**	**57,593**

[1]Net other cash outflows/(inflows) reflects the subtraction of the inflow amounts from the outflow amounts shown in the table above and is included for illustrative purposes.

Table 13: GSGUK Liquidity Coverage Ratio Summary

Scope of consolidation (Consolidated)		Total Unweighted Value (average)				Total Weighted Value (average)			
Currency and units ($ in millions)									
Period ended		**June 2022**	**September 2022**	**December 2022**	**March 2023**	**June 2022**	**September 2022**	**December 2022**	**March 2023**
Number of data points used in the calculation of averages		**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					95,696	97,783	99,518	101,534
CASH – OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	32,154	31,619	31,352	31,136	4,838	4,721	4,646	4,597
3	*Stable deposits*	0	0	0	0	0	0	0	0
4	*Less stable deposits*	31,768	30,970	30,416	30,020	4,838	4,721	4,646	4,597
5	Unsecured wholesale funding	38,488	37,893	38,246	37,900	34,087	33,505	33,672	33,192
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	0	0	0	0	0	0	0	0
7	*Non-operational deposits (all counterparties)*	33,368	32,955	33,162	33,537	28,967	28,568	28,588	28,829
8	*Unsecured debt*	5,120	4,937	5,085	4,363	5,120	4,937	5,085	4,363
9	Secured wholesale funding					47,039	50,312	52,107	51,159
10	Additional requirements	32,746	32,794	32,822	31,687	26,671	26,733	26,625	25,578
11	*Outflows related to derivative exposures and other collateral requirements*	25,910	26,653	27,166	26,459	23,038	23,629	23,764	22,942
12	*Outflows related to loss of funding on debt products*	0	0	0	0	0	0	0	0
13	*Credit and liquidity facilities*	6,836	6,141	5,656	5,228	3,633	3,104	2,862	2,636
14	Other contractual funding obligations	114,109	111,705	104,894	97,347	22,874	22,732	21,312	19,046
15	Other contingent funding obligations	97,399	101,686	102,332	104,699	66,673	68,871	68,447	69,525
16	**TOTAL CASH OUTFLOWS**					**202,182**	**206,874**	**206,809**	**203,097**
CASH – INFLOWS									
17	Secured lending (e.g. reverse repos)	416,203	425,027	422,743	415,790	116,203	118,636	119,236	118,894
18	Inflows from fully performing exposures	2,826	2,778	2,990	3,277	422	604	694	861
19	Other cash inflows	42,590	39,894	36,488	30,978	42,590	39,894	36,488	30,978
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					0	0	0	0
UK-19b	(Excess inflows from a related specialised credit institution)					0	0	0	0
20	**TOTAL CASH INFLOWS**	**461,619**	**467,699**	**462,221**	**450,045**	**159,216**	**159,134**	**156,418**	**150,733**
UK-20a	***Fully exempt inflows***	0	0	0	0	0	0	0	0
UK-20b	***Inflows Subject to 90% Cap***	0	0	0	0	0	0	0	0
UK-20c	***Inflows Subject to 75% Cap***	387,423	387,446	375,945	361,789	159,216	159,134	156,419	150,733
						TOTAL ADJUSTED VALUE			
UK-21	**LIQUIDITY BUFFER[1]**					**95,696**	**97,783**	**99,518**	**101,534**
22	**TOTAL NET CASH OUTFLOWS[1]**					**50,805**	**53,093**	**53,892**	**53,629**
23	**LIQUIDITY COVERAGE RATIO (%)[2]**					**189%**	**184%**	**185%**	**190%**

[1] The amounts reported in these rows may not equal the calculation of those amounts using component amounts reported in rows 1-20 due to technical factors such as the application of the Level 2 liquid asset caps and the total inflow cap.

[2] The ratios reported in this row are calculated as average of the monthly LCR's for the trailing twelve months and may not equal the calculation of ratios using component amounts reported in rows 21 and 22.

Table 14: GSI Liquidity Coverage Ratio Summary

Scope of consolidation (Consolidated)		Total Unweighted Value (average)				Total Weighted Value (average)			
Currency and units ($ in millions)									
Period ended		**June 2022**	**September 2022**	**December 2022**	**March 2023**	**June 2022**	**September 2022**	**December 2022**	**March 2023**
Number of data points used in the calculation of averages		**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					76,927	78,898	79,517	79,273
CASH – OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	0	0	0	0	0	0	0	0
3	*Stable deposits*	0	0	0	0	0	0	0	0
4	*Less stable deposits*	0	0	0	0	0	0	0	0
5	Unsecured wholesale funding	24,974	24,625	24,164	23,733	24,974	24,625	24,164	23,733
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	0	0	0	0	0	0	0	0
7	*Non-operational deposits (all counterparties)*	21,501	21,275	20,802	20,533	21,501	21,275	20,802	20,533
8	*Unsecured debt*	3,473	3,350	3,362	3,200	3,473	3,350	3,362	3,200
9	Secured wholesale funding					47,333	50,626	52,421	51,489
10	Additional requirements	29,873	30,473	30,700	29,728	26,981	27,433	27,293	26,209
11	*Outflows related to derivative exposures and other collateral requirements*	28,753	29,417	29,747	28,997	25,882	26,393	26,345	25,480
12	*Outflows related to loss of funding on debt products*	0	0	0	0	0	0	0	0
13	*Credit and liquidity facilities*	1,120	1,056	954	731	1,099	1,041	949	729
14	Other contractual funding obligations	122,180	118,036	109,887	101,271	22,750	22,622	21,171	18,917
15	Other contingent funding obligations	83,850	86,843	86,357	87,529	66,420	68,599	68,180	69,275
16	**TOTAL CASH OUTFLOWS**					**188,458**	**193,905**	**193,229**	**189,623**
CASH – INFLOWS									
17	Secured lending (e.g. reverse repos)	408,643	418,386	418,097	413,775	104,529	108,613	109,980	110,980
18	Inflows from fully performing exposures	2,422	2,415	2,584	2,811	305	504	580	730
19	Other cash inflows	40,208	38,130	35,199	30,310	40,208	38,130	35,199	30,310
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					0	0	0	0
UK-19b	(Excess inflows from a related specialised credit institution)					0	0	0	0
20	**TOTAL CASH INFLOWS**	**451,273**	**458,931**	**455,880**	**446,896**	**145,042**	**147,247**	**145,759**	**142,020**
UK-20a	***Fully exempt inflows***	0	0	0	0	0	0	0	0
UK-20b	***Inflows Subject to 90% Cap***	0	0	0	0	0	0	0	0
UK-20c	***Inflows Subject to 75% Cap***	379,243	380,480	371,159	360,106	145,042	147,247	145,758	142,020
						TOTAL ADJUSTED VALUE			
UK-21	**LIQUIDITY BUFFER[1]**					**76,927**	**78,898**	**79,517**	**79,273**
22	**TOTAL NET CASH OUTFLOWS[1]**					**47,771**	**49,882**	**49,537**	**48,667**
23	**LIQUIDITY COVERAGE RATIO (%)[2]**					**162%**	**158%**	**161%**	**163%**

[1] The amounts reported in these rows may not equal the calculation of those amounts using component amounts reported in rows 1-20 due to technical factors such as the application of the Level 2 liquid asset caps and the total inflow cap.

[2] The ratios reported in this row are calculated as average of the monthly LCR's for the trailing twelve months and may not equal the calculation of ratios using component amounts reported in rows 21 and 22.

Table 15: GSIB Liquidity Coverage Ratio Summary

	Scope of consolidation (Consolidated)	Total Unweighted Value (average)				Total Weighted Value (average)			
	Currency and units ($ in millions)								
	Period ended	**June 2022**	**September 2022**	**December 2022**	**March 2023**	**June 2022**	**September 2022**	**December 2022**	**March 2023**
	Number of data points used in the calculation of averages	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
	HIGH-QUALITY LIQUID ASSETS								
1	Total high-quality liquid assets (HQLA)					18,769	18,885	20,000	22,261
	CASH – OUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:	32,154	31,619	31,352	31,136	4,838	4,721	4,646	4,597
3	*Stable deposits*	0	0	0	0	0	0	0	0
4	*Less stable deposits*	31,768	30,970	30,416	30,020	4,838	4,721	4,646	4,597
5	Unsecured wholesale funding	13,514	13,268	14,270	14,917	9,113	8,881	9,696	10,209
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	0	0	0	0	0	0	0	0
7	*Non-operational deposits (all counterparties)*	11,867	11,680	12,547	13,754	7,466	7,293	7,973	9,045
8	*Unsecured debt*	1,647	1,587	1,723	1,164	1,647	1,587	1,723	1,164
9	Secured wholesale funding					208	76	56	14
10	Additional requirements	8,232	7,633	7,398	7,482	5,050	4,612	4,608	4,892
11	*Outflows related to derivative exposures and other collateral requirements*	2,516	2,549	2,695	2,985	2,516	2,549	2,695	2,985
12	*Outflows related to loss of funding on debt products*	0	0	0	0	0	0	0	0
13	*Credit and liquidity facilities*	5,716	5,085	4,703	4,497	2,534	2,063	1,913	1,907
14	Other contractual funding obligations	263	266	289	241	82	84	102	95
15	Other contingent funding obligations	13,548	14,843	15,976	17,169	253	272	267	250
16	**TOTAL CASH OUTFLOWS**					**19,544**	**18,646**	**19,375**	**20,057**
	CASH – INFLOWS								
17	Secured lending (e.g. reverse repos)	11,616	11,088	11,943	13,257	7,212	6,394	6,328	5,302
18	Inflows from fully performing exposures	287	248	261	299	83	56	55	59
19	Other cash inflows	582	475	484	458	582	475	484	458
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					0	0	0	0
UK-19b	(Excess inflows from a related specialised credit institution)					0	0	0	0
20	**TOTAL CASH INFLOWS**	**12,484**	**11,811**	**12,688**	**14,014**	**7,877**	**6,925**	**6,867**	**5,819**
UK-20a	***Fully exempt inflows***	0	0	0	0	0	0	0	0
UK-20b	***Inflows Subject to 90% Cap***	0	0	0	0	0	0	0	0
UK-20c	***Inflows Subject to 75% Cap***	12,484	11,811	12,688	14,014	7,877	6,925	6,868	5,819
						TOTAL ADJUSTED VALUE			
UK-21	**LIQUIDITY BUFFER[1]**					**18,769**	**18,885**	**20,000**	**22,261**
22	**TOTAL NET CASH OUTFLOWS[1]**					**11,668**	**11,720**	**12,506**	**14,237**
23	**LIQUIDITY COVERAGE RATIO (%)[2]**					**162%**	**162%**	**161%**	**158%**

[1] The amounts reported in these rows may not equal the calculation of those amounts using component amounts reported in rows 1-20 due to technical factors such as the application of the Level 2 liquid asset caps and the total inflow cap.

[2] The ratios reported in this row are calculated as average of the monthly LCR's for the trailing twelve months and may not equal the calculation of ratios using component amounts reported in rows 21 and 22.

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.

In October 2021, the framework was revised to set a minimum leverage ratio requirement at 3.25% and leverage ratio buffers that apply from January 1, 2023. Three-quarters of the minimum requirement must be met with CET1 capital instruments.

In addition, in May 2023 the PRA published a policy requiring firms to assess, report and potentially capitalise for contingent leverage exposure risks.

The table below presents a breakdown of the leverage ratio for GSGUK, GSI and GSIB as of March 31, 2023.

Table 16: Leverage Ratio Common Disclosure

$ in millions		Leverage ratio exposures					
		GSGUK	GSI	GSIB	GSGUK	GSI	GSIB
		As of March 2023			As of December 2022		
Capital and total exposure measure							
UK-24b	**Total exposure measure excluding claims on central banks**	**$ 783,881**	**$ 724,738**	**$ 55,904**	**$ 714,629**	**$ 659,896**	**$ 49,383**
Leverage ratio							
25	Leverage ratio excluding claims on central banks (%)	5.76%	5.56%	6.08%	6.29%	6.07%	6.87%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.76%	5.56%	6.08%	6.29%	6.07%	6.87%
UK-25c	Leverage ratio including claims on central banks (%)	5.47%	5.29%	5.58%	6.20%	6.02%	6.31%
Additional leverage ratio disclosure requirements - leverage ratio buffers							
27	Leverage ratio buffer (%)	0.10%	0.10%	0.20%	N/A	N/A	N/A
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.10%	0.10%	0.20%	N/A	N/A	N/A
Additional leverage ratio disclosure requirements - disclosure of mean values							
UK-31	Average total exposure measure including claims on central banks	$ 793,153	$ 733,906	$ 54,937	N/A	N/A	N/A
UK-32	Average total exposure measure excluding claims on central banks	$ 753,991	$ 699,703	$ 49,978	N/A	N/A	N/A
UK-33	Average leverage ratio including claims on central banks	5.59%	5.40%	5.85%	N/A	N/A	N/A
UK-34	Average leverage ratio excluding claims on central banks	5.88%	5.66%	6.43%	N/A	N/A	N/A

GSGUK Leverage ratio decreased from 6.29% in December 2022 to 5.76% in March 2023 driven by leverage exposures primarily due to increased on-balance-sheet exposures within cash inventory and other assets.

Cautionary Note on Forward-Looking Statements

We have included in these disclosures, and our management may make, statements that may constitute "forward-looking statements." Forward-looking statements are not historical facts or statements of current conditions, but instead represent only our beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside of our control. These statements may relate to, among other things, (i) our future plans and results, (ii) the objectives and effectiveness of our risk management and liquidity policies, and (iii) the effect of changes to the regulations, and our future status, activities or reporting under banking and financial regulation.

It is possible that our actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition in these forward-looking statements. Important factors that could cause our actual results and financial condition to differ from those in these statements include, among others, those discussed in "Risk Factors" in Part I, Item 1A in the firm's 2022 Form 10-K.