

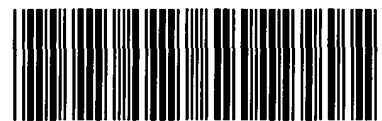
Company Number: 12862467

GOLDMAN SACHS UK FUNDING LIMITED

ANNUAL REPORT

31 DECEMBER 2022

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STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2022.

1. Introduction

The principal activity of Goldman Sachs UK Funding Limited (the company) is to undertake investment business.

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, 'group undertaking' 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 company primarily operates in a U.S. dollar environment as part of GS Group. Accordingly, the company's functional currency is the U.S. dollar and these financial statements have been prepared in that currency.

2. Financial overview

The financial statements have been drawn up for the year ended 31 December 2022. Comparative information has been presented for the year ended 31 December 2021.

The directors consider profit before tax, total assets and total liabilities as the company's key performance indicators.

The profit for the year is shown in the profit and loss account on page 8. Profit before taxation for the year ended 31 December 2022 was US\$163.2 million (31 December 2021: US\$65.2 million).

The company had total assets of US\$23,038.4 million (31 December 2021: US\$18,883.5 million) and total liabilities of US\$22,033.1 million (31 December 2021: US\$18,883.5 million).

3. Exchange rate

The British pound/U.S. dollar exchange rate at the balance sheet date was £ / US\$1.2063 (31 December 2021: £ / US\$ 1.3535). The average rate for the year was £ / US\$1.2329 (2021: US\$ 1.3739).

4. Future outlook

The directors consider that the year end financial position of the company was satisfactory and do not anticipate any significant changes in its activities in the forthcoming year.

5. Principal risks and uncertainties

The directors consider that the most important component of the company's financial risk are market risk and credit risk. The company also has limited exposure to operational, legal, regulatory and compliance risks. The company, as part of a global group, adheres to global risk management policies and procedures. The company's risk management objectives and policies are described in note 18 of the financial statements.

6. Principal decision making and stakeholder engagement

The directors of the company carry out their duties in a way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of GS Group as a whole, and in doing so have regards (amongst other matters) to:

STRATEGIC REPORT (continued)

6. Principal decision making and stakeholder engagement (continued)

- a) the likely consequences of any decision in the long term;
- b) the need to foster the company's business relationships with others;
- c) the impact of the company's operations on the community and the environment;
- d) the desirability of the company maintaining a reputation for high standards of business conduct; and
- e) the need to act fairly as between members of the company.

In meeting the requirements under section 172 of the Companies Act 2006 the Board is guided by the Code of Business Conduct and Ethics and the risk and governance framework of GS Group, as well as the corporate governance framework of the company and considers the views of key stakeholders when making decisions that influence the company's current and future operations and reputation. The directors of the company receive information on a variety of topics that assist them in their oversight of the company's business.

7. Date of authorisation of issue

The strategic report was authorised for issue by the Board of Directors on 28 September 2023.

ON BEHALF OF THE BOARD



Piers Curle

Director

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2022.

1. Introduction

In accordance with section 414A of the Companies Act 2006, the directors have prepared a strategic report, which contains a review of the company's businesses and a description of the principal risks and uncertainties facing the company. The directors have chosen to make reference to the company's risk management objectives and policies, as well as exposures to market risk, credit risk and liquidity risk in the Strategic report, as well as future outlook in accordance with section 414C(11) of the Companies Act 2006, that would otherwise have been reported in the directors' report. The directors have also chosen to make reference to the requirements of Section 172(1) in the Strategic report in accordance with section 414C(11).

2. Dividends

The directors declared and paid an interim dividend of US\$444.6 million on the mandatorily redeemable ordinary shares (31 December 2021: US\$264.0 million) and US\$20.4 million on the ordinary shares (31 December 2021: US\$nil). The directors do not recommend the payment of a final dividend in respect of the year (31 December 2021: US\$nil).

3. 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 he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

4. Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

5. Directors

The directors of the company who served throughout the year and to the date of this report were:

Name	Appointed	Resigned
V. Chima		
S. Barabas		7 September 2023
P. Curle		
T. Holliday	18 September 2023	

No directors had, throughout the year, any interest requiring note herein.

DIRECTORS' REPORT (continued)

6. Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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 United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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 are also 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 responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

7. Post balance sheet events


Subsequent to the year end, the company:

- Issued 1,500,000,000 mandatorily redeemable ordinary shares of US\$0.01 each to Goldman Sachs (UK) L.L.C, its immediate parent undertaking, for a consideration of US\$1,500.0 million; and
- Extended US\$1,500.0 million to Goldman Sachs Group UK Limited, a fellow group undertaking, under an existing loan agreement.

8. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 28 September 2023.

ON BEHALF OF THE BOARD



Piers Curle

Director

Independent auditors' report to the members of Goldman Sachs UK Funding Limited

Report on the audit of the financial statements

Opinion

In our opinion, Goldman Sachs UK Funding Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 31 December 2022; the profit and loss account and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating 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 information

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, except to the extent otherwise explicitly stated in this report, 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.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Independent auditors' report to the members of Goldman Sachs UK Funding Limited

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 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 Strategic 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.

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 that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, 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 Corporate Tax legislation. 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 the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Assessing 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;
- Identifying and testing journal entries, in particular any journal entries posted by senior management;
- Review of minutes of meetings of those charged with governance;
- Testing of information security controls relating to system access and change management; 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.

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.

Independent auditors' report to the members of Goldman Sachs UK Funding Limited

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 Chapter 3 of Part 16 of the Companies Act 2006 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 Act 2006 exception reporting

Under the Companies Act 2006 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
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Gareth Amison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 September 2023

GOLDMAN SACHS UK FUNDING LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2022

		Year ended	Year ended
		31 December 2022	31 December 2021
	Note	US\$'000	US\$'000
Interest receivable and similar income	4	723,766	342,671
Net losses on financial instruments at fair value	5	(534,810)	(313,629)
Impairments on financial assets	6	(25,737)	36,109
Other income	7	14	8
OPERATING PROFIT AND PROFIT BEFORE TAXATION		163,233	65,159
Tax on profit	11	(137,518)	(65,159)
PROFIT/RESULT FOR THE FINANCIAL YEAR		25,715	-

The operating profits of the company are derived from continuing operations in the current and prior year.

The company has no recognised gains and losses other than those included in the profit and loss account for the years shown above and therefore no separate statement of comprehensive income has been presented.

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


GOLDMAN SACHS UK FUNDING LIMITED

BALANCE SHEET

as at 31 December 2022

	Note	31 December 2022 US\$'000	31 December 2021 US\$'000
CURRENT ASSETS			
Cash and cash equivalents		17	10
Debtors: Amounts falling due within one year	12	301,821	121,159
Debtors: Amounts falling due after more than one year	13	22,736,545	18,762,281
		23,038,383	18,883,450
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(138,542)	(79,134)
NET CURRENT ASSETS		22,899,841	18,804,316
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(21,894,540)	(18,804,316)
NET ASSETS		1,005,301	-
CAPITAL AND RESERVES			
Called up share capital	16	1,000,000	-
Profit and loss account		5,301	-
TOTAL SHAREHOLDER'S FUNDS		1,005,301	-

The financial statements on page 8 to 22 were approved by the Board of Directors on 28 September 2023 and signed on its behalf by:



Piers Curle

Director

The accompanying notes are an integral part of these financial statements.
Company number: 12862467

GOLDMAN SACHS UK FUNDING LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	Called up share capital US\$'000	Profit and loss account US\$'000	Total shareholder's funds US\$'000
Balance at 1 January 2021	-	-	-
Result for the financial year	-	-	-
Balance at 31 December 2021	-	-	-
Proceeds from shares issued	1,000,000	-	1,000,000
Profit for the financial year	-	25,715	25,715
Dividend paid	-	(20,414)	(20,414)
Balance at 31 December 2022	1,000,000	5,301	1,005,301

The directors declared and paid an interim dividend of US\$444.6 million on the mandatorily redeemable ordinary shares (31 December 2021: US\$264.0 million) and US\$20.4 million on the ordinary shares (31 December 2021: US\$nil). The directors do not recommend the payment of a final dividend in respect of the year (31 December 2021: US\$nil).

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

GOLDMAN SACHS UK FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

1. GENERAL INFORMATION

The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Plumtree Court, 25 Shoe Lane, London, EC4A 4AU, United Kingdom. The immediate parent undertaking is Goldman Sachs (UK) L.L.C., a company incorporated and domiciled in the United States of America.

The ultimate parent 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, or at www.goldmansachs.com/investor-relations/.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of Preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention (modified as explained in note 2d) and in accordance with the Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006.

Exemptions from the following disclosure requirements have been applied in the preparation of these financial statements, in accordance with FRS 101:

- (i) IAS 1 'Presentation of Financial Statements' paragraph 38 to present comparative information in respect of IAS 1 'Presentation of Financial Statements' paragraph 79(a);
- (ii) IAS 1 'Presentation of Financial Statements' paragraphs 10(d), 10(f), 16, 38A-D, 40A-D, 111 and 134-136;
- (iii) IAS 7 'Statement of Cash Flows';
- (iv) IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31;
- (v) IAS 24 'Related Party Disclosures' paragraph 17 and 18A; and
- (vi) IAS 24 'Related Party Disclosures' requirements to disclose transactions with companies also wholly owned within the GS Group.

The company is a subsidiary undertaking of Group Inc., a company incorporated within the United States of America, whose consolidated financial statements include the company and are publicly available. As a result the company has elected not to prepare consolidated financial statements as permitted by section 401 of the Companies Act 2006.

b. Dividends

Final dividends on ordinary shares are recognised as a liability and deducted from equity in the year in which the dividends are approved by the company's shareholder. Interim dividends on ordinary shares are recognised and deducted from equity when paid. Interim dividends on mandatorily redeemable ordinary shares, classified as liabilities, are treated as repayments of financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)

c. 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 prevailing on the date the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses are recognised in the profit and loss account.

d. Cash and cash equivalents

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

e. Financial assets and financial liabilities

(i) Recognition and derecognition

Financial assets and financial 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).

(ii) Classification and measurement

Financial assets comprise all of the company's current assets, and financial liabilities comprise all of the company's creditors, with the exception of tax assets.

The company classifies financial assets into Financial assets measured at amortised cost 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 company's business model is to hold the assets to collect contractual cash flows and the cash flows represent solely payments of principal and interest. If these conditions were not met, the financial assets would be mandatorily measured at fair value through profit or loss.

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 period. 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 amount 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. All finance income is recognised in the profit and loss account. Financial assets measured at amortised cost comprise debtors.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)

e. Financial assets and liabilities (continued)

(ii) Classification and measurement (continued)

The company classifies its financial liabilities into the below categories. The classification, which is determined at initial recognition, depends on the purpose for which they were acquired or originated.

- **Financial liabilities measured at amortised cost**

Financial liabilities measured at amortised cost are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method (see above). Finance costs, including discounts allowed on issue, are recorded in interest payable and similar expenses. Financial liabilities measured at amortised cost include amounts falling due within one year and after more than one year.

- **Financial liabilities designated at fair value through profit or loss**

Financial liabilities designated at fair value through profit or loss comprise mandatorily redeemable ordinary shares issued to a parent. These financial liabilities are designated at fair value as this designation eliminates or significantly reduces a measurement or recognition inconsistency. 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 the changes in fair value attributable to the changes in own credit risk being recognised in other comprehensive income, if it does not create or enlarge accounting mismatch. Financial liabilities designated at fair value through profit or loss include amounts falling due after more than one year.

(iii) 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 'Financial Instruments' (IFRS 9). ECL are recorded in impairments on financial assets.

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 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)

e. Financial assets and financial liabilities (continued)

(iii) Impairment (continued)

The ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) 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.

e. Current and deferred tax

The tax expense comprises current and deferred tax. Tax is recognised in the profit and loss account.

Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all temporary differences that have originated, but not reversed at the balance sheet date, where transactions or events have occurred by that date that will result in an obligation to pay more tax or a right to pay less tax in the future with the following exceptions:

- (i) Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which future reversal of the underlying temporary differences can be deducted.
- (ii) Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

f. Share capital

Ordinary share capital is classified as equity and mandatory redeemable ordinary shares are classified as debt.

3. 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. In the opinion of management, there were no judgements, estimates or assumptions made that had a significant effect on amounts recognised in the financial statements.

GOLDMAN SACHS UK FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2022	Year ended 31 December 2021
	US\$'000	US\$'000
Interest on loans to group undertakings (see note 13)	723,766	342,671

5. NET LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE

	Year ended 31 December 2022	Year ended 31 December 2021
	US\$'000	US\$'000
Net losses on financial instruments at fair value	534,810	313,629

Net losses on financial instruments at fair value represents the net loss on mandatorily redeemable ordinary shares classified as a financial liability designated through profit and loss (see note 15).

6. IMPAIRMENTS ON FINANCIAL ASSETS

	Year ended 31 December 2022	Year ended 31 December 2021
	US\$'000	US\$'000
Increase/(decrease) in ECL provision on loans to group undertakings	25,737	(36,109)

The above impairment impact was calculated on an individual basis. No collective impairment assessments were made during the current or prior year.

7. OTHER INCOME

	Year ended 31 December 2022	Year ended 31 December 2021
	US\$'000	US\$'000
Foreign exchange gains	14	8

8. AUDITORS' REMUNERATION

The auditors' remuneration for the audit of the financial statements for the current year of £21,000 (US\$25,891) (2021: £17,000 (US\$23,356)) has been borne by a group undertaking.

9. STAFF COSTS

As in the prior year, the company has no employees. All persons involved in the company's operations are employed by group undertakings and no costs are borne by the company.

10. DIRECTORS' EMOLUMENTS

The directors did not receive any remuneration from the company in the current year and no contributions were made by the company under defined benefit or defined contribution pension schemes. The directors are employed by other group undertakings and their remuneration is borne by those companies and not re-charged. The directors do not consider that more than an incidental amount of their remuneration relates to the qualifying services provided to the company.

GOLDMAN SACHS UK FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

11. TAX ON PROFIT

	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
Current tax:		
U.K. corporation tax	137,518	65,159
Total tax on profit	137,518	65,159

The company has received losses from group undertakings under group relief arrangements.

The table below presents a reconciliation between tax on profit and the amount calculated by applying the standard rate of U.K. corporation tax applicable to the company for the year of 19% (31 December 2021: 19%) to the profit before taxation:

	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
Profit before taxation	163,233	65,159
Profit before taxation multiplied by the standard rate in the U.K. of 19% (2021: 19%)	31,014	12,380
Permanent differences	106,504	52,729
Exchange differences	-	50
Total tax on profit	137,518	65,159

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2022 US\$'000	31 December 2021 US\$'000
Interest receivable on loans to group undertakings	117,228	27,940
Corporation tax receivable	65	6,896
Amounts due from group undertakings	184,528	86,323
	301,821	121,159

Amounts due from group undertakings includes US\$183.6 million (31 December 2021: US\$86.3 million) in cash balances held on account by a fellow group undertaking.

GOLDMAN SACHS UK FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

13. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2022	31 December 2021
	US\$'000	US\$'000
Long-term loans due from group undertakings	22,736,545	18,762,281

Long-term loans due from group undertakings in the current year includes senior loans of US\$14,576.1 million (31 December 2021: US\$14,576.1 million) and US\$4,000.0 million (31 December 2021: US\$nil) to Goldman Sachs Group UK Limited, a fellow group undertaking, under the terms of existing loan agreements. The loans are unsecured and carry interest at a fixed margin over the U.S. Federal Reserve's federal funds rate. The loans have maturity dates of 6 March 2027 and 27 July 2032 respectively and repayment of the loans requires approval from the Bank of England.

In addition, long-term loans due from group undertakings in the current and prior year includes subordinated loans of US\$3,528.0 million (31 December 2021: US\$3,528.0 million) and US\$675.0 million (31 December 2021: US\$675.0 million) to Goldman Sachs Group UK Limited, a fellow group undertaking, under the terms of existing loan agreements. The loans are unsecured and carry interest at a fixed margin over the U.S. Federal Reserve's federal funds rate. The loans have maturity dates of 9 September 2030 and 26 December 2029 respectively. The repayment of the loans requires a written repayment notice of at least five years after the date of the advance or issuance and is subject to approval from the Prudential Regulation Authority.

Amounts due from group undertakings in the current year includes an allowance for impairment of US\$42.5 million as at 31 December 2022 (31 December 2021: US\$16.8 million). The company's allowance for impairment of US\$42.5 million as at 31 December 2022 increased from US\$16.8 million as at 31 December 2021, primarily due to changes in modelling assumptions, such as probability of default, due to the deteriorating macroeconomic environment. These financial assets remained in stage 1 throughout the year.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2022	31 December 2021
	US\$'000	US\$'000
Amounts due to group undertakings	-	8,220
Group relief payable	138,542	70,914
	138,542	79,134

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2022	31 December 2021
	US\$'000	US\$'000
Mandatorily redeemable ordinary shares	21,894,540	18,804,316

During the year, the company paid an interim dividend of \$444.6 million (31 December 2021: US\$264.0 million) on the mandatorily redeemable ordinary shares. The mandatorily redeemable ordinary shares are classified as financial liabilities (see note 16) and the dividend is accounted for as a repayment of a financial liability.

GOLDMAN SACHS UK FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

16. CALLED UP SHARE CAPITAL

At 31 December 2022 and 31 December 2021 share capital comprised:

	31 December 2022		31 December 2021	
	No.	US\$'000	No.	US\$'000
<u>Allotted, issued and fully paid</u>				
Ordinary shares of US\$1 each	1,000,000,001	1,000,000	1,000,000,001	-
Mandatorily redeemable ordinary shares of US\$0.01 each	21,779,075,552	217,791	18,779,075,552	187,791
		1,217,791		187,791
<u>Shares classified as liabilities</u>				
Mandatorily redeemable ordinary shares of US\$0.01 each		(217,791)		(187,791)
		1,000,000		-

During the current year, the company issued 3,000,000,000 mandatorily redeemable ordinary shares of \$0.01 each and 1,000,000,000 ordinary shares of \$1.00 each to Goldman Sachs (UK) L.L.C., a fellow group undertaking, for a total consideration of US\$4,000.0 million.

During the prior year, the company:

- Issued 1,500,000,000 mandatorily redeemable ordinary shares of \$0.01 each to Goldman Sachs (UK) L.L.C., a fellow group undertaking, for a consideration of US\$1,500.0 million; and
- Reduced the share premium on the Mandatory Redeemable Ordinary Shares by US\$2,000.0 million, creating legal distributable reserves of US\$2,000.0 million. Due to the mandatory redemption features, the share premium is classified as a liability designated at fair value through profit and loss, included within Creditors: Amounts falling due after more than year (see note 15).

Ordinary shares and mandatorily redeemable ordinary shares rank pari passu in respect of dividends, voting rights and any amounts due in the event of winding up or other return of capital.

The mandatorily redeemable ordinary shares are redeemable on 21 September 2040 for such amount as the holder of the shares would be entitled to on a liquidation of the company on the maturity date. Due to the mandatory redemption and measurement requirements, the mandatorily redeemable ordinary shares are classified as a liability designated at fair value through profit and loss, included within Creditors: Amounts falling due after more than year (see note 15).

17. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments or contingencies outstanding at the year end.

18. 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 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 potential future losses due to adverse changes in market environments.

The company is not subject to any externally imposed capital requirements.

The directors consider that the most important components of the company's financial risk are market risk, credit risk and liquidity risk. The company, as part of a global group, adheres to global risk management policies and procedures.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

18. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (continued)

a. Market risk

Market risk is the risk of loss in value of investments, as well as certain other financial assets and financial liabilities, due to changes in market conditions. Risks are monitored and controlled through strong firmwide oversight and independent control and support functions across the company's business. Relevant market risks for the company are interest rate risk and currency risk.

Interest rate risk results from exposures to changes in level, slope and curvature of yield curves, volatilities of interest rates and credit spreads.

If interest rates had been 0.5 percent higher/lower and all other variables were held constant, the company's profit before taxation for the year ended 31 December 2022 would have been US\$20.7 million higher/lower (2021: US\$17.8 million). This has been determined by assuming that the company's exposure to interest rate risk at balance sheet date was consistent for the whole year.

Currency risk results from changes in spot prices, forward prices and volatilities of currency rates.

The company's functional currency is the U.S. dollar. At 31 December 2022 and 31 December 2021, the company had no material net exposures to other currencies.

The company manages its interest rate risk and currency risk as part of GS Group's risk management policy, by establishing economic hedges, in a group affiliate, as appropriate to the circumstances of the company.

b. Credit risk

Credit risk represents the potential for loss due to the default or deterioration in 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 is equivalent to the carrying value of its financial assets as at 31 December 2022 and 31 December 2021. The company's credit exposures are described further below:

- 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.
- The company is exposed to credit risk from its amounts due from group undertakings for which primarily relate to unsecured loans due from group undertakings which are considered investment-grade for credit risk management purposes. The company's gross credit exposure of US\$22,779.1 million as at 31 December 2022 (31 December 2021: US\$18,779.1 million), and net credit exposure of US\$22,736.5 million as at 31 December 2022 (31 December 2021: US\$18,762.3 million), mainly related to unsecured loans to group undertakings.

c. Liquidity risk

Liquidity risk is the risk that the company does not have sufficient cash or collateral to make payments to its counterparties or customers 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 both company specific and broader industry or market liquidity events.

GOLDMAN SACHS UK FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

19. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a. Financial assets and financial liabilities by category

The table below presents the carrying value of the company's financial assets and financial liabilities by category:

31 December 2022			
	Mandatorily at fair value	Amortised cost	Total
	US\$'000	US\$'000	US\$'000
Financial assets			
Debtors: Amounts falling due within one year	-	301,756	301,756
Debtors: Amounts falling due after more than one year	-	22,736,545	22,736,545
Cash and cash equivalents	-	17	17
	-	23,038,318	23,038,318
	Designated as fair value	Amortised cost	Total
	US\$'000	US\$'000	US\$'000
Financial liabilities			
Creditors: Amounts falling due within one year	-	138,542	138,542
Creditors: Amounts falling due after more than one year	21,894,540	-	21,894,540
	21,894,540	138,542	22,033,082
31 December 2021			
	Mandatorily at fair value	Amortised cost	Total
	US\$'000	US\$'000	US\$'000
Financial assets			
Debtors: Amounts falling due within one year	-	121,159	121,159
Debtors: Amounts falling due after more than one year	-	18,762,281	18,762,281
Cash and cash equivalents	-	10	10
	-	18,883,450	18,883,450
	Designated as fair value	Amortised cost	Total
	US\$'000	US\$'000	US\$'000
Financial liabilities			
Creditors: Amounts falling due within one year	-	79,134	79,134
Creditors: Amounts falling due after more than one year	18,804,316	-	18,804,316
	18,804,316	79,134	18,883,450

b. Valuation techniques and significant inputs

Cash instruments

Cash instruments include government bonds and bank loans. Valuation techniques and significant inputs for each level of the fair value hierarchy include:

- Level 1 cash instruments are valued using quoted prices for identical unrestricted instruments in active markets. The company defines active markets for debt instruments based on both average daily trading volume and number of days with trading activity.

GOLDMAN SACHS UK FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

19. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

b. Valuation techniques and significant inputs (continued)

- Level 2 cash instruments can be verified to quoted prices, recent trading activity for identical or similar instruments, broker or dealer quotations or 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. Valuation adjustments are typically made to level 2 cash instruments (i) if the cash instrument is subject to transfer restrictions and/or (ii) for other premiums and liquidity discounts that a market participant would require to arrive at fair value. Valuation adjustments are generally based on market evidence.
- Level 3 cash instruments have one or more significant valuation inputs that are not observable. Absent evidence to the contrary, level 3 cash instruments are initially valued at transaction price, which is considered to be the best initial estimate of fair value. Subsequently, the company uses other methodologies to determine fair value, which vary based on the type of instrument. Valuation inputs and assumptions are charged when corroborated by substantive observable evidence, including values realised on sales of financial assets.

c. Fair value hierarchy

FRS 101 has a three level fair value hierarchy for disclosure of fair value measurements. The fair value hierarchy prioritises inputs to the valuation techniques used to measure fair value, giving the highest priority to level 1 inputs and lowest priority to level 3 inputs. A financial instrument's level in the fair value hierarchy is based on the lowest level of any 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 group has 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 of the company's financial liabilities are based on observable prices and inputs and are classified in level 2 of the fair value hierarchy. Certain level 2 financial liabilities may require appropriate valuation adjustments that a market participant would require to arrive at fair value for factors such as counterparty and the group's credit quality, funding risk, transfer restrictions, liquidity and bid/offer spreads. Valuation adjustments are generally based on market evidence.

d. Fair value of financial assets and financial liabilities by level

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

		31 December 2022			
		Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Financial liabilities at fair value					
Creditors: Amounts due after more than one year		-	21,894,540	-	21,894,540
Total financial liabilities at fair value		-	21,894,540	-	21,894,540

		31 December 2021			
		Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Financial liabilities at fair value					
Creditors: Amounts due after more than one year		-	18,804,316	-	18,804,316
Total financial liabilities at fair value		-	18,804,316	-	18,804,316

GOLDMAN SACHS UK FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

19. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

e. Fair value of financial assets and financial liabilities not measured at fair value

The company has US\$301.8 million (31 December 2021: US\$121.2 million) of current financial assets and US\$138.5 million (31 December 2021: US\$79.1 million) of current financial liabilities that are not measured at fair value. Given the short-term nature of these instruments, their carrying amounts in the balance sheet are a reasonable approximation of fair value.

The company has US\$22,736.5 million (31 December 2021: US\$18,762.0 million) of financial assets due after more than one year that are not measured at fair value and predominantly relate to long-term intercompany borrowings. The interest rate associated with such borrowings is variable in nature and approximates prevailing market interest rates for instruments with similar terms and characteristics. As such, the carrying amount in the balance sheet is a reasonable approximation of fair value.

f. Maturity of financial liabilities

The tables below present the undiscounted cash flows of the company's financial liabilities by contractual maturity including interest that will accrue.

	31 December 2022					
	Less than one month US\$'000	1-3 months US\$'000	3 months to 1 year US\$'000	1-5 years US\$'000	5+ years US\$'000	Total US\$'000
Financial liabilities						
Creditors: amounts due within one year	-	-	138,542	-	-	138,542
Creditors: Amounts due after more than one year	-	-	-	-	21,894,540	21,894,540
Total	-	-	138,542	-	21,894,540	22,033,082

	31 December 2021					
	Less than one month US\$'000	1-3 months US\$'000	3 months to 1 year US\$'000	1-5 years US\$'000	5+ years US\$'000	Total US\$'000
Financial liabilities						
Creditors: amounts due within one year	-	-	79,134	-	-	79,134
Creditors: amounts due after more than one year	-	-	-	-	18,804,316	18,804,316
Total	-	-	79,134	-	18,804,316	18,883,450

20. POST BALANCE SHEET EVENTS

Subsequent to the year end, the company:

- Issued 1,500,000,000 mandatory redeemable ordinary shares of US\$0.01 each to Goldman Sachs (UK) L.L.C, its immediate parent undertaking, for a consideration of US\$1,500.0 million; and
- Extended US\$1,500.0 million to Goldman Sachs Group UK Limited, a fellow group undertaking, under an existing loan agreement.