



Annual Report

December 31, 2023

Goldman Sachs Finance Corp International Ltd
Company Number: 122341

INDEX

	Page No.
Part I	
Management Report	2
Introduction	2
Executive Overview	2
Business Environment	3
Principal Risks and Uncertainties	3
Management Committee	4
E.U. Regulation	4
Date of Authorisation of Issue	4

	Page No.
Part II	
Directors' Report and Audited Financial Statements	5
Directors' Report	5
Independent Auditors' Report	7
Income Statement	12
Statement of Comprehensive Income	12
Balance Sheet	13
Statement of Changes in Equity	14
Statement of Cash Flows	14
Notes to the Financial Statements	15
Note 1. General Information	15
Note 2. Basis of Preparation	15
Note 3. Material Accounting Policies	15
Note 4. Critical Accounting Estimates and Judgements	19
Note 5. Net Revenues	20
Note 6. Operating Expenses	20
Note 7. Compensation and Benefits	20
Note 8. Income Tax Expense	20
Note 9. Customer and Other Receivables	20
Note 10. Derivative Assets and Liabilities	21
Note 11. Intercompany Loans	21
Note 12. Customer and Other Payables	21
Note 13. Unsecured Borrowings	21
Note 14. Share Capital	22
Note 15. Statement of Cash Flows Reconciliations	22
Note 16. Financial Commitments and Contingencies	23
Note 17. Maturity of Assets and Liabilities	23
Note 18. Related Party Disclosures	23
Note 19. Financial Instruments	24
Note 20. Fair Value Measurement	27
Note 21. Financial Risk Management and Capital Management	31
Note 22. Non-Adjusting Post Balance Sheet Events	33

Management Report

Introduction

Goldman Sachs Finance Corp International Ltd (the company) issues warrants, certificates and notes (debt securities) in a number of European and Asian markets. The company is exposed to interest rate, equity price, currency rate and credit-related risks on its debt securities issued and manages these risks by entering into over-the-counter (OTC) derivative transactions with affiliates. The company issues debt securities primarily to raise funding which is lent to affiliates.

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. 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 to a large and diversified client base that includes corporations, financial institutions, governments and individuals. The debt securities issued by the company are fully and unconditionally guaranteed by Group Inc. 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.

References to "the financial statements" are to the directors' report and audited financial statements as presented in Part II of this annual report. All references to December 2023 and 2023 refer to the year ended, or the date, as the context requires, December 31, 2023. All references to December 2022 and 2022 refer to the year ended, or the date, as the context requires, December 31, 2022.

Executive Overview

Income Statement

The income statement is set out on page 12 of this annual report. Net revenues, which include the net profit or loss from the company's issuance, hedging and lending activity, were a gain of \$62 million for 2023, compared to a gain of \$36 million for 2022. This represented an increase of \$26 million from 2022, primarily due to higher net gains on the company's lending activity, partially offset by higher net losses on the company's issuance and hedging activity.

Other Comprehensive Income

The statement of comprehensive income is set out on page 12 of this annual report. The company's other comprehensive income, which relates to the company's debt valuation adjustment (DVA), was a loss of \$434 million for 2023, compared to a gain of \$489 million for 2022.

Balance Sheet

The balance sheet is set out on page 13 of this annual report. As of December 2023, total assets were \$46.36 billion, an increase of \$11.64 billion from December 2022, mainly reflecting an increase in intercompany loans. As of December 2023, total liabilities were \$46.02 billion, an increase of \$12.01 billion from December 2022, mainly reflecting an increase in debt securities issued.

Future Outlook

The directors consider that the year-end financial position of the company was satisfactory. No significant change in the company's principal business activities is currently expected.

Management Report

Business Environment

In 2023, the global economy grew, but was impacted throughout the year by broad macroeconomic and geopolitical concerns. Concerns about persistent inflation and the economic outlook were somewhat eased by improvement in inflationary measures over the course of the year and increased expectations for a soft landing for the U.S. economy amid a slowdown in the pace of monetary policy tightening, both contributing to improved market sentiment and on net higher global equity prices compared with the end of 2022. During the early part of the year, momentum was temporarily disrupted by stress in the banking sector, the failure of select regional banks in the U.S., and the combination of Switzerland's two largest financial institutions, resulting in a period of high interest rate volatility before concerns subsided after regional banks showed stability. Geopolitical stresses that carried over into 2023, including the conflict in Ukraine and ongoing tensions with China, remained elevated. Additionally, the renewed onset of conflicts in the Middle East added to the uncertainty of global stability.

Principal Risks and Uncertainties

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

The principal risks and uncertainties that the company faces are: market risk, liquidity risk, credit risk, operational risk, legal and regulatory risk and market development. For further information about the risk factors that impact GS Group, see GS Group's Annual Report on Form 10-K for the year ended December 31, 2023 in Part 1, Item 1A.

Economic and Market Conditions

The company is primarily involved in the issuance of debt securities in a number of markets and the proceeds from these debt securities are lent to affiliates. The company also enters into derivative transactions with affiliates for hedging purposes. The activity of the company and its annual issuance volume is affected both by positive and negative developments in the markets where it carries out its business activity. A difficult general economic situation may lead to a lower issuance volume. The market of these debt securities depends particularly on the development of capital markets, which are in turn affected by the general situation of the world economy, as well as the economic and political conditions in the respective countries.

Commercial Activity

The company was established only for the purpose of issuing debt securities, lending these proceeds to affiliates and entering into derivative transactions with affiliates for hedging purposes, and does not carry out any other operating business activities.

The company is an indirect, wholly-owned subsidiary of Group Inc. and depends on Group Inc. for capital. All of the company's unsecured debt issuances are guaranteed by Group Inc. If the company fails or goes bankrupt, an investment in a security may mean a complete loss of the invested amount if the loss cannot be satisfied by the guarantee from Group Inc. The debt securities are not covered by a deposit protection fund or similar safety system in relation to the claims of holders of debt securities in the case of an insolvency of the company.

Liquidity

The credit ratings of Group Inc. are important to the company's liquidity. A reduction in Group Inc.'s credit ratings could adversely affect the company's liquidity and competitive position, increase borrowing costs or limit access to the capital markets. There is no rating of the company regarding its credit risk by renowned rating agencies, such as Moody's Investors Service or Standard & Poor's Ratings Services.

The company's liquidity could be impaired by an inability to access unsecured debt markets, an inability to access funds from Group Inc., or unforeseen outflows of cash.

Credit Markets

Widening credit spreads for Group Inc., as well as significant declines in the availability of credit, could adversely affect the company's ability to borrow on an unsecured basis. The company issues debt securities, the proceeds of which are onward lent to Group Inc. and/or GS Group affiliates. Any disruptions in the credit markets may make it harder and more expensive to obtain funding for GS Group's businesses.

Reliance on GS Group

The company is a wholly-owned subsidiary of Group Inc. As a wholly-owned subsidiary, the company relies on various business relationships of Group Inc. and other GS Group affiliates generally, including the ability to receive various services, as well as, in part, the capital and liquidity of the company's ultimate parent, Group Inc. The company remains an operating subsidiary of a larger organisation and therefore its interconnectedness within the organisation will continue. Because the company's business relies upon Group Inc. and other GS Group affiliates to a significant extent, risks that could affect these entities could also have a significant impact on the company.

Management Report

Furthermore, the company relies upon certain GS Group affiliates for various support services, including, but not limited to, trade execution, relationship management, settlement and clearing, risk management and other technical, operational and administrative services.

As a consequence of the foregoing, in the event the company's relationships with other GS Group affiliates are not maintained, for any reason, including as a result of possible strategic decisions that Group Inc. may make from time-to-time or as a result of material adverse changes in Group Inc.'s performance, the company's net revenues may decline, the cost of operating and funding its business may increase and the company's business, financial condition and profitability may be materially and adversely affected.

Changes in Underliers

Many of the products that the company issues, such as structured notes or warrants pay interest or determine the principal amount to be paid at maturity or in the event of default by reference to rates or by reference to an index, currency, basket, exchange traded fund (ETF) or other financial metric (the underlier). In the event that the composition of the underlier is significantly changed, by reference to rules governing such underlier or otherwise, the underlier ceases to exist (for example, in the event that a country withdraws from the Euro or links its currency to or delinks its currency from another currency or benchmark, an index or ETF sponsor materially alters the composition of an index or ETF, or stocks in a basket are delisted or become impermissible to be included in the index or ETF), the underlier ceases to be recognised as an acceptable market benchmark or there are legal or regulatory constraints on linking a financial instrument to the underlier, the company may experience adverse effects on the amounts paid on debt securities the company has issued, amounts received and paid on derivative instruments the company has entered into, the value of such debt securities or derivative instruments, the trading market for debt securities, the company's ability to effectively use derivative instruments to manage risk, or the availability or cost of its floating-rate funding and its exposure to fluctuations in interest rates.

Management Committee

Following the board meeting of November 23, 2023, the board of the company (the Board) passed resolutions to establish the Management Committee. The purpose of this Committee is to assist the Board in discharging their duties in relation to the provision of services related to the issue of warrants, certificates and notes (debt securities), over-the-counter (OTC) derivative transactions with affiliates and onward lending of notes proceeds to GS group affiliates. Its membership includes representation from the revenue-producing units.

E.U. Regulation

The company lists debt instruments on certain E.U. trading venues and as a result the E.U. Transparency Directive and Delegated Regulation 2019/815 on European Single Electronic Format (ESEF Regulation) apply to the company.

Date of Authorisation of Issue

The management report was authorised for issue by the Board on April 26, 2024.

Vikram Sethi

On behalf of the board

V. Sethi

Director

April 29, 2024

Directors' Report

The directors present their report and the audited financial statements for the year ended December 2023.

Dividends

The directors do not recommend the payment of an ordinary dividend for the year ended December 2023.

Disclosure of Information to Auditors

In the case of each of the persons who are directors of the company at the date when this report was approved:

- So far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware; and
- Each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office as auditors of the company.

Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are responsible for preparing the management report, the directors' report and the financial statements in accordance with applicable law and regulations.

Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted in the E.U.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable IFRS as adopted in the E.U. have been followed, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991.

The directors are responsible for:

- The maintenance and integrity of the company's financial statements on the Goldman Sachs website.
- Presenting the financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format (ESEF Regulation).

Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Report

Directors' Confirmations

The directors confirm to the best of their knowledge:

- The financial statements, prepared in accordance with Companies (Jersey) Law 1991 and IFRS as adopted in the E.U., give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- The management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that the company faces.

Directors

There were no changes in the directorship of the company between the date of issue of this financial report and the 2022 Annual Report.

No director had, at the year end, any interest requiring note herein.

Date of Authorisation of Issue

The financial statements were authorised for issue by the Board of Directors on April 26, 2024.

Vikram Sethi

**On behalf of the board
V. Sethi
Director
April 29, 2024**

Independent auditors' report to the member of Goldman Sachs Finance Corp International Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Goldman Sachs Finance Corp International Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted in the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 31 December 2023; the income statement and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the Financial Reporting Council ("FRC")'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Our audit approach

Overview Audit scope.

- We perform a full scope audit of the financial statements of the company as a whole as a single component. The scope of the audit and the nature, timing and extent of audit procedures were determined by our risk assessment, the financial significance of financial statement line items and qualitative factors (including history of misstatement through fraud or error). In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Key audit matters.

- Valuation of debt securities issued designated at fair value through profit and loss and the associated derivatives recorded at fair value.

Materiality.

- Overall materiality: \$464 million (2022: \$347.2 million) based on 1% of total assets.
- Performance materiality: \$348 million (2022: \$260.4 million).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matter below is consistent with last year.

Independent auditors' report to the member of Goldman Sachs Finance Corp International Ltd

Key audit matter

Valuation of debt securities issued designated at fair value through profit and loss and the associated derivatives recorded at fair value.

In accordance with the accounting policies set out in Note 3 'Material Accounting Policies' of the financial statements, the directors designate a portfolio of the company's issued debt securities at fair value through profit and loss (FVTPL). These securities are recorded in the balance sheet at fair value. A debt valuation adjustment (DVA) is recorded through other comprehensive income and the remaining changes in the fair value are recorded in net revenues.

As set out in Note 20 'Fair Value Measurement', the company economically hedges the debt securities issued with derivatives. Derivative assets and derivative liabilities are classified as held for trading and therefore held at fair value. Both are recorded in the balance sheet at fair value with changes in the fair value recorded in net revenues.

As the debt securities issued are economically hedged with derivatives, the net impact of changes in fair values of the debt securities and derivatives in total is not material to the company's profit or loss, or other comprehensive income. This key audit matter relates to the balance sheet valuation of debt securities issued designated at FVTPL, and the associated derivative hedges recorded at fair value.

The valuation of debt securities issued designated at FVTPL and derivative assets and liabilities held at fair value is produced by financial models using a variety of inputs. Estimation uncertainty can be high for those instruments where material inputs are unobservable, including the company's own credit curves used as an input into the DVA model.

As at 31 December 2023, total derivative assets, derivative liabilities and debt securities issued designated at FVTPL were \$3,134 million, \$3,755 million and \$39,649 million, respectively. The debt valuation adjustment for the year was \$434 million.

How our audit addressed the key audit matter

We understood and evaluated the design and tested the operational effectiveness of key controls over the valuation of financial assets and liabilities.

These controls included:

- Validation of new and existing models by a specialist team within the risk function, as well as access and change management controls in respect of models in use.
- The price verification process performed by the Product Control Controller function using prices and model valuation inputs sourced from third parties; and
- Calculation and approval of key valuation adjustments

We noted no significant exceptions in the design or operating effectiveness of these controls and we determined we could rely on these controls for the purposes of our audit.

In addition, we performed substantive testing as described below:

- Together with our internal valuation specialists, we revalued a sample of financial instruments using independent models and, to the extent available, independently sourced inputs.
- We tested a sample of external inputs used within management's price verification process as at 31 December 2023 and evaluated the appropriateness of the third party data sources used by management.
- For a sample of debt securities issued, we confirmed that these were economically hedged by derivative assets or liabilities and that the residual risk within the company was limited. Given the increase in the DVA adjustment for the year, in addition to revaluing a sample of the structured notes, we also tested the split of that valuation for certain positions between the market component of the trade and the impact arising from DVA, and recalculated the amounts being recorded for the year which had been recognised in the OCI (Other Comprehensive Income).
- We examined cash reconciliations, large gains and losses on disposals and other events which could provide evidence about the appropriateness of management's valuation.

Based on the work performed, we found management's estimates of the fair value of debt securities issued and derivative instruments to be supported by the evidence obtained.

In addition:

- We performed testing to validate that management had allocated financial instruments to the appropriate level within the fair value hierarchy in line with the established policy, and that the policy classifications were appropriate.
- We read and assessed the disclosures in Note 20 'Fair Value Measurement' regarding significant unobservable inputs and the fair value hierarchy and found them to be appropriate.

Independent auditors' report to the member of Goldman Sachs Finance Corp International Ltd

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The company issues warrants, certificates and notes to investors in a number of European and Asian markets. We consider that the company is a single audit component. There are a number of centralised functions operated by the ultimate parent company, The Goldman Sachs Group, Inc., in the U.S. or in group shared service centres in other locations that are relevant to the audit of the company. We determined the scope of the work required in each of these locations and issued instructions to PwC network firms. We interacted regularly with the firms responsible for the work throughout the course of the audit. This included reviewing key working papers and discussing and challenging the results of work in higher risk areas of the audit. We concluded that the procedures performed on our behalf were sufficient for the purposes of issuing our opinion.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	\$464 million (2022: \$347.2 million)
How we determined it	1% of total assets
Rationale for benchmark applied	The company's main activity is to issue warrants, certificates and notes to investors in a number of European and Asian markets and lend the proceeds to affiliates. As such it operates as a financing vehicle and does not carry out any other operating business activities for profit. Total assets, therefore, are considered an appropriate benchmark.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to \$348 million (2022: \$260.4 million) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above \$46.4 million (2022: \$34.7 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's going concern assessment;
- Performing a risk assessment to identify factors that could impact the going concern basis of accounting;
- Evaluating the company's current financial position and financial forecasts;
- Considering the results of procedures performed by the group auditor to support the going concern assessment for The Goldman Sachs Group, Inc.; and
- Evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the member of Goldman Sachs Finance Corp International Ltd

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Management Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Management report and Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Management report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for presenting the financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format (ESEF Regulation).

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified the principal risks of non-compliance with laws and regulations related to the rules of the Jersey Financial Services Commission and the listing rules of the relevant exchanges, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies (Jersey) Law 1991. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries and management bias through the manipulation of the valuation of financial instruments held at fair value. Audit procedures performed by the engagement team included:

- Discussions with management, including Internal Audit, and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluating and testing of the operating effectiveness of management's controls designed to prevent and detect fraud in financial reporting;
- Assessing matters reported on the company's whistleblowing helpline and the results of management's investigation of such matters;

Independent auditors' report to the member of Goldman Sachs Finance Corp International Ltd

- Identifying and testing journal entries, in particular any journal entries posted by senior management;
- Testing information security controls relating to system access and change management;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of financial assets and liabilities held at fair value; and
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies (Jersey) Law 1991 exception reporting

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Report on other legal and regulatory requirements

We have checked the compliance of the financial statements of the company as at 31 December 2023, with the relevant statutory requirements set out in the ESEF Regulations that are applicable to the financial statements. That is, for the company:

- The financial statements are prepared in a valid xHTML format


In our opinion, the financial statements of the company as at 31 December 2023, identified as `gsfci-12-31-23-financial-statements.xhtml`, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Appointment

We were appointed by the directors on 11 November 2016 to audit the financial statements for the year ended 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement is 7 years, covering the years ended 31 December 2017 to 31 December 2023.

Other matter

In the event that the English version of this report and a translation of it into a language other than English differ, the English version shall prevail.



Mike Wallace
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Recognized Auditor
London
29 April 2024

Income Statement

<i>\$ in millions</i>	Note	Year Ended December	
		2023	2022
Interest income from financial instruments measured at amortised cost		\$1,962	\$ 614
Interest expense from financial instruments measured at amortised cost		(85)	(50)
Net interest income		1,877	564
Gains or losses from financial instruments at fair value through profit or loss		(1,691)	(62)
Other net expense		(124)	(466)
Non-interest expense		(1,815)	(528)
Net revenues	5	62	36
Operating expenses	6	—	—
Profit before taxation		62	36
Income tax expense	8	—	—
Profit for the financial year		\$ 62	\$ 36

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

Statement of Comprehensive Income

<i>\$ in millions</i>	Note	Year Ended December	
		2023	2022
Profit for the financial year		\$ 62	\$ 36
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Debt valuation adjustment	13	(434)	489
Tax attributable to the components of other comprehensive income		—	—
Other comprehensive income/(loss) for the financial year		(434)	489
Total comprehensive income/(loss) for the financial year		\$ (372)	\$ 525

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

Balance Sheet

<i>\$ in millions</i>	Note	As of December	
		2023	2022
Assets			
Cash and cash equivalents	15	\$ 20	\$ 13
Customer and other receivables	9	501	1,990
Derivative assets	10	3,134	2,869
Intercompany loans	11	42,701	29,848
Total assets		\$46,356	\$34,720
Liabilities			
Customer and other payables	12	\$ 135	\$ 95
Derivative liabilities	10	3,755	4,794
Unsecured borrowings	13	42,129	29,122
Total liabilities		46,019	34,011
Shareholder's equity			
Share capital	14	5	5
Share premium account		175	175
Retained earnings		273	204
Accumulated other comprehensive income		(116)	325
Total shareholder's equity		337	709
Total liabilities and shareholder's equity		\$46,356	\$34,720

The financial statements were approved by the Board on April 26, 2024 and signed on its behalf by:

Vikram Sethi
V. Sethi
Director

Statement of Changes in Equity

<i>\$ in millions</i>	Note	Year Ended December	
		2023	2022
Share capital			
Beginning balance		\$ 5	\$ 5
Ending balance		5	5
Share premium account			
Beginning balance		175	175
Ending balance		175	175
Retained earnings			
Beginning balance		204	164
Profit for the financial year		62	36
Transfer of realised debt valuation adjustment into retained earnings	13	7	4
Ending balance		273	204
Accumulated other comprehensive income			
Beginning balance		325	(160)
Other comprehensive income/(loss)		(434)	489
Transfer of realised debt valuation adjustment into retained earnings	13	(7)	(4)
Ending balance		(116)	325
Total shareholder's equity		\$ 337	\$ 709

No dividends were paid for both 2023 and 2022.

Statement of Cash Flows

<i>\$ in millions</i>	Note	Year Ended December	
		2023	2022
Cash flows from operating activities			
Cash generated from operations	15	\$ 6	\$ 1
Net cash generated from operating activities		6	1
Net increase in cash and cash equivalents		6	1
Cash and cash equivalents, beginning balance		13	14
Foreign exchange gains/(losses) on cash and cash equivalents		1	(2)
Cash and cash equivalents, ending balance	15	\$ 20	\$ 13

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

Note 1.

General Information

The company is a registered public limited company incorporated on October 19, 2016 and domiciled in Jersey. The address of its registered office is 22 Grenville Street, St. Helier, Jersey JE4 8PX.

The company's immediate parent undertaking is GS Global Markets, Inc., a company incorporated and domiciled in Delaware, United States of America.

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.

Basis of Preparation

Statement of Compliance

These financial statements have been prepared in accordance with applicable accounting standards in conformity with the requirements of the Companies (Jersey) Law 1991 and International Financial Reporting Standards (IFRS) as adopted in the E.U.

These financial statements have been prepared on the going concern basis, under the historical cost basis (modified as explained in "Financial Assets and Liabilities" below).

Note 3.

Material Accounting Policies

New Standards, Amendments and Interpretations
Amendments to IAS 1 'Presentation of Financial Statements' (IAS 1) and IFRS Practice Statement 2 and IAS 12 'Income Taxes' (IAS 12). The company has applied the following amendments:

- **Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and to IFRS Practice Statement 2 'Making Materiality Judgements').** This amendment requires the disclosure of material accounting policies, replacing the requirement to disclose significant accounting policies. This amendment did not have any impact on the company's disclosures of accounting policies or on the amounts recognised in the financial statements.
- **International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12).** This amendment was introduced in response to the Organisation for Economic Cooperation and Development Global Anti-Base Erosion Model Rules (Pillar Two), providing a mandatory temporary exception to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes and requiring disclosure of known or reasonable estimable information about an entity's exposure to Pillar Two income taxes.

Accounting Policies

Revenue Recognition. Net revenues include non-interest expense and net interest income. Non-interest expense includes the net profit or loss arising from the issuance of debt securities, OTC derivative hedges with affiliates, allocations of net revenues from/(to) affiliates for their participation in the company's business activities and allowance for impairment. Net interest income primarily relates to interest income from loans to affiliates. Net revenues have been disclosed instead of turnover as this reflects more meaningfully the nature and results of the company's activities.

Debt securities issued by the company are either designated at fair value through profit or loss, or are measured at amortised cost where the host instrument is classified as a hedged item (see “Financial Assets and Liabilities — Fair Value Hedges” below). Debt securities designated at fair value through profit or loss are recognised at fair value with realised and unrealised gains and losses, as well as associated interest and expenses included in net revenues, with the exception of changes in fair value attributable to own credit risk, which are recognised in other comprehensive income, unless this would create or enlarge an accounting mismatch in profit or loss. Financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs. Debt securities measured at amortised cost are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method. Finance costs, including discounts allowed on issue, are recorded in net revenues.

The company enters into OTC derivative instruments for hedging purposes which are measured mandatorily at fair value through profit or loss. The net of the gains and losses of these instruments are included in net revenues for the year. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs.

Allowance for impairment on loans to affiliates are included in net revenues (see “Financial Assets and Liabilities — Impairment” below).

Interest income and interest expense from intercompany loans and debt securities measured at amortised cost are included in net revenues using the effective interest method.

Segment Reporting. The directors manage the company’s business activities as a single operating segment and accordingly no segmental reporting has been provided.

Dividends. Final cash dividends are recognised as a liability and deducted from equity in the year in which the dividends are approved by the company’s shareholder. Interim cash dividends are recognised and deducted from equity when paid.

Cash and Cash Equivalents. This includes cash at bank and highly liquid overnight deposits held in the ordinary course of business.

Foreign Currencies. The company’s financial statements are presented in U.S. dollars, which is also the company’s functional currency.

Transactions denominated in foreign currencies are translated into U.S. dollars at rates of exchange ruling on the date the transaction occurred. Monetary assets and liabilities, and non-monetary assets and liabilities measured at fair value, denominated in foreign currencies are translated into U.S. dollars at rates of exchange ruling at the balance sheet date. Foreign exchange gains and losses are recognised in net revenues.

Financial Assets and Liabilities.
Recognition and Derecognition

Financial assets and liabilities are recognised when the company becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or if the company transfers the financial asset and the transfer qualifies for derecognition. A transferred financial asset qualifies for derecognition if the company transfers substantially all the risks and rewards of ownership of the financial asset; or if the company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but does not retain control. Financial liabilities are derecognised only when they are extinguished, i.e., when the obligation specified in the contract is discharged or cancelled or expires.

Classification and Measurement: Financial Assets

The company classifies financial assets as subsequently measured at amortised cost or fair value through profit or loss on the basis of both the company’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. The business model reflects how the company manages particular groups of assets in order to generate future cash flows. Where the company’s business model is to hold the assets to collect contractual cash flows, the company subsequently assesses whether the financial assets’ cash flows represent solely payments of principal and interest. Financial assets with embedded derivatives (hybrid instruments) are also subject to the same assessment.

• **Financial assets measured at amortised cost.**

Financial assets that are held for the collection of contractual cash flows and have cash flows that represent solely payments of principal and interest are measured at amortised cost. The company considers whether the cash flows represent basic lending arrangements, and where contractual terms introduce exposure to risk or volatility inconsistent with a basic lending arrangement, the financial asset is mandatorily measured at fair value through profit or loss (see below). Financial assets measured at amortised cost are initially measured at fair value plus transaction costs and subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period to the net carrying value of the financial asset. When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial asset but does not consider future credit losses. Finance revenue is recorded in net revenues. Financial assets measured at amortised cost include:

- Cash and cash equivalents
- Customer and other receivables; and
- Intercompany loans

• **Financial assets mandatorily measured at fair value through profit or loss.**

Financial assets that are not held for the collection of contractual cash flows and/or do not have cash flows that represent solely payments of principal and interest are mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value are initially measured at fair value with transaction costs expensed in the income statement. Such financial assets are subsequently measured at fair value with gains or losses recognised in net revenues. Financial assets mandatorily measured at fair value include derivative assets.

Classification and Measurement: Financial Liabilities

The company classifies its financial liabilities into the below categories based on the purpose for which they were acquired or originated.

- **Financial liabilities held for trading.** Financial liabilities held for trading are initially measured at fair value and subsequently at fair value through profit or loss, with gains or losses recognised in net revenues. Financial liabilities held for trading include derivative liabilities.

• **Financial liabilities designated at fair value through profit or loss.**

The company designates certain financial liabilities at fair value through profit or loss. Financial liabilities designated at fair value through profit or loss are initially measured at fair value and subsequently at fair value through profit or loss, with DVA being recognised in other comprehensive income, if it does not create or enlarge an accounting mismatch, and the remaining changes in the fair value being recognised in net revenues. Amounts recognised in other comprehensive income attributable to own credit spreads are not subsequently transferred to the income statement, even upon derecognition of the financial liability. Gains or losses exclude contractual interest, which is included in interest income and interest expense, for all instruments other than hybrid financial instruments. The primary reasons for designating such financial liabilities at fair value through profit or loss are:

- To eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and
- The group of financial liabilities, or financial assets and liabilities, is managed and its performance evaluated on a fair value basis.

Financial liabilities designated at fair value through profit or loss include debt securities issued, which are hybrid financial instruments.

Hybrid financial instruments are instruments that contain bifurcated embedded derivatives that are able to be bifurcated. The company can either bifurcate the embedded derivative from the associated debt or designate the entire hybrid financial instrument at fair value through profit or loss. If the company bifurcates the embedded derivative from the associated debt, the derivative is accounted for at fair value and the host contract is accounted for at amortised cost.

• **Financial liabilities measured at amortised cost.**

Financial liabilities measured at amortised cost are initially measured at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method. See “Financial assets measured at amortised cost” above for further information on the effective interest method. Finance costs, including discounts allowed on issue, are recorded in net interest income and interest expense.

Financial liabilities measured at amortised cost include customer and other payables and certain unsecured borrowings that have not been designated at fair value through profit or loss.

Impairment

The company assesses the expected credit losses (ECL) associated with financial assets measured at amortised cost on a forward-looking basis in accordance with the provisions of IFRS 9. Expected credit losses are recorded in net revenues.

The company's impairment model is based on changes in credit quality since initial recognition of the financial assets measured at amortised cost and incorporates the following three stages:

- **Stage 1.** Financial assets measured at amortised cost that are not credit-impaired on initial recognition and where there has been no significant increase in credit risk since initial recognition. The ECL is measured at an amount equal to the expected credit losses that result from default events possible within the next twelve months.
- **Stage 2.** Financial assets measured at amortised cost where there has been a significant increase in credit risk since initial recognition, however not yet deemed to be credit-impaired. The ECL is measured based on expected credit losses on a lifetime basis.
- **Stage 3.** Financial assets measured at amortised cost that are in default, or are defined as credit-impaired. The ECL is measured based on expected credit losses on a lifetime basis.

Determination of the relevant staging for each financial asset is dependent on the definition of 'significant increase in credit risk' (stage 1 to stage 2) and the definition of 'credit-impaired' (stage 3). The company considers a financial asset to have experienced a significant increase in credit risk when certain quantitative or qualitative conditions are met. The company considers a financial asset to be credit-impaired when it meets Credit Risk's definition of default, which is either when the company considers that the obligor is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions, such as realising security (if held), or the obligor has defaulted on a payment and/or is past due more than 90 days.

The ECL is determined by projecting the probability of default, loss given default and exposure at default for each individual exposure. To calculate ECL, these three components are multiplied together and discounted back to the reporting date. The discount rate used in the ECL calculation is the original effective interest rate. The probability of default represents the likelihood of a borrower defaulting on its financial obligation. The loss given default is the company's expectation of the extent of loss on the default exposure, and takes into consideration amongst other things, collateral on the financial asset. The exposure at default is the amount the company expects to be owed at the time the financial obligation defaults.

The company uses internal credit risk ratings that reflect the assessment of the probability of default of individual counterparties. The company uses multiple macroeconomic scenarios within the ECL calculation, the weightings for which are subject to ongoing internal review and approval.

The ECL model takes into account the weighted average of a range of forecasts of future economic conditions. The forecasts include baseline, favourable and adverse economic scenarios over a three-year period. To the extent the company has financial assets in Stage 2 or Stage 3 which have an expected life beyond three years, the model reverts to historical loss information based on a non-linear modelled approach. The company applies judgement in weighing individual scenarios each quarter based on a variety of factors, including internally derived economic outlook, market consensus, recent macroeconomic conditions and industry trends.

Forward-looking information, such as key economic variables impacting credit risk and expected credit losses, is incorporated into both the assessment of staging and the calculation of ECL.

The company writes off financial assets, in whole or in part, when it has concluded that there is no reasonable expectation of recovery.

Classification of Financial Liabilities and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all liabilities. Instruments are evaluated to determine if they contain both liability and equity components. The initial carrying value of a compound financial instrument is allocated first to the liability component, measured at fair value, and the equity is assigned the residual amount.

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet where there is:

- Currently a legally enforceable right to set-off the recognised amounts; and
- Intent to settle on a net basis or to realise the asset and settle the liability simultaneously.

Where these conditions are not met, financial assets and liabilities are presented on a gross basis in the balance sheet.

Fair Value Measurement

See Note 20 for details about the fair value measurement of the company's financial assets and liabilities.

Fair Value Hedges

The company applies hedge accounting under IAS 39 'Financial Instruments: Recognition and Measurement' for certain interest rate swaps used to manage the interest rate exposure of certain fixed-rate unsecured long-term borrowings. To qualify for hedge accounting, the derivative hedge must be highly effective at reducing the risk from the exposure being hedged. Additionally, the company must formally document the hedging relationship at inception and test the hedging relationship to ensure the derivative hedge continues to be highly effective over the life of the hedging relationship.

The company applies a statistical method that utilises regression analysis when assessing the effectiveness of its fair value hedging relationships in achieving offsetting changes in the fair values of the hedging instrument and the risk being hedged (i.e., interest rate risk). An interest rate swap is considered highly effective in offsetting changes in fair value attributable to changes in the hedged risk when the regression analysis results in a coefficient of determination of 80% or greater and a slope between 80% and 125%. Possible sources of ineffectiveness on these hedges include:

- Differences in timing of cash flows between the hedged item and hedging instrument.
- Differences in discounting between the hedged item and the hedging instrument, as cash collateralised derivatives are discounted using Overnight Indexed Swap discount curves, which are not consistently applied to the hedged item.
- Counterparty credit risk impacting fair value movements on uncollateralised interest rate swaps but not the underlying hedged item.

For qualifying fair value hedges, gains or losses on derivatives and the change in fair value of the hedged item attributable to the hedged risk are included in net revenues. When a derivative is no longer designated as a hedge, any remaining difference between the carrying value and par value of the hedged item is amortised over the remaining life of the hedged item using the effective interest method.

Note 4.

Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in these financial statements. The nature of estimation means that actual outcomes could differ from those estimates. The following estimates have had the most significant effect on amounts recognised in the financial statements:

Fair Value Measurement

Certain financial liabilities of the company which are economically hedged include significant unobservable inputs (i.e., level 3). See Note 20 for information about the carrying value and valuation techniques of these instruments.

Note 5.

Net Revenues

Net revenues include net interest income and non-interest expense. Interest income primarily relates to interest from loans to affiliates. Interest expense primarily relates to interest on debt securities issued, net of hedges with affiliates. Non-interest expense 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 derivative assets and liabilities with affiliates.
- Gains and losses on financial instruments designated at fair value through profit or loss, which primarily relate to non-interest gains and losses on unsecured borrowings.
- Allocations of net revenues from/(to) affiliates, which relate to allocations of net revenues from/(to) affiliates for their participation in the company's business activities.

The table below presents net revenues.

<i>\$ in millions</i>	Year Ended December	
	2023	2022
Interest income		
Financial instruments measured at amortised cost	\$ 1,962	\$ 614
Total interest income	1,962	614
Interest expense		
Financial instruments measured at amortised cost, net of hedges	(85)	(50)
Total interest expense	(85)	(50)
Net interest income	1,877	564
Non-interest expense		
Financial instruments mandatorily measured at fair value through profit or loss	177	(1,050)
Financial instruments designated at fair value through profit or loss	(1,868)	988
Allocations of net revenues to affiliates	(124)	(454)
Net changes in impairments on financial assets	—	(12)
Non-interest expense	(1,815)	(528)
Net revenues	\$ 62	\$ 36

Note 6.

Operating Expenses

The company incurred operating expenses of \$219,000 for 2023 and \$200,000 for 2022, which primarily related to professional fees.

Note 7.

Compensation and Benefits

The company has no employees. All persons involved in the company's operations are employed by GS Group affiliates and no costs are borne by the company.

Note 8.

Income Tax Expense

The company is incorporated in Jersey and under local laws the standard rate of corporate tax is zero percent. The company's parent entity, GS Global Markets, Inc., is subject to corporate tax in the U.S. on its 100% share of the company's profits or losses. In December 2023, the Internal Revenue Service and U.S. Treasury released Notice 2023-80 providing guidance that domestic minimum taxes are generally creditable against U.S. federal income tax, however, guidance has not been provided to address tax credit limitations. From 2025, GS Global Markets, Inc. may be able to reduce its U.S. federal corporate income tax on the company's profits and losses with a partial or total foreign tax credit for any Jersey domestic minimum tax accrued by the company.

On May 19, 2023, the 3 Crown Dependencies made a statement on an intended approach to implementation of the Organisation for Economic Co-operation and Development (OECD) Pillar Two global minimum tax framework for large multinational groups. The treasury ministers of Jersey, Guernsey and the Isle of Man have jointly announced their intentions in relation to Pillar Two implementation. Each Island intends to implement an Income Inclusion Rule (IIR) and domestic minimum tax to provide for a 15% effective tax rate from 2025, while continuing to monitor global implementation.

The company would fall under the definition of large multinational groups.

Note 9.

Customer and Other Receivables

The table below presents customer and other receivables.

<i>\$ in millions</i>	As of December	
	2023	2022
Receivables from customers and counterparties	\$ 422	\$ 1,869
Miscellaneous receivables and other	79	121
Total	\$ 501	\$ 1,990

In the table above:

- Receivables from customers and counterparties consists of receivables resulting from collateral posted in connection with derivative transactions.
- Miscellaneous receivables and other primarily includes receivables for allocation of net revenues among GS Group affiliates for their participation in the company's business activities.

Note 10.

Derivative Assets and Liabilities

The table below presents derivative assets.

<i>\$ in millions</i>	As of December	
	2023	2022
Interest rates	\$ 2,428	\$ 2,434
Credit	130	35
Currencies	285	264
Equities	291	136
Total	\$ 3,134	\$ 2,869

The table below presents derivative liabilities.

<i>\$ in millions</i>	As of December	
	2023	2022
Interest rates	\$ 3,275	\$ 3,709
Credit	73	64
Currencies	191	691
Equities	216	330
Total	\$ 3,755	\$ 4,794

Note 11.

Intercompany Loans

The table below presents intercompany loans.

<i>\$ in millions</i>	As of December	
	2023	2022
Unsecured loans	\$ 42,701	\$ 29,848
Total	\$ 42,701	\$ 29,848

In the table above, unsecured loans included an allowance for impairment of \$17 million as of both December 2023 and December 2022. The company's allowance for impairment is impacted by a variety of factors including changes in modelling assumptions based on updated macroeconomic assumptions. These financial assets remained in stage 1 throughout the whole year.

Note 12.

Customer and Other Payables

The table below presents customer and other payables.

<i>\$ in millions</i>	As of December	
	2023	2022
Miscellaneous payables and other	\$ 135	\$ 95
Total	\$ 135	\$ 95

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

Note 13.

Unsecured Borrowings

The table below presents unsecured borrowings.

<i>\$ in millions</i>	As of December	
	2023	2022
Debt securities issued	\$ 42,127	\$ 29,100
Intercompany loans	2	22
Total	\$ 42,129	\$ 29,122

Payments on debt securities issued and other borrowings instruments are typically referenced to underlying financial assets, which are predominantly interest rates, equities, currencies and credit-related.

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 DVA gains/(losses) on such financial liabilities, which is included in accumulated other comprehensive income.

<i>\$ in millions</i>	Year Ended December	
	2023	2022
Beginning balance	\$ 325	\$ (160)
Debt valuation adjustment for the year	(434)	489
Transfer to retained earnings	(7)	(4)
Ending balance	\$ (116)	\$ 325

In the table above, net gains of \$7 million for 2023 and net gains of \$4 million for 2022 realised upon early redemption of certain debt securities issued that were designated at fair value through profit or loss, have been transferred from accumulated other comprehensive income to retained earnings.

Hedge Accounting

The company designates certain interest rate swaps as fair value hedges that are used to manage the interest rate exposure of certain fixed-rate unsecured long-term borrowings. These interest rate swaps hedge changes in fair value attributable to the relevant benchmark interest rate (e.g., EURIBOR), effectively converting fixed-rate obligations into floating-rate obligations.

The table below presents information about hedging instruments, which are classified as derivative assets and liabilities in the balance sheet.

\$ in millions	As of December	
	2023	2022
Asset carrying value	\$ 23	\$ 16
Liability carrying value	\$ 149	\$ 230

The table below presents the notional of hedging instruments by contractual maturity date.

\$ in millions	As of December	
	2023	2022
1 – 3 months	\$ —	\$ —
3 months – 1 year	—	—
1 – 5 years	1,022	89
Greater than 5 years	1,419	2,552
Total	\$ 2,441	\$ 2,641

The average fixed rate of the company's hedging instruments was 1.72% for 2023 and 1.70% for 2022.

The table below presents the carrying value of the hedged items that are designated in a hedging relationship and the related cumulative hedging adjustment (increase/(decrease)) from current and prior hedging relationships included in such carrying values.

\$ in millions	Carrying value	Cumulative Hedging Adjustment
As of December 2023		
Unsecured long-term borrowings	\$ 1,866	\$ (176)
As of December 2022		
Unsecured long-term borrowings	\$ 1,876	\$ (265)

In addition, cumulative hedging adjustment for items no longer designated in a hedging relationship were \$4 million as of both December 2023 and December 2022.

The table below presents the gains/(losses) from interest rate derivatives accounted for as hedges, the related hedged borrowings and the hedge ineffectiveness on these derivatives, recognised in net revenues.

\$ in millions	Year Ended December	
	2023	2022
Interest rate hedges	\$ 93	\$ (305)
Hedged borrowings	(89)	278
Hedge ineffectiveness	\$ 4	\$ (27)

Note 14.

Share Capital

The table below presents share capital.

Allotted, called up and fully paid	Ordinary shares	
	of \$1 each	\$ in millions
As of December 2023	5,000,007	\$ 5
As of December 2022	5,000,007	\$ 5
As of December 2021	5,000,007	\$ 5

Note 15.

Statement of Cash Flows Reconciliations

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash at bank of \$20 million as of December 2023 and \$13 million as of December 2022.

Reconciliation of Cash Flows From Operating Activities

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

\$ in millions	Year Ended December	
	2023	2022
Profit before taxation	\$ 62	\$ 36
Adjustments for		
Foreign exchange losses/(gains)	(1)	2
Cash generated before changes in operating assets and liabilities	61	38
Changes in operating assets		
Decrease/(increase) in customer and other receivables	1,489	(1,923)
Increase in derivative assets	(265)	(1,829)
Increase in intercompany loans	(12,853)	(14,364)
Changes in operating assets	(11,629)	(18,116)
Changes in operating liabilities		
Increase/(decrease) in customer and other payables	40	(31)
Increase/(decrease) in derivative liabilities	(1,039)	3,800
Increase in unsecured borrowings	12,573	14,310
Changes in operating liabilities	11,574	18,079
Cash generated from operations	\$ 6	\$ 1

In the table above, cash generated from operations included interest paid of \$82 million for 2023 and \$20 million for 2022, and interest received of \$1.68 billion for 2023 and \$520 million for 2022.

Note 16.

Financial Commitments and Contingencies

The company had no financial commitments or contingencies outstanding as of both December 2023 and December 2022.

Note 17.

Maturity of Assets and Liabilities

The table below presents the expected maturity of assets and liabilities.

<i>\$ in millions</i>	Non-Current	Current	Total
As of December 2023			
Assets			
Cash and cash equivalents	\$ —	\$ 20	\$ 20
Customer and other receivables	—	501	501
Derivative assets	—	3,134	3,134
Intercompany loans	41,515	1,186	42,701
Total assets	\$ 41,515	\$ 4,841	\$ 46,356
Liabilities			
Customer and other payables	\$ —	\$ 135	\$ 135
Derivative liabilities	—	3,755	3,755
Unsecured borrowings	30,410	11,719	42,129
Total liabilities	\$ 30,410	\$ 15,609	\$ 46,019
As of December 2022			
Assets			
Cash and cash equivalents	\$ —	\$ 13	\$ 13
Customer and other receivables	—	1,990	1,990
Derivative assets	—	2,869	2,869
Intercompany loans	28,944	904	29,848
Total assets	\$ 28,944	\$ 5,776	\$ 34,720
Liabilities			
Customer and other payables	\$ —	\$ 95	\$ 95
Derivative liabilities	—	4,794	4,794
Unsecured borrowings	24,149	4,973	29,122
Total liabilities	\$ 24,149	\$ 9,862	\$ 34,011

In the table above:

- Current assets and liabilities include amounts that the company expects to realise or settle in its normal operating cycle and primarily includes assets and liabilities held for trading and cash and cash equivalents.
- Non-current assets are amounts that the company expects to be recovered after more than twelve months and primarily includes certain intercompany loans.

- Non-current liabilities are amounts that the company expects to be settled after more than twelve months and includes unsecured borrowings with contractual maturities greater than one year, with the exception of contracts that have trigger events that are not in the control of the company, which are classified as current.

Note 18.

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; and
- Key management personnel of the company's parent entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the company. Key management personnel of the company include the directors of the company.

Key Management Compensation

Key management personnel are employed by GS Group affiliates and no compensation is paid by the company.

Transactions with Related Parties

The company's transactions with related parties primarily include the following.

Risk Management

The company routinely enters into derivatives with related parties for risk management, which are recognised in derivative assets and derivative liabilities.

The company also exchanges cash collateral in connection with derivative transactions. Cash collateral received is recognised in customer and other payables. Cash collateral paid is recognised in customer and other receivables.

Funding Activity

The company has raised funding through debt securities issued and made unsecured loans to GS Group affiliates. See Note 11 for further details.

Interest-bearing instruments are typically priced based on the term, currency, size and whether the instrument is secured or unsecured.

Transfer Pricing

The company participates in the allocation of net revenues among GS Group affiliates for their involvement in the company's business activities.

Related Party Assets and Liabilities

The table below presents assets and liabilities with related parties.

<i>\$ in millions</i>	Parent entities	Other GS Group affiliates	Total
As of December 2023			
Assets			
Customer and other receivables	\$ —	\$ 501	\$ 501
Derivative assets	—	3,002	3,002
Intercompany loans	41,883	818	42,701
Total assets	\$ 41,883	\$ 4,321	\$ 46,204
Liabilities			
Customer and other payables	\$ —	\$ 135	\$ 135
Derivative liabilities	2	3,536	3,538
Unsecured borrowings	2	1,111	1,113
Total liabilities	\$ 4	\$ 4,782	\$ 4,786
As of December 2022			
Assets			
Customer and other receivables	\$ —	\$ 1,990	\$ 1,990
Derivative assets	—	2,710	2,710
Intercompany loans	29,045	803	29,848
Total assets	\$ 29,045	\$ 5,503	\$ 34,548
Liabilities			
Customer and other payables	\$ —	\$ 95	\$ 95
Derivative liabilities	1	4,587	4,588
Unsecured borrowings	22	454	476
Total liabilities	\$ 23	\$ 5,136	\$ 5,159

Related Party Income and Expense

The table below presents income and expenses related to transactions with related parties.

<i>\$ in millions</i>	Parent entities	Other GS Group affiliates	Total
Year Ended December 2023			
Net revenues			
Interest income	\$ 1,825	\$ 137	\$ 1,962
Interest Expense	(3)	—	(3)
Transfer pricing revenues	—	(124)	(124)
Impairments on financial assets	—	—	—
Total net revenues	\$ 1,822	\$ 13	\$ 1,835
Year Ended December 2022			
Net revenues			
Interest income	\$ 563	\$ 51	\$ 614
Transfer pricing revenues	—	(454)	(454)
Impairments on financial assets	(12)	—	(12)
Total net revenues	\$ 551	\$ (403)	\$ 148

Note 19.

Financial Instruments

Financial Assets and Liabilities by Category

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

<i>\$ in millions</i>	Financial Assets		Total
	Mandatorily at fair value	Amortised cost	
As of December 2023			
Cash and cash equivalents	\$ —	\$ 20	\$ 20
Customer and other receivables	—	501	501
Derivative assets	3,134	—	3,134
Intercompany loans	—	42,701	42,701
Total	\$ 3,134	\$ 43,222	\$ 46,356
As of December 2022			
Cash and cash equivalents	\$ —	\$ 13	\$ 13
Customer and other receivables	—	1,990	1,990
Derivative assets	2,869	—	2,869
Intercompany loans	—	29,848	29,848
Total	\$ 2,869	\$ 31,851	\$ 34,720

<i>\$ in millions</i>	Financial Liabilities			Total
	Held for Trading	Designated at fair value	Amortised cost	
As of December 2023				
Customer and other payables	\$ —	\$ —	\$ 135	\$ 135
Derivative liabilities	3,755	—	—	3,755
Unsecured borrowings	—	39,649	2,480	42,129
Total	\$ 3,755	\$ 39,649	\$ 2,615	\$ 46,019
As of December 2022				
Customer and other payables	\$ —	\$ —	\$ 95	\$ 95
Derivative liabilities	4,794	—	—	4,794
Unsecured borrowings	—	26,607	2,515	29,122
Total	\$ 4,794	\$ 26,607	\$ 2,610	\$ 34,011

Interest Rate Benchmarks Subject to Reform

As of July 1, 2023, the publication of all London Interbank Offered Rate (LIBOR) settings as representative rates has ceased. The Financial Conduct Authority (FCA) has allowed the publication and use of synthetic rates for certain GBP LIBOR settings in legacy GBP LIBOR-based contracts through March 2024 and for certain USD LIBOR settings in legacy USD LIBOR-based contracts through September 2024.

The table below presents the company's exposure to interest rate benchmarks subject to reform.

<i>\$ in millions</i>		Debt securities issued	Derivative notional amount
As of December 2023			
USD LIBOR	\$	244	\$ —
Other		—	120
Total	\$	244	\$ 120
As of December 2022			
USD LIBOR	\$	3,464	\$ 68,903
Other		269	182
Total	\$	3,733	\$ 69,085

In the table above:

- Derivative notionals excludes amounts for which fallbacks apply, or amounts for which all future cashflows have already been fixed, as the company has no ongoing Interbank Offered Rate (IBOR) exposure related to these transactions.
- In relation to outstanding debt securities linked to IBORs, the company expects to follow the fallback methodology described in the offering documentation and, as the documentation permits, follow global industry standard replacements. Notification of the applicable fallbacks has been made available to holders of these securities.

Offsetting of Financial Assets and Liabilities

The tables below present financial assets and liabilities that are subject to enforceable netting agreements and offsetting. Amounts are only offset in the balance sheet, when the company currently has a legally enforceable right to set-off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In the tables below:

- Gross amounts exclude the effects of both counterparty netting and collateral, and therefore are not representative of the company's economic exposure.
- Amounts not offset in the balance sheet include 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 posted under enforceable credit support agreements, that do not meet the criteria for offsetting under IFRS.
- Where the company has received or posted collateral under credit support agreements, but has not yet determined whether such agreements are enforceable, the related collateral has not been included in the amounts not offset in the balance sheet.

As of December 2023

Amounts not offset in the balance sheet

\$ in millions	Gross amounts	Amounts offset in the balance sheet	Net amount presented in the balance sheet	Amounts not offset in the balance sheet			Net Amount
				Counterparty netting	Cash collateral	Security collateral	
Financial Assets							
Customer and other receivables	\$ 422	\$ —	\$ 422	\$ —	\$ (422)	\$ —	\$ —
Derivative assets	3,002	—	3,002	(3,002)	—	—	—
Financial assets subject to enforceable netting agreements	3,424	—	3,424	(3,002)	(422)	—	—
Financial assets not subject to enforceable netting agreements	42,932	—	42,932	—	—	—	42,932
Total financial assets	\$ 46,356	\$ —	\$ 46,356	\$ (3,002)	\$ (422)	\$ —	\$ 42,932
Financial Liabilities							
Derivative liabilities	\$ 3,538	\$ —	\$ 3,538	\$ (3,002)	\$ (422)	\$ —	\$ 114
Financial liabilities subject to enforceable netting agreements	3,538	—	3,538	(3,002)	(422)	—	114
Financial liabilities not subject to enforceable netting agreements	42,481	—	42,481	—	—	—	42,481
Total financial liabilities	\$ 46,019	\$ —	\$ 46,019	\$ (3,002)	\$ (422)	\$ —	\$ 42,595

As of December 2022

Amounts not offset in the balance sheet

\$ in millions	Gross amounts	Amounts offset in the balance sheet	Net amount presented in the balance sheet	Amounts not offset in the balance sheet			Net Amount
				Counterparty netting	Cash Collateral	Security Collateral	
Financial Assets							
Customer and other receivables	\$ 1,869	\$ —	\$ 1,869	\$ —	\$ (1,869)	\$ —	\$ —
Derivative assets	2,710	—	2,710	(2,708)	—	—	2
Financial assets subject to enforceable netting agreements	4,579	—	4,579	(2,708)	(1,869)	—	2
Financial assets not subject to enforceable netting agreements	30,141	—	30,141	—	—	—	30,141
Total financial assets	\$ 34,720	\$ —	\$ 34,720	\$ (2,708)	\$ (1,869)	\$ —	\$ 30,143
Financial Liabilities							
Derivative liabilities	\$ 4,581	\$ —	\$ 4,581	\$ (2,708)	\$ (1,869)	\$ —	\$ 4
Financial liabilities subject to enforceable netting agreements	4,581	—	4,581	(2,708)	(1,869)	—	4
Financial liabilities not subject to enforceable netting agreements	29,430	—	29,430	—	—	—	29,430
Total financial liabilities	\$ 34,011	\$ —	\$ 34,011	\$ (2,708)	\$ (1,869)	\$ —	\$ 29,434

Collateral Received and Pledged

The company receives cash as collateral, primarily in connection with derivative transactions. The company obtains cash as collateral on an upfront or contingent basis for derivative instruments to reduce its credit exposure to individual counterparties.

The company has posted cash collateral of \$422 million as of December 2023 and \$1.87 billion as of December 2022. Amounts received and posted are in respect of derivative assets and liabilities.

Note 20.

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 level 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 GS Group's credit quality, liquidity and bid/offer spreads. Valuation adjustments are generally based on market evidence.

Valuation Techniques and Significant Inputs

Derivatives. The company's OTC derivatives are bilateral contracts between two counterparties (bilateral OTC). The company's level 2 and level 3 derivatives are valued using derivative pricing models (e.g., discounted cash flow models, correlation models, and models that incorporate option pricing methodologies, such as Monte Carlo simulations). Price transparency of derivatives can generally be characterised by product type, as described below.

- **Interest Rate.** In general, the key inputs used to value interest rate derivatives are transparent, even for most long-dated contracts. Interest rate swaps and options denominated in the currencies of leading industrialised nations are characterised by high trading volumes and tight bid/offer spreads. Interest rate derivatives that reference indices, such as an inflation index, or the shape of the yield curve (e.g., 10-year swap rate vs. 2-year swap rate) are more complex, but the key inputs are generally observable.
- **Credit.** Price transparency for credit default swaps, including both single names and baskets of credits, varies by market and underlying reference entity or obligation. Credit default swaps that reference indices, large corporates and major sovereigns generally exhibit the most price transparency. For credit default swaps with other underliers, price transparency varies based on credit rating, the cost of borrowing the underlying reference obligations, and the availability of the underlying reference obligations for delivery upon the default of the issuer. Credit default swaps that reference loans, asset-backed securities and emerging market debt instruments tend to have less price transparency than those that reference corporate bonds. In addition, more complex credit derivatives, such as those sensitive to the correlation between two or more underlying reference obligations, generally have less price transparency.

- **Currency.** Prices for currency derivatives based on the exchange rates of leading industrialised nations, including those with longer tenors, are generally transparent. The primary difference between the price transparency of developed and emerging market currency derivatives is that emerging markets tend to be only observable for contracts with shorter tenors.
- **Equity.** Price transparency for equity derivatives varies by market and underlier. Options on indices and the common stock of corporates included in major equity indices exhibit the most price transparency. Equity derivatives generally have observable market prices, except for contracts with long tenors or reference prices that differ significantly from current market prices. More complex equity derivatives, such as those sensitive to the correlation between two or more individual stocks, generally have less price transparency.

Liquidity is essential to the observability of all product types. If transaction volumes decline, previously transparent prices and other inputs may become unobservable. Conversely, even highly structured products may at times have trading volumes large enough to provide observability of prices and other inputs.

Level 2

Level 2 derivatives include OTC derivatives for which all significant valuation inputs are corroborated by market evidence. In evaluating the significance of a valuation input, the company considers, among other factors, a portfolio's net risk exposure to that input.

The selection of a particular model to value a derivative depends on the contractual terms of and specific risks inherent in the instrument, as well as the availability of pricing information in the market. For derivatives that trade in liquid markets, model selection does not involve significant management judgement because outputs of models can be calibrated to market-clearing levels.

Valuation models require a variety of inputs, such as contractual terms, market prices, yield curves, discount rates (including those derived from interest rates on collateral received and posted as specified in credit support agreements for collateralised derivatives), credit curves, measures of volatility and correlations of such inputs. Significant inputs to the valuations of level 2 derivatives can be verified to market transactions, broker or dealer quotations or other alternative pricing sources with reasonable levels of price transparency. Consideration is given to the nature of the quotations (e.g., indicative or firm) and the relationship of recent market activity to the prices provided from alternative pricing sources.

Level 3

Level 3 derivatives are valued using models which utilise observable level 1 and/or level 2 inputs, as well as unobservable level 3 inputs. Unobservable inputs include certain correlations and equity volatilities.

Subsequent to the initial valuation of a level 3 derivative, the company updates the level 2 inputs to reflect observable market changes and any resulting gains and losses are classified in level 3. Level 3 inputs are changed when corroborated by evidence, such as similar market transactions, third-party pricing services and/or broker or dealer quotations or other empirical market data. In circumstances where the company cannot verify the model value by reference to market transactions, it is possible that a different valuation model could produce a materially different estimate of fair value. See below for further information about significant unobservable inputs used in the valuation of level 3 derivatives.

Where there is a difference between the initial transaction price and the fair value calculated by internal models, a gain or loss is recognised after initial recognition only to the extent that it arises from a change in a factor (including time) that market participants would consider in setting a price.

Valuation Adjustments

Valuation adjustments are integral to determining the fair value of derivative portfolios and are used to adjust the mid-market valuations produced by derivative pricing models to the exit price valuation. These adjustments incorporate bid/offer spreads and the cost of liquidity. Market-based inputs are generally used when calibrating valuation adjustments to market-clearing levels.

Unsecured Borrowings. Unsecured borrowings consist of debt securities issued and other borrowings, which are hybrid financial instruments, and are generally valued based on discounted cash flow techniques, which incorporate inputs with reasonable levels of price transparency, and are classified in level 2 because the inputs are observable. Valuation adjustments may be made for liquidity and GS Group's credit quality.

The significant inputs to the valuation of unsecured borrowings measured at fair value are the amount and timing of expected future cash flows, interest rates, and the credit spreads of GS Group. The inputs used to value the embedded derivative component of hybrid financial instruments are consistent with the inputs used to value the company's other derivative instruments.

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.

<i>\$ in millions</i>	Level 1	Level 2	Level 3	Total
As of December 2023				
Financial Assets				
Derivative assets	\$ —	\$ 3,006	\$ 128	\$ 3,134
Total	\$ —	\$ 3,006	\$ 128	\$ 3,134
Financial Liabilities				
Derivative liabilities	\$ —	\$ 3,628	\$ 127	\$ 3,755
Unsecured borrowings	—	33,821	5,828	39,649
Total	\$ —	\$ 37,449	\$ 5,955	\$ 43,404
Net derivatives	\$ —	\$ (622)	\$ 1	\$ (621)
As of December 2022¹				
Financial Assets				
Derivative assets	\$ —	\$ 2,808	\$ 61	\$ 2,869
Total	\$ —	\$ 2,808	\$ 61	\$ 2,869
Financial Liabilities				
Derivative liabilities	\$ —	\$ 4,211	\$ 583	\$ 4,794
Unsecured borrowings	—	21,841	4,766	26,607
Total	\$ —	\$ 26,052	\$ 5,349	\$ 31,401
Net derivatives	\$ —	\$ (1,403)	\$ (522)	\$ (1,925)

1. For December 2022, \$775 million level 3 unsecured borrowings were disclosed as level 2 unsecured borrowings. Comparatives have been restated, with no changes to total fair value unsecured borrowings to move \$775 million unsecured borrowings from level 2 to level 3.

Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The company's level 3 debt securities issued are economically hedged with OTC derivatives. The significant unobservable inputs used in level 3 fair value measurements have not been disclosed as the net effect of these inputs to the measurements of level 3 financial assets and liabilities was not material to the company's profit or loss, or other comprehensive income for both 2023 and 2022, and net assets as of both December 2023 and December 2022.

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. For those financial assets and liabilities that are valued using unobservable inputs, the net potential impact of using reasonable possible alternative assumptions for the valuations, including significant unobservable inputs, was not material as of both December 2023 and December 2022 as the company's level 3 debt securities issued are economically hedged with OTC derivatives.

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.

<i>\$ in millions</i>	Year Ended December	
	2023	2022
Total financial assets		
Beginning balance	\$ 61	\$ 112
Gains/(losses)	111	12
Purchases	46	11
Settlements	(89)	(35)
Transfers into level 3	5	2
Transfers out of level 3	(6)	(41)
Ending balance	\$ 128	\$ 61
Total financial liabilities		
Beginning balance	\$ (5,349)	\$ (4,510)
Gains/(losses)	(247)	257
Sales/Issuances	(1,356)	(2,738)
Settlements	1,151	874
Transfers into level 3	(460)	(39)
Transfers out of level 3	306	807
Ending balance	\$ (5,955)	\$ (5,349)

In the table above:

- If a financial asset or 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 liabilities are economically hedged with level 2 and level 3 financial assets and liabilities. Accordingly, level 3 gains or losses that are reported in the table below for a particular class of financial liability can be partially offset by gains or losses attributable to level 2 or level 3 in a different class of financial asset or liability.
- The net gains and losses on level 3 financial assets for both 2023 and 2022 are reported in “Net revenues” in the income statement.
- The net losses on level 3 financial liabilities of \$247 million for 2023 included losses of \$115 million reported in “Debt valuation adjustment” in the statement of comprehensive income and \$132 million reported in “Net revenues” in the income statement.
- The net gains on level 3 financial liabilities of \$257 million for 2022 included gains of \$168 million reported in “Debt valuation adjustment” in the statement of comprehensive income and \$89 million reported in “Net revenues” in the income statement.

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

<i>\$ in millions</i>	Year Ended December	
	2023	2022
Derivative liabilities		
Beginning balance	\$ (583)	\$ (241)
Gains/(losses)	70	(489)
Sales	(53)	(102)
Settlements	432	185
Transfers into level 3	(12)	—
Transfers out of level 3	19	64
Ending balance	\$ (127)	\$ (583)
Unsecured Borrowings		
Beginning balance	\$ (4,766)	\$ (4,269)
Gains/(losses)	(317)	746
Issuances	(1,303)	(2,636)
Settlements	719	689
Transfer into level 3	(448)	(39)
Transfers out of level 3	287	743
Ending balance	\$ (5,828)	\$ (4,766)

In the tables above, level 3 unsecured borrowings have been increased by \$775 million as of December 2022 as noted in “Fair Value of Financial Assets and Liabilities by Level” above.

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

Year Ended December 2023. Transfers into level 3 for financial assets and liabilities primarily reflected transfers of certain equity products from level 2, principally due to reduced transparency of certain equity volatility and correlation inputs as a result of a lack of market evidence, and transfers of certain credit linked notes from level 2, principally due to reduced transparency of certain credit spread inputs.

Transfers out of level 3 financial assets and liabilities primarily reflected transfers of certain equity products to level 2, principally due to increased transparency of certain equity volatility and correlation inputs as a result of an increase in the availability of market evidence.

Year Ended December 2022. Transfers into level 3 for financial assets and liabilities primarily reflected transfers of certain equity products from level 2, principally due to reduced transparency of certain equity volatility and correlation inputs as a result of a lack of market evidence.

Transfers out of level 3 financial assets and liabilities primarily reflected transfers of certain equity products to level 2, principally due to increased transparency of certain equity volatility and correlation inputs as a result of an increase in the availability of market evidence.

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

The company had financial assets that are not measured at fair value of \$43.22 billion as of December 2023 and \$31.85 billion as of December 2022, which predominately related to intercompany loans. The interest rates of these loans 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.

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

<i>\$ in millions</i>	As of December	
	2023	2022
Current	\$ 153	\$ 113
Non-current	2,462	2,497
Total	\$ 2,615	\$ 2,610

In the table above, these financial liabilities predominantly related to long-term borrowings of \$2.46 billion as of December 2023 and \$2.50 billion as of December 2022, for which the fair value was \$2.42 billion as of December 2023 and \$2.39 billion as of December 2022.

Note 21.

Financial Risk Management and Capital Management

The company monitors its capital on an ongoing basis. The company's objective is to be prudently capitalised in terms of the amount and composition of its equity base (see Note 14) compared to the company's risk exposures. The appropriate level and composition of equity capital is determined by considering multiple factors, including the business environment, conditions in the financial markets and assessments of future losses due to adverse changes in market environments. The company is not subject to any externally imposed capital requirements.

The company is exposed to financial risk through its financial assets and liabilities. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the most important components of financial risk the directors consider relevant to the company are market risk, credit risk and liquidity risk. The company, as part of a global group, adheres to global risk management policies and procedures.

Market Risk

Market risk is the risk of an adverse impact to the company's earnings due to changes in market conditions. Risks are monitored and controlled through strong GS Group oversight, and independent control and support functions across the company's businesses. Categories of market risk include the following:

- Interest rate risk: results from exposures to changes in the level, slope and curvature of yield curves, the volatilities of interest rates and credit spreads;
- Equity price risk: results from exposures to changes in prices and volatilities of individual equities, baskets of equities and equity indices; and
- Currency rate risk: results from exposures to changes in spot prices, forward prices and volatilities of currency rates.

The company is exposed to interest rate, equity price, currency rate and credit-related risks on its debt securities issued. The company manages these risks by entering into OTC derivative transactions for hedging purposes.

The company is exposed to interest rate risk on its unsecured loans due from GS Group affiliates. If interest rates had been 50 basis points higher or lower and all other variables were held constant, the company's interest income from GS Group affiliates would have been higher/lower by \$212 million for 2023 and \$149 million for 2022. This has been determined by assuming that the company's exposure to interest rate risk at the balance sheet date was consistent for the whole year.

The company is exposed to changes in GS Group's credit spreads on its debt securities issued that are designated at fair value through profit or loss. The estimated sensitivity to a one basis point increase in GS Group's credit spreads on such financial liabilities was a gain of \$14 million as of December 2023 and a gain of \$11 million as of December 2022.

Credit Risk

Credit risk represents the potential for loss due to the default or deterioration in the credit quality of a counterparty. Credit risk is managed by reviewing the credit quality of the counterparties and reviewing, if applicable, the underlying collateral against which the financial assets are secured.

The company's maximum exposure to credit risk without taking account of any collateral held or other credit enhancements is equivalent to the carrying value of its financial assets as of both December 2023 and December 2022.

The company's credit exposures are described further below.

Derivative Assets. Derivatives are reported at fair value on a gross by counterparty basis in the company's financial statements, unless the company has a current legal right of set-off and also intends to settle on a net basis. The company enters into derivative transactions with affiliates for hedging purposes. The company's gross exposure of \$3.13 billion as of December 2023 and \$2.87 billion as of December 2022 is mitigated by counterparty netting of \$3.00 billion as of December 2023 and \$2.71 billion as of December 2022, resulting in a net credit exposure of \$13 million as of December 2023 and \$161 million as of December 2022.

Intercompany Loans and Customer and Other Receivables. Intercompany loans and customer and other receivables primarily relate to unsecured loans and hybrid financial instruments due from GS Group affiliates which are considered investment-grade for credit risk management purposes. The company's gross credit exposure of \$43.20 billion as of December 2023 and \$31.84 billion as of December 2022, and net credit exposure of \$42.78 billion as of December 2023 and \$29.97 billion as of December 2022, mainly related to unsecured loans to affiliates.

The company has recorded an allowance for impairment on its unsecured loans to affiliates of \$17 million as of both December 2023 and December 2022.

Cash and Cash Equivalents. Cash and cash equivalents include both interest-bearing and non-interest-bearing deposits. To mitigate the risk of credit loss, the company places substantially all of its deposits with highly-rated banks, and as a result, the allowance for impairment on these balances was \$nil as of both December 2023 and December 2022. The company's gross and net credit exposure was \$20 million as of December 2023 and \$13 million as of December 2022.

Allowance for Impairment

The allowance for impairment recorded during the year is on intercompany loans. The company's expected credit losses of were \$17 million as of both December 2023 and December 2022. These financial assets remained in stage 1 throughout the whole year.

Liquidity Risk

Liquidity risk is the risk that the company does not have sufficient cash or collateral to make payments to its counterparties as they fall due. The company manages its liquidity risk in accordance with GS Group's comprehensive and conservative set of liquidity and funding policies to address company-specific, broader industry or market liquidity stress events.

Maturity of Financial Assets and Financial Liabilities

The table below presents an analysis of the cash flows of the company's financial assets and financial liabilities by contractual maturity, except for derivative assets and liabilities, which are classified as trading/on demand. In the tables below:

- Cash flows by contractual maturity include interest that will accrue on intercompany loans (included in intercompany loans), and debt securities issued measured at amortised cost (included in unsecured borrowings). All other financial assets and financial liabilities, which are primarily measured at fair value through profit and loss, have been disclosed at their carrying values, consistent with the values used in the liquidity risk management of these instruments.
- Cash collateral paid has been classified as trading/on demand, consistent with the derivatives it primarily relates to.
- Liquidity risk on derivatives is mitigated through master netting agreements and cash collateral arrangements.
- Unsecured borrowings include certain debt securities issued that have trigger events that are not in the control of the company and could be repaid earlier than their contractual maturities.

<i>\$ in millions</i>	Trading/on demand	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Greater than 5 years	Total
As of December 2023							
Financial Assets							
Cash and cash equivalents	\$ 20	\$ —	\$ —	\$ —	\$ —	\$ —	20
Customer and other receivables	501	—	—	—	—	—	501
Derivative assets	3,134	—	—	—	—	—	3,134
Intercompany loans	1,186	186	371	1,670	41,527	—	44,940
Total	\$ 4,841	\$ 186	\$ 371	\$ 1,670	\$ 41,527	\$ —	48,595
Financial Liabilities							
Customer and other payables	\$ 135	\$ —	\$ —	\$ —	\$ —	\$ —	135
Derivative liabilities	3,755	—	—	—	—	—	3,755
Unsecured borrowings	2,636	385	732	4,743	20,975	13,150	42,621
Total	\$ 6,526	\$ 385	\$ 732	\$ 4,743	\$ 20,975	\$ 13,150	46,511
As of December 2022							
Financial Assets							
Cash and cash equivalents	\$ 13	\$ —	\$ —	\$ —	\$ —	\$ —	13
Customer and other receivables	1,990	—	—	—	—	—	1,990
Derivative assets	2,869	—	—	—	—	—	2,869
Intercompany loans	904	101	202	911	28,951	—	31,069
Total	\$ 5,776	\$ 101	\$ 202	\$ 911	\$ 28,951	\$ —	35,941
Financial Liabilities							
Customer and other payables	\$ 95	\$ —	\$ —	\$ —	\$ —	\$ —	95
Derivative liabilities	4,794	—	—	—	—	—	4,794
Unsecured borrowings	116	624	2,131	643	15,095	11,069	29,678
Total	\$ 5,005	\$ 624	\$ 2,131	\$ 643	\$ 15,095	\$ 11,069	34,567

Note 22.

Non-Adjusting Post Balance Sheet Events

Subsequent to the balance sheet date, on March 27, 2024, 8 ordinary shares of \$1 each were allotted to GS Global Markets, Inc. for \$200,000,000. The total consideration received was \$200,000,000 in cash, incorporating a share premium of \$199,999,992.