

Registration Document

dated 19 February 2019

of

GOLDMAN SACHS FINANCE CORP INTERNATIONAL LTD

Jersey

Subject of the Registration Document

This document is the registration document (the "**Registration Document**") for Goldman Sachs Finance Corp International Ltd, Jersey ("**GSFCI**") in the sense of Section 12 paragraph 1 of the German Securities Prospectus Act in conjunction with Article 7 and Annex IV of the Commission Regulation (EC) No. 809/2004 of 29 April 2004, as amended (the "**Prospectus Regulation**"). Payment obligations of GSFCI in respect of securities issued by it (the "**Securities**") will be guaranteed by The Goldman Sachs Group, Inc., New York, United States of America ("**GSG**"). Further information on the guarantee (a "**Guarantee**") and, in particular, the exact wording will be found in the prospectuses for the relevant Securities (in each case a "**Prospectus**"). Securities issued by GSFCI will be offered by Goldman Sachs International, Zweigniederlassung Frankfurt, Friedrich-Ebert-Anlage 49, 60308 Frankfurt, Germany ("**GSI Frankfurt**") or any other entity specified in the relevant final terms to the respective base prospectus.

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A. RISK FACTORS RELATING TO GSFCI

GSFCI faces a variety of risks that are substantial and inherent in its businesses, including market, liquidity, credit, operational, model, legal, regulatory and reputational risks and uncertainties. The following are some of the more important factors that could affect GSFCI's business and, as a consequence, may affect GSFCI's ability to fulfil their obligations under the Securities. If GSFCI is not able to fulfil their obligations under the Securities investors in the Securities may lose some or all of the capital invested.

1. Risks relating to commercial activity of GSFCI

GSFCI was established only for the purpose of issuing 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 investor will therefore be exposed to a significantly greater credit risk by purchasing the Securities compared to securities issued by an issuer equipped with significantly more capital.**

If GSFCI 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 GSG. The securities are not covered by a deposit protection fund or similar safety system in relation to the claims of holders of securities in the case of an insolvency of the GSFCI.

2. Risks relating to economic and market conditions

GSFCI is primarily involved in the issuance of securities in a number of markets and the proceeds from these securities are lent to affiliates. GSFCI also enters into derivative transactions with affiliates for hedging purposes. The activity of GSFCI 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 and negatively affect GSFCI's earnings. The market of these 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.

3. Risks related to liquidity

GSCFI is an indirect, wholly-owned subsidiary of GSG and depends on GSG for capital. All of the company's unsecured debt issuances are guaranteed by GSG. The credit ratings of GSG are important to GSFCI's liquidity. A reduction in GSG's credit ratings could adversely affect the GSFCI'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.

GSCFI's liquidity could be impaired by an inability to access unsecured debt markets, an inability to access funds from GSG, or unforeseen outflows of cash.

4. Risks related to credit markets

Widening credit spreads for GSG, as well as significant declines in the availability of credit, could adversely affect GSCFI's ability to borrow on an unsecured basis. GSFCI issues securities, the proceeds of which are onward lent to GSG and/or its subsidiaries. Any disruptions in the credit markets may make it harder and more expensive to obtain funding for GSG's (together with its consolidated subsidiaries) businesses.

B. RESPONSIBILITY FOR THE INFORMATION IN THIS REGISTRATION DOCUMENT

Goldman Sachs Finance Corp International Ltd, Jersey ("**GSFCI**") accepts responsibility for the information provided in this Registration Document. GSFCI furthermore declares pursuant to Section 5 (4) of the German Securities Prospectus Act that the information provided in this Registration Document is, to the best of GSFCI's knowledge, correct and that no material facts or circumstances have been omitted.

C. THIRD PARTY INFORMATION

Where information in this Registration Document has been sourced from a third party this information has been accurately reproduced and so far as GSFCI is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information incorrect or misleading.

D. GOLDMAN SACHS FINANCE CORP INTERNATIONAL LTD

I. Statutory Auditors and Selected Financial Information

1. Statutory Auditors

The statutory financial statements of GSFCI for the period ended 31 December 2017 and the audited financial information in respect of the period from the date of its incorporation (19 October 2016) to 10 January 2017 have been audited without qualification by PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, of 7 More London Riverside, London, SE1 2RT in accordance with the laws of England. PricewaterhouseCoopers LLP is a registered member of the Institute of Chartered Accountants in England and Wales.

2. Selected Financial Information

The selected financial information set out below has been extracted from (i) GSFCI's 2017 Financial Statements, which have been audited by PricewaterhouseCoopers LLP and on which PricewaterhouseCoopers LLP issued an unqualified audit report and (ii) GSFCI's 2018 Interim Financial Statements, which have not been audited.

GSFCI's 2017 Financial Statements have been prepared in accordance with Financial Reporting Standards ("**FRS**") 101. GSFCI's 2018 Interim Financial Statements have been prepared in accordance with FRS 104. FRS forms part of the U.K. Generally Accepted Accounting Practice ("**U.K. GAAP**"). The financial information presented below should be read in conjunction with the financial statements included in such documents and, the notes thereto.

The following table shows selected key historical financial information in relation to GSFCI:

	As at and for the six months ended (unaudited)		As at and for the year ended (audited)
<i>(in USD thousands)</i>	30 June 2018	30 June 2017	31 December 2017¹
Profit for the financial period	-2,746	10,318	35,570

	As of (unaudited)	As of (audited)
<i>(in USD thousands)</i>	30 June 2018	31 December 2017¹
Current assets	6,096,413	2,923,466
Net assets	159,577	13,090
Total shareholder's funds	159,577	13,090

¹ GSFCI was incorporated on October 19, 2016 and the accounting reference period has been extended to 63 weeks ending December 31, 2017. This annual report sets out the results of the company for the 63 week period ended December 31, 2017.

II. History and Development

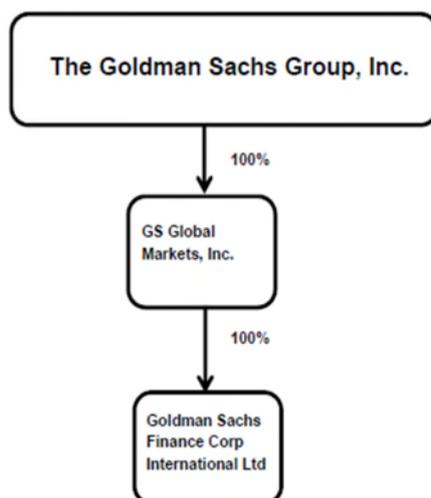
GSFCI was incorporated in Jersey on 19 October 2016 as a public company with limited liability under the Companies (Jersey) Law 1991 for an unlimited duration. GSFCI's registered office is at 22 Grenville Street, St. Helier, Jersey JE4 8PX (telephone number +44 (0) 1534 676 000). GSFCI is registered with the Companies Registry in Jersey with registration number 122341.

GSFCI has been established for the purpose of issuing securities (including structured notes, warrants and certificates) in a number of European and Asian markets (e.g. Switzerland, France, The Netherlands United Kingdom, Hong Kong and Singapore), lending and entering into derivatives transactions with its affiliates. The securities issued by GSFCI are sold to Goldman Sachs International ("**GSI**") or an appropriately licensed affiliate of GSI. The proceeds of such issuances are on-lent to other members of the corporate group.

GSFCI does not have an objects clause in its Memorandum of Association.

There have been no recent events particular to GSFCI which are to a material extent relevant to the evaluation of the GSFCI's solvency.

III. Organisational Structure



GSFCI is a wholly-owned subsidiary of GS Global Markets, Inc. ("**GS GM**"). GS GM is a wholly-owned subsidiary of The Goldman Sachs Group, Inc. ("**GSG**"). GSG together with its affiliated companies is a leading international investment bank. Through its offices in the USA and the leading financial centres of the world, GSG and the Goldman Sachs Group is active in the financial services industry, divided into the segments (i) Investment Banking which includes

advice with respect to mergers and acquisitions, divestitures, restructurings and spin-offs as well as public offerings and private placements of a wide range of securities and other financial instruments, (ii) Institutional Client Services which includes client execution activities related to making markets in credit products, interest rate products, mortgages, currencies, commodities and shares, (iii) Investing and Lending which includes investments (directly and indirectly through funds) and loans in various asset classes as well as investments by Goldman Sachs in consolidated investment entities and (iv) Investment Management.

GSFCI is part of a group of companies of which The Goldman Sachs Group, Inc. is the holding company, and transacts with, and depends on, entities within such group accordingly.

The authorised share capital of GSFCI is U.S.\$10,000,000 divided into 10,000,000 ordinary shares of a par value of U.S.\$1.00 each. As at the date of this Registration Document, there are 5,000,001 ordinary shares in issue, all of which are fully paid-up and are held by GS GM.

As at the date of this Registration Document, there are no outstanding convertible bonds or options which have been issued by GSFCI on the GSFCI's issued ordinary shares.

IV. Trend Information

There has been no material adverse change in the prospects of GSFCI since 31 December 2017 (date of its last audited financial statements).

V. Management and Legal Representation

1. Management of GSFCI

The directors of GSFCI and their business position and business addresses are as follows:

<u>Name</u>	<u>Position</u>	<u>Business Address</u>
Jane Macfarland Kelsey	Director	200 West Street New York NY 10282
Maryline Stephanie Juliette Mertz	Director	Peterborough Court 133 Fleet Street London EC4A 2BB
Masato Sunaga	Director	Roppongi Hills Mori Tower 47th floor 10-1, Roppongi 6-chome Minato-ku Tokyo 106-6147

Kevin Kochar	Director	Japan Crystal Downs Embassy Golf Links Business Park, Off Intermediate Ring Road (Indiranagar - Koramangala) Domlur Bengaluru
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The company secretary of GSFCI is Mourant Secretaries (Jersey) Limited whose business address is 22 Grenville Street, St. Helier, Jersey JE4 8PX.

There are no potential conflicts of interest between the obligations of the directors listed above with regard to GSFCI and their private interests and/or other obligations.

2. Corporate Governance

There is no published corporate governance regime in Jersey; however, the Directors recognise the importance of sound corporate governance and endeavour to follow best practice for a company of its equivalent size, stage of development and resources.

VI. Financial information concerning GSFCI's assets and liabilities, financial position and profit and losses

1. Historical financial information for the financial year 2017

The Annual Report for the fiscal year ended 31 December 2017 of GSFCI ("**GSFCI's 2017 Annual Report**"), which includes the management report and the audited financial statements of GSFCI for the period ended 31 December 2017 ("**GSFCI's 2017 Financial Statements**") can be found on pages F-1 to F-23 of the Registration Document.

2. Historical financial information for the period from the date of its incorporation (19 October 2016) to 10 January 2017

The Audited Financial Information in respect of the period from the date of its incorporation (19 October 2016) to 10 January 2017 ("**GSFCI's 2017 Audited Financial Information**"), which includes the audit report thereon, can be found on pages G-1 to G-7 of the Registration Document.

3. Unaudited interim financial information for the period ended 30 June 2018

The unaudited interim financial report of GSFCI for the period ended 30 June 2018 ("**GSFCI's 2018 Interim Financial Report**"), which includes the management report and the unaudited

financial statements of GSFCI for the period ended 30 June 2018 ("**GSFCI's 2018 Interim Financial Statements**") can be found on pages H-1 to H-14 of the Registration Document.

4. Auditing of historical financial information

PricewaterhouseCoopers LLP audited (i) GSFCI's 2017 Financial Statements and (ii) GSFCI's 2017 Audited Financial Information and issued in each case an unqualified audit report.

GSFCI's 2018 Interim Financial Statements have not been audited.

5. Legal and arbitration proceedings

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which GSFCI is aware) during the last 12 months before the date of this Registration Document which may have, or have had in the recent past, significant effects on GSFCI's financial position or profitability.

6. Significant change in the financial or trading position of the group

There has been no significant change in the financial or trading position of the Goldman Sachs Group since 30 June 2018.

7. Statements in relation to prospects and financial or trading position

In this Registration Document, where GSFCI make statements that "there has been no material adverse change in the prospects" and "no significant change in the financial or trading position" of GSFCI, references in these statements to the "prospects" and "financial or trading position" of GSFCI is specifically to their respective ability to meet their full payment obligations under the Securities in a timely manner. Material information about GSFCI's respective financial condition and prospects is included in GSFCI's annual and interim reports, which are annexed to this Registration Document.

VII. Additional Information

Share Capital

The authorised share capital of GSFCI is U.S. \$10,000,000 divided into 10,000,000 ordinary shares of a par value of U.S.\$1.00 each. As at the date of this Registration Document, there are 5,000,001 ordinary shares in issue, all of which are fully paid-up and are held by GS GM.

VIII. Documents on Display

The documents referred to in the Registration Document relating to Goldman Sachs Finance Corp International Ltd and intended for publication may be obtained or inspected, respectively during normal business hours at Goldman Sachs International, Zweigniederlassung Frankfurt, MesseTurm, Friedrich-Ebert-Anlage 49, 60308 Frankfurt am Main.

During the validity of the Registration Document, in particular copies of the following documents may be inspected:

- Memorandum and Articles of Association of Goldman Sachs Finance Corp International Ltd;
- GSFCI's 2017 Audited Financial Information;
- GSFCI's 2017 Annual Report; and
- GSFCI's 2018 Interim Financial Report.

The Registration Document is published in electronic form on the website www.gs.de (see www.gs.de/service/wertpapierprospekte).

**Annual Report for the fiscal year ended 31 December 2017 of Goldman Sachs Finance
Corp International Ltd**

Management Report

Introduction

Goldman Sachs Finance Corp International Ltd (GSFCI or the company) has been established to be an issuer of warrants, certificates and notes (securities) in a number of European and Asian markets. The company is exposed to interest rate, equity price and currency rate risks on the securities issued and manages these risks by entering into over-the-counter (OTC) derivative transactions with affiliates. The proceeds from these securities are 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 (Federal Reserve Board or FRB). 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 investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals. The securities issued by the company are fully and unconditionally guaranteed by Group Inc.

The company was incorporated on October 19, 2016 and the accounting reference period has been extended to 63 weeks ending December 31, 2017. This annual report sets out the results of the company for the 63 week period ended December 31, 2017.

References to "the financial statements" are to the audited financial statements as presented in Part II of this annual report. All references to December 2017 refer to the period from the company's incorporation on October 19, 2016 to December 31, 2017, or the date, as the context requires, December 31, 2017.

All amounts in this annual report are prepared in accordance with United Kingdom Generally Accepted Accounting Practices (U.K. GAAP).

Executive Overview

The profit and loss account is set out on page 10 of this annual report. The company's net revenues and profit for the period ended December 2017 was \$36 million.

Other Comprehensive Income

The statement of comprehensive income is set out on page 10 of this annual report. The company's other comprehensive income was a loss of \$52 million for the period ended December 2017, which relates to the company's debt valuation adjustment.

Balance Sheet

The balance sheet is set out on page 11 of this annual report. As of December 2017, total assets were \$2.92 billion.

Future Outlook

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

Management Report

Principal Risks and Uncertainties

The company faces a variety of risks that are substantial and inherent in its business, including market, liquidity, credit, operational, model, legal, regulatory and reputational risks and uncertainties. The following are some of the more important factors that could affect the company's businesses. 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, 2017 in Part 1, Item 1A.

Economic and Market Conditions

The company is primarily involved in the issuance of securities in a number of markets and the proceeds from these 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 and negatively affect the company's earnings. The market of these 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 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.

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 securities are not covered by a deposit protection fund or similar safety system in relation to the claims of holders of securities in the case of an insolvency of the company.

Liquidity

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. 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.

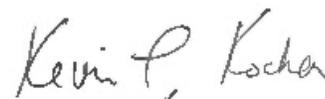
The company's liquidity could be impaired by an inability to access unsecured debt markets, an inability to access funds from Group Inc., or unforeseen outflows of cash.

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 securities, the proceeds of which are onward lent to Group Inc. and/or its subsidiaries. Any disruptions in the credit markets may make it harder and more expensive to obtain funding for GS Group's businesses.

Date of Authorisation of Issue

The management report was authorised for issue by the Board of Directors on April 30, 2018.



By order of the board
K. G. Kochar
Director
April 30, 2018

Directors' Report

The directors present their report and the audited financial statements for the period ended December 2017.

Dividends

The directors do not recommend the payment of an ordinary dividend for the period ended December 2017.

Independent Auditors

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

Statement of Directors' Responsibilities

The directors are responsible for preparing the management report, the directors' report and the financial statements in accordance with applicable law and regulations. The Companies (Jersey) Law 1991 requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

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

The directors are 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 accounts comply with the Companies (Jersey) Law 1991. They 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 confirm to the best of their knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
- The management report includes 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

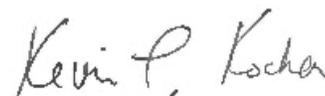
The directors of the company who served throughout the period and to the date of this report, except where noted, were:

Name	Appointed	Resigned
J. A. Burgess	January 12, 2017	February 21, 2018
T. Degn-Petersen	February 24, 2017	February 22, 2018
A. B. Fontein	October 19, 2016	June 30, 2017
J. M. Kelsey	October 19, 2016	
K. G. Kochar	February 28, 2018	
M. S. J. Mertz	October 19, 2016	
J. M. Schneider	October 19, 2016	
M. Sunaga	January 12, 2017	

No director had, at the period 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 30, 2018.



By order of the board
K. G. Kochar
Director
April 30, 2018

Independent auditors' report to the members 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 ("the company") financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit and cash flows for the 63 week period (the "period") 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 (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2017; the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity for the period 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 Financial Reporting Council's ("FRC") Ethical Standard as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

<i>Materiality</i>	<ul style="list-style-type: none">• Overall materiality: \$29.2 million.• Based on: 1% of total assets.
<i>Audit scope</i>	<ul style="list-style-type: none">• We perform a full scope audit of the financial statements of the company as a whole.
<i>Key audit matter</i>	<ul style="list-style-type: none">• Valuation of debt securities issued designated at fair value through profit and loss and the associated derivative hedges recorded at fair value.

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. 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. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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.

Independent auditors' report to the members 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 derivative hedges recorded at fair value.

In accordance with the accounting policies set out in Note 2 'Summary of Significant Accounting Policies' to the financial statements, the directors designate certain of the company's debt securities issued at fair value through profit and loss and they are recorded in the balance sheet at fair value with changes in fair value recorded in net revenues.

As set out in Note 17 'Financial Assets and Financial Liabilities', the company economically hedges the debt securities issued with derivatives. Derivative assets and liabilities are classified as held for trading and are recorded in the balance sheet at fair value with changes in fair value recorded in net revenues.

As the debt securities issued are economically hedged with derivatives, the net impact to the profit and loss account of changes in fair values is limited. This key audit matter relates to the balance sheet valuation of debt securities issued designated at fair value through profit and loss and the associated derivative hedges recorded at fair value.

The valuations of debt securities issued designated at fair value and derivative financial assets and liabilities held at fair value are produced by financial models using a variety of inputs. Estimation uncertainty can be high for those instruments where significant valuation inputs are unobservable (i.e. Level 3 instruments).

Total derivative financial assets, derivative financial liabilities and debt securities issued designated at fair value were \$45 million, \$139 million, \$2.37 billion, respectively, at December 31, 2017. The net impact of changes in fair values in the profit and loss account for the 63 week period ended December 31, 2017 was \$16 million.

How our audit addressed the key audit matter

We understood and evaluated the design and tested the operational effectiveness of the controls over management's valuation of financial instruments.

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 monthly price verification process performed by the controller's function using prices and model valuation inputs sourced from third parties.
- 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.

We utilised valuation specialists to revalue a sample of debt securities issued using independent models and, to the extent available, independently sourced inputs.

We also tested external inputs used within management's price verification process and evaluated the appropriateness of the sources.

For a sample of debt securities issued we confirmed that they were economically hedged by derivative financial assets or liabilities and that the residual risk within the company was limited.

We evaluated the methodology and underlying assumptions used to determine material valuation adjustments. We tested a sample of valuation adjustments at the period end.

Based on the work performed, we found management's judgements in relation to the valuation of debt securities issued and derivative financial assets and liabilities at fair value to be supported by the evidence obtained.

We performed testing to validate that management had allocated financial instruments to the appropriate level (1, 2 or 3) 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 17 'Financial Assets and Financial Liabilities' regarding significant unobservable inputs and the fair value hierarchy and found them to be appropriate.

Independent auditors' report to the members 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 which are relevant to the audit of the company. We determined the scope of the work required in each of these locations and we issued instructions to PwC network firms. We concluded that the procedures performed on our behalf were sufficient for the purposes of issuing our opinion.

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	\$29.2 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. The company is not run for profit. As such total assets is considered an appropriate benchmark. Where total assets is used, if the company is a public interest entity, a rule of thumb of up to 1% can be applied. We have deemed this to be a public interest entity and have therefore applied 1% due to the fact the entity has listed debt.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above \$1.46 million, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the period ended 31 December 2017 is consistent with the financial statements.

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 Directors' Report.

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

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 set out on page 5, 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.

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

Accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept; 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.

Nick Morrison
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Recognized Auditor
London
April 30, 2018

Profit and Loss Account

<i>\$ in thousands</i>		Period Ended
	Note	December 2017
Net revenues	4	\$ 36,154
Administrative expenses	6	(584)
Operating profit		35,570
Tax on profit	8	-
Profit for the financial period		\$ 35,570

Net revenues and operating profit of the company are derived from continuing operations in the current period.

Statement of Comprehensive Income

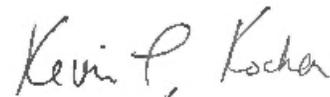
<i>\$ in thousands</i>		Period Ended
	Note	December 2017
Profit for the financial period		\$ 35,570
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Debt valuation adjustment	11	(52,480)
Tax attributable to the components of other comprehensive income		-
Other comprehensive loss for the financial period		(52,480)
Total comprehensive loss for the financial period		\$(16,910)

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

Balance Sheet

<i>\$ in thousands</i>	Note	As of December 2017
Current assets		
Derivative financial assets	9	\$ 45,115
Debtors (includes \$1,964,877 due after more than one year)	10	2,858,613
Cash at bank and in hand		19,738
		2,923,466
Creditors: amounts falling due within one year		
Derivative financial liabilities	9	(138,803)
Other creditors	11	(39,239)
		(178,042)
Net current assets		2,745,424
Total assets less current liabilities		2,745,424
Creditors: amounts falling due after more than one year		
Other creditors	11	(2,732,334)
		(2,732,334)
Net assets		\$ 13,090
Capital and reserves		
Called up share capital	12	\$ 5,000
Share premium account		25,000
Profit and loss account		35,570
Accumulated other comprehensive income		(52,480)
Total shareholder's funds		\$ 13,090

The financial statements were approved by the Board of Directors on April 30, 2018 and signed on its behalf by:



K. G. Kocher
Director

Statement of Changes in Equity

<i>\$ in thousands</i>	Note	Period Ended December 2017
Called up share capital		
Beginning balance		\$ —
Shares issued	12	5,000
Ending balance		5,000
Share premium account		
Beginning balance		—
Shares issued	12	25,000
Ending balance		25,000
Profit and loss account		
Beginning balance		—
Profit for the financial period		35,570
Ending balance		35,570
Accumulated other comprehensive income		
Beginning balance		—
Other comprehensive loss		(52,480)
Ending balance		(52,480)
Total shareholder's funds		\$ 13,090

No dividends were paid for the period ended December 2017.

Statement of Cash Flows

<i>\$ in thousands</i>	Note	Period Ended December 2017
Cash flows from operating activities		
Cash used in operations	14	\$ (9,690)
Net cash used in operating activities		(9,690)
Cash flows from financing activities		
Receipts from issuing ordinary share capital	12	30,000
Net cash from financing activities		30,000
Net increase in cash and cash equivalents		20,310
Cash and cash equivalents, beginning balance		—
Foreign exchange losses on cash and cash equivalents		(572)
Cash and cash equivalents, ending balance	13	\$ 19,738

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/shareholders/.

Note 2.

Summary of Significant Accounting Policies

Basis of Preparation

The company prepares financial statements under U.K. GAAP. These financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework' (FRS 101).

These financial statements have been prepared on the going concern basis, under the historical cost convention (modified as explained in "Financial Assets and Financial Liabilities" below), and in accordance with the Companies (Jersey) Law 1991.

The following exemptions from the disclosure requirements of International Financial Reporting Standards (IFRS) as adopted by the E.U. have been applied in the preparation of these financial statements in accordance with FRS 101:

- IAS 1 'Presentation of Financial Statements' paragraph 38 to present comparative information in respect of IAS 1 'Presentation of Financial Statements' paragraph 79(a)(iv);
- IAS 1 'Presentation of Financial Statements' paragraphs 10(f), 16, and 40A-D;
- IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31;
- IAS 24 'Related Party Disclosures' paragraph 17; and
- IAS 24 'Related Party Disclosures' requirements to disclose transactions with companies also wholly owned within GS Group.

Accounting Policies

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

Securities issued by the company are either designated at fair value, or are measured at amortised cost where the host instrument is classified as a hedged item (see "Financial Assets and Financial Liabilities — Hedge Accounting" below). 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 the recognition of such changes in other comprehensive income 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. 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. The net of the gains and losses of these instruments are included in net revenues for the period. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs.

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

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

Cash at Bank and In Hand. This includes cash at bank and in hand 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 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 operating profit.

Financial Assets and Financial Liabilities. Recognition and Derecognition

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument. They are de-recognised when the contractual rights to the cash flows from the financial asset expire or if the company transfers the financial asset and substantially all the risk and rewards of ownership of that financial asset. A financial liability is derecognised only when it is extinguished (i.e., when the obligation specified in the contract is discharged or cancelled or expires).

Classification and Measurement

The company classifies its financial assets and 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 assets and financial liabilities classified as held for trading.** Financial assets and financial liabilities classified as held for trading include derivative financial assets and derivative financial liabilities, which are initially recognised at fair value with transaction costs expensed in profit or loss. Such financial instruments are carried on the balance sheet at fair value and all subsequent gains or losses are recognised in net revenues.
- **Financial liabilities designated at fair value through profit or loss.** The company designates certain of its other creditors at fair value through profit or loss. Financial liabilities designated at fair value through profit or loss are initially recognised at fair value with transaction costs expensed in profit or loss. Financial liabilities are measured in the balance sheet at fair value, with changes in fair value attributable to own credit risk (debt valuation adjustment or 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. The primary reasons for designating such financial liabilities at fair value through profit or loss are:
 - The group of financial liabilities is managed and its performance evaluated on a fair value basis; and
 - 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.

Notes to the Financial Statements

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

Hybrid financial instruments are instruments that contain bifurcated embedded derivatives. If the company elects to bifurcate 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, adjusted for the effective portion of any fair value hedges. If the company does not elect to bifurcate, the entire hybrid financial instrument is designated at fair value through profit or loss. These financial liabilities at fair value are generally valued based on discounted cash flow techniques, which incorporate inputs with reasonable levels of price transparency, and are generally classified in level 2 because the inputs are observable. Valuation adjustments may be made for liquidity and for counterparty and GS Group's credit quality.

- **Loans and receivables; and financial liabilities measured at amortised cost.** Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They include debtors and cash at bank and in hand. Such financial assets are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method (see below). Finance revenue is recorded in net revenues.

Financial liabilities measured at amortised cost include certain other creditors. Such financial liabilities are initially recognised at fair value plus transactions costs and subsequently measured at amortised cost using the effective interest method (see below). Finance costs, including discounts allowed on issue, are recorded in net revenues.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial asset or financial liability, but does not consider future credit losses. The calculation includes all fees and points paid or received that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

The company assesses its loans and receivables at each balance sheet date for any objective evidence of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The amount of the loss is included within net revenues, if trading related, or in administrative expenses if non-trading related.

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 investment 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 amount 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 Financial Liabilities

Financial assets and financial 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 financial liabilities are presented on a gross basis on the balance sheet.

Fair Value Measurement

See Note 17 for details about the fair value measurement of the company's financial assets and financial liabilities.

Hedge Accounting

The company applies hedge accounting for certain interest rate swaps used to manage the interest rate exposure of its 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.

Note 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. The following judgement has had the most significant effect on amounts recognised in the financial statements:

Fair Value Measurement

Certain of the company's financial liabilities, which are economically hedged, include significant unobservable inputs (i.e., level 3). See Note 17 for information about the carrying value and valuation techniques of these instruments.

Note 4.

Net Revenues

Net revenues include non-interest income and net interest income. Non-interest income includes the net profit arising from the issuance of securities, OTC derivative hedges with affiliates, and allocations of net revenues from/to affiliates for their participation in the company's activities. Net interest income primarily relates to interest income from loans to affiliates.

The table below presents the company's net revenues.

<i>\$ in thousands</i>	Period Ended December 2017
Non-interest income	\$16,036
Interest income	
Interest income from external counterparties	11
Interest income from parent and group undertakings	20,158
Total interest income	20,169
Interest expense	
Interest expense from external counterparties	51
Total interest expense	51
Net interest income	20,118
Total net revenues	\$36,154

In the table above, non-interest income includes net gains of \$99 million for the period ended December 2017 in relation to financial liabilities designated at fair value through profit or loss. These gains are partially offset with losses on OTC derivative hedges with affiliates, which are financial assets and financial liabilities held for trading, and allocations of net revenues from/to affiliates for their participation in the company's activities.

Note 5.

Segment Reporting

The company is an issuer of securities in a number of European and Asian markets. The proceeds from these securities are onward lent to affiliates on an aggregated basis. As such, the directors manage the company's activities as a single business.

The company believes that a geographic analysis of its unsecured debt securities issued is a meaningful method to evaluate the business environments in which the company operates.

The table below presents the company's unsecured debt securities issued by geographic region based on the location of the market-making desk and the primary market for the underlying security.

<i>\$ in thousands</i>	As of December 2017
Europe	\$1,488,080
Asia	1,265,391
Total unsecured debt securities issued	\$2,753,471

Note 6.

Administrative Expenses

The company incurred administrative expenses of \$584,000 for the period ended December 2017, which primarily related to professional fees.

Note 7.

Staff Costs

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.

Note 8.

Tax on Profit

The company is domiciled in Jersey and under local laws the standard rate of corporate tax is 0%. As a result, no provision for income taxes has been made.

Note 9.

Derivative Financial Assets and Derivative Financial Liabilities

The table below presents the company's derivative financial assets.

<i>\$ in thousands</i>	As of December 2017
Derivative financial assets	
Interest rates	\$ 14,178
Currencies	2,586
Equities	28,351
Total derivative financial assets	\$ 45,115

The table below presents the company's derivative financial liabilities.

<i>\$ in thousands</i>	As of December 2017
Derivative financial liabilities	
Interest rates	\$ 34,821
Credit	89
Currencies	64,301
Equities	39,592
Total derivative financial liabilities	\$138,803

Note 10.

Debtors

The table below presents the company's debtors balances, all of which are financial assets.

<i>\$ in thousands</i>	As of December 2017
Amounts due within one year	
Amounts due from parent and group undertakings:	
Unsecured loans	\$ 779,278
Other debtors	114,458
Total	\$ 893,736
Amounts due after more than one year	
Amounts due from parent and group undertakings:	
Unsecured loans	\$1,964,877
Total	\$1,964,877
Total debtors	\$2,858,613

Note 11.

Other Creditors

The table below presents the company's other creditors, all of which are financial liabilities.

<i>\$ in thousands</i>	As of December 2017
Amounts falling due within one year	
Unsecured debt securities issued	\$ 21,143
Amounts due to parent and group undertakings:	
Other unsecured creditors	15,836
Other creditors and accruals	2,260
Total	\$ 39,239
Amounts falling due after more than one year	
Unsecured debt securities issued	\$2,732,328
Amounts due to parent and group undertakings:	
Unsecured borrowings	6
Total	\$2,732,334
Total other creditors	\$2,771,573

In the table above, unsecured debt securities issued falling due after more than one year included instruments that are repayable in more than five years of \$1.89 billion as of December 2017. As of December 2017, these instruments have maturities falling due between 2023 and 2047. Payments on these instruments are typically referenced to underlying financial assets, which are predominantly currencies, interest rates and equities-related.

Debt Valuation Adjustment

The fair value of debt securities issued that are designated at fair value through profit or loss are calculated by discounting future cash flows at a rate which incorporates GS Group's credit spreads. The net DVA on such financial liabilities is a loss of \$52 million for the period ended December 2017, and has been included in "Debt valuation adjustment" in other comprehensive income.

Note 12.

Share Capital

The table below presents the company's share capital.

<i>\$ in thousands</i>	Ordinary shares of \$1 each	<i>\$ in thousands</i>
Allotted, called up and fully paid		
As of October 19, 2016	-	\$ -
Allotted during the period	5,000,001	5,000
As of December 31, 2017	5,000,001	\$5,000

On January 10, 2017, 5,000,000 ordinary shares of \$1 each were allotted to GS Global Markets, Inc. for \$5,000,000. On December 29, 2017, 1 ordinary share of \$1 was allotted to GS Global Markets, Inc. for \$25,000,000. The total consideration received during the period was \$30,000,000 in cash incorporating a share premium of \$24,999,999.

Note 13.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand of \$20 million.

Note 14.

Reconciliation of Cash Flows From Operating Activities

The table below presents the company's reconciliation of cash flows used in operating activities.

<i>\$ in thousands</i>	Period Ended December 2017
Profit before taxation	\$ 35,570
Adjustments for:	
Foreign exchange losses	572
Cash generated before changes in operating assets and liabilities	36,142
Changes in operating assets	
Increase in derivative financial assets	(45,115)
Increase in debtors	(2,858,613)
Changes in operating assets	(2,903,728)
Changes in operating liabilities	
Increase in derivative financial liabilities	138,803
Increase in other creditors	2,719,093
Changes in operating liabilities	2,857,896
Cash used in operations	\$ (9,690)

Cash used in operations includes interest paid and interest received of \$1.4 million and \$41,000, respectively, for the period ended December 2017.

Note 15.

Financial Commitments and Contingencies

The company had no financial commitments or contingencies outstanding as of December 2017.

Note 16.

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 12) 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 financial 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 loss in the value of the company's financial assets and financial liabilities 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 and currency rate risks on its debt securities issued. The company manages these risks by entering into OTC derivative instruments for hedging purposes.

The company is exposed to interest rate risk on its unsecured loans due from parent and group undertakings. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the company's interest income from parent and group undertakings for the period ended December 2017 would have been \$17 million higher/lower. 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 period.

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 1 basis point increase in GS Group's credit spreads on such financial liabilities was a gain of \$2 million as of December 2017.

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 without taking account of any collateral held or other credit enhancements is equivalent to the carrying value of its financial assets as of December 2017.

The company's credit exposures are described further below.

Derivative Financial Assets. Derivatives are reported at fair value on a gross by counterparty basis in the company's financial statements, unless it 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 \$45 million is mitigated by counterparty netting (i.e., the netting of financial assets and financial liabilities for a given counterparty when a legal right of set-off exists under an enforceable netting agreement) of \$42 million resulting in a net credit exposure of \$3 million as of December 2017.

Debtors. Debtors primarily relate to unsecured loans to affiliates and cash collateral paid to affiliates in respect of derivative financial instruments. The company's gross and net credit exposure of \$2.86 billion and \$2.77 billion, respectively, mainly relates to the company's unsecured loans to affiliates. The cash collateral paid to affiliates of \$91 million is mitigated by cash collateral netting of \$91 million.

Cash at Bank and in Hand. Cash at bank and in hand includes 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's gross and net credit exposure is \$20 million as of December 2017.

As of December 2017, there were no financial assets past due or impaired.

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 both company-specific and broader industry or market liquidity events.

Note 17.

Financial Assets and Financial Liabilities

Financial Assets and Financial Liabilities by Category

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

\$ in thousands	Financial Assets			Total
	Held for trading	Designated at fair value	Loans and receivables	
As of December 2017				
Derivative financial assets	\$ 45,115	\$ -	\$ -	\$ 45,115
Debtors	-	-	2,858,613	2,858,613
Cash at bank and in hand	-	-	19,738	19,738
Total financial assets	\$ 45,115	\$ -	\$ 2,878,351	\$ 2,923,466

\$ in thousands	Financial Liabilities			Total
	Held for trading	Designated at fair value	Amortised cost	
As of December 2017				
Amounts falling due within one year				
Derivative financial	\$138,803	\$ -	\$ -	\$ 138,803
Other creditors	-	21,143	18,096	39,239
Total	138,803	21,143	18,096	178,042
Amounts falling due after more than one year				
Other creditors	-	2,353,101	379,233	2,732,334
Total	-	2,353,101	379,233	2,732,334
Total financial liabilities	\$138,803	\$2,374,244	\$ 397,329	\$2,910,376

In the table above, as of December 2017, derivative financial assets include \$14,000 of derivative instruments designated as hedges.

Fair Value Hierarchy

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 financial liabilities as a portfolio (i.e., based on its net exposure to market and/or credit risks).

Notes to the Financial Statements

U.K. GAAP 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 the lowest priority to level 3 inputs. A financial asset or financial liability's level in the fair value 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 the majority of the company's financial assets and financial 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 financial liabilities may require appropriate valuation adjustments that a market participant would require to arrive at fair value for factors such as counterparty and GS Group's credit quality, funding risk, transfer restrictions, liquidity and bid/offer spreads. Valuation adjustments are generally based on market evidence.

Valuation Techniques and Significant Inputs

Derivative Instruments. 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.

- **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 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 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 Derivatives

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 Derivatives

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 inputs.

Subsequent to the initial valuation of a level 3 derivative, the company updates the level 1 and level 2 inputs to reflect observable market changes and any resulting gains and losses are recorded 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 appropriate exit price valuation. These adjustments incorporate bid/offer spreads, the cost of liquidity, credit valuation adjustments and funding valuation adjustments, which account for the credit and funding risk inherent in the uncollateralised portion of derivative portfolios. The company also makes funding valuation adjustments to collateralised derivatives where the terms of the agreement do not permit the company to deliver or repledge collateral received. Market-based inputs are generally used when calibrating valuation adjustments to market-clearing levels.

Other Creditors. Other creditors comprise debt securities issued, 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 generally classified in level 2 because the inputs are observable. Valuation adjustments may be made for liquidity and for counterparty and GS Group's credit quality.

The significant inputs to the valuation of unsecured other creditors 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. See "Derivative Instruments" above.

Fair Value of Financial Assets and Financial Liabilities by Level

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

\$ in thousands	Financial Assets and Financial Liabilities at Fair Value as of December 2017			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative financial assets	\$ –	\$ 43,297	\$ 1,818	\$ 45,115
Total financial assets	\$ –	\$ 43,297	\$ 1,818	\$ 45,115
Financial Liabilities				
Amounts falling due within one year				
Derivative financial liabilities	\$ –	\$ 109,386	\$ 29,417	\$ 138,803
Other creditors	–	9,760	11,383	21,143
Total	–	119,146	40,800	159,946
Amounts falling due after more than one year				
Other creditors	–	2,056,773	296,328	2,353,101
Total	–	2,056,773	296,328	2,353,101
Total financial liabilities	\$ –	\$ 2,175,919	\$ 337,128	\$ 2,513,047
Net derivative instruments	\$ –	\$ (66,089)	\$ (27,599)	\$ (93,688)

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 the measurements on profit or loss or other comprehensive income for the period ended December 2017 was not material.

Level 3 Rollforward

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

\$ in thousands	Period Ended December 2017
Total financial assets	
Beginning balance	\$ –
Losses	(1,848)
Purchases	3,666
Ending balance	\$ 1,818
Total financial liabilities	
Beginning balance	\$ –
Losses	(4,225)
Sales	(17,007)
Issuances	(327,824)
Settlements	11,928
Ending balance	\$(337,128)

In the table above:

- Financial assets consists of derivative financial assets.
- If a financial liability was transferred to level 3 during a reporting period, its entire gain or loss for the period is included in level 3. For level 3 financial liabilities, increases are shown as negative amounts, while decreases are shown as positive amounts.
- Transfers between levels 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 liabilities that were transferred out of level 3 prior to the end of the period.
- Level 3 financial liabilities are economically hedged with level 3 financial assets and financial 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 3 in a different class of financial asset or financial liability.
- The net losses on level 3 financial liabilities of \$4 million for the period ended December 2017 included losses of \$4 million reported in “Debt valuation adjustment” in the statement of comprehensive income.

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

<i>\$ in thousands</i>	Period Ended December 2017
Derivative financial liabilities	
Beginning balance	\$ -
Losses	(12,410)
Sales	(17,007)
Ending balance	\$ (29,417)
Other creditors	
Beginning balance	\$ -
Gains	8,185
Issuances	(327,824)
Settlements	11,928
Ending balance	\$(307,711)

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

The fair value of financial assets and financial 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 financial 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 December 2017 as the company’s level 3 debt securities issued are economically hedged with OTC derivatives.

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

The company had \$2.88 billion of financial assets that are not measured at fair value as of December 2017, which predominately relate 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 amounts in the balance sheet are a reasonable approximation of fair value.

The company had \$397 million of financial liabilities that are not measured at fair value as of December 2017. These predominantly relate to fixed-rate long-term borrowings of \$379 million for which the fair value is \$382 million.

Maturity of Financial Liabilities

The table below presents the cash flows of the company's financial liabilities by contractual maturity including interest that will accrue, except for derivative financial liabilities. Derivative financial liabilities are classified as trading/on demand. Financial liabilities, with the exception of those that are held for trading or designated at fair value through profit and loss, are disclosed at their undiscounted cash flows.

The fair values of financial liabilities held for trading and financial liabilities designated at fair value through profit and loss have been disclosed as this is consistent with the values used in the liquidity risk management of these instruments. Liquidity risk on derivatives is mitigated through master netting agreements and cash collateral arrangements.

	Financial Liabilities						Total
	Trading/ on demand	Less than one month	More than one month but less than three months	More than three months but less than one year	More than one year but less than five years	Greater than five years	
<i>\$ in thousands</i>							
As of December 2017							
Amounts falling due within one year							
Derivative financial liabilities	\$138,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138,803
Other creditors	18,096	-	2,962	18,181	-	-	39,239
Total	156,899	-	2,962	18,181	-	-	178,042
Amounts falling due after more than one year							
Other creditors	6	789	1,410	6,573	879,206	1,961,336	2,849,320
Total	6	789	1,410	6,573	879,206	1,961,336	2,849,320
Total financial liabilities	\$156,905	\$789	\$4,372	\$24,754	\$879,206	\$1,961,336	\$3,027,362

Collateral Received and Pledged

The company has posted cash collateral in respect of derivative financial liabilities of \$91 million as of December 2017.

Hedge Accounting

The company designates certain interest rate swaps as fair value hedges of its fixed-rate unsecured long-term borrowings. These interest rate swaps hedge changes in fair value attributable to the designated benchmark interest rate (e.g., London Interbank Offered Rate (LIBOR)), effectively converting fixed-rate obligations into floating-rate obligations.

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%.

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.

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.

	Period Ended December 2017
<i>\$ in thousands</i>	
Interest rate hedges	\$(2,716)
Hedged borrowings	3,651
Hedge ineffectiveness	\$ 935

The gross fair value of derivative financial assets designated as hedges was \$14,000 as of December 2017.

Note 18.

Offsetting of Financial Assets and Financial Liabilities

The table below presents the company's financial assets and financial 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 table 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 financial liabilities for a given counterparty when a legal right of setoff 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 U.K. GAAP.

- 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 2017						
	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	
<i>\$ in thousands</i>							
Financial Assets							
Derivative financial assets	\$ 45,115	\$ -	\$ 45,115	\$(42,100)	\$ -	\$ -	\$ 3,015
Debtors	91,280	-	91,280	-	(91,280)	-	-
Financial assets subject to enforceable netting agreements	136,395	-	136,395	(42,100)	(91,280)	-	3,015
Financial assets not subject to enforceable netting agreements	2,787,071	-	2,787,071	-	-	-	2,787,071
Total financial assets	\$2,923,466	\$ -	\$2,923,466	\$(42,100)	\$(91,280)	\$ -	\$2,790,086
Financial Liabilities							
Amounts falling due within one year							
Derivative financial liabilities	\$ 138,803	\$ -	\$ 138,803	\$(42,100)	\$(91,280)	\$ -	\$ 5,423
Financial liabilities subject to enforceable netting agreements	138,803	-	138,803	(42,100)	(91,280)	-	5,423
Financial liabilities not subject to enforceable netting agreements	2,771,573	-	2,771,573	-	-	-	2,771,573
Total financial liabilities	\$2,910,376	\$ -	\$2,910,376	\$(42,100)	\$(91,280)	\$ -	\$2,776,996

**Audited Financial Information Report for the period from the date of its incorporation (19
October 2016) to 10 January 2017 of Goldman Sachs Finance Corp
International Ltd**

Introduction

Goldman Sachs Finance Corp International Ltd (GSFCI or the company) has been established to be an issuer of warrants, certificates and notes (securities) in a number of European and Asian markets. The proceeds from these securities will be lent to The Goldman Sachs Group, Inc. (Group Inc.) and/or its subsidiaries.

The company's ultimate parent undertaking and controlling entity is 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 (Federal Reserve Board). Group Inc., together with its consolidated subsidiaries, form "GS Group" or "the group". GS Group is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals. The securities issued by the company are fully and unconditionally guaranteed by Group Inc.

References to "financial information" are to the audited non-statutory historical financial information in this report. All references to January 2017 refer to the period between the company's incorporation on October 19, 2016 and January 10, 2017, or the date, as the context requires, January 10, 2017.

The financial information has been prepared by the directors to fulfil GSFCI's obligation under Directive 2003/71/EC and subsequent amendments including but not limited to Directive 2010/73/EU (Prospectus Directive).

In the period between the company's incorporation and January 2017, the company's profit and loss and other comprehensive income was nil.

All amounts in this financial information are prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) under United Kingdom Generally Accepted Accounting Practice (U.K. GAAP).

Company Information

Directors	Appointed
J. A. Burgess	January 12, 2017
T. Degn-Petersen	February 24, 2017
A. B. Fontein	October 19, 2016
J. M. Kelsey	October 19, 2016
M. S. J. Mertz	October 19, 2016
J. M. Schneider	October 19, 2016
M. Sunaga	January 12, 2017

Secretary

R. Taylor

Registered Office

22, Grenville Street
St. Helier
Jersey JE4 8PX

Independent Auditor

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Statement of Directors' Responsibilities

The directors are responsible for the preparation of the financial information on the basis set out in Note 2 to the financial information. In preparing the financial information, the directors have:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and accounting estimates that are reasonable and prudent;
- Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial information; and
- Prepared the financial information on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company. They 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.

Date of Authorisation of Issue

The financial information was authorised for issue by the board of directors on March 21, 2017.



T. Degn-Petersen
Director
March 21, 2017

Independent Auditors' Report to the Members of Goldman Sachs Finance Corp International Ltd

Report on the financial information

Our opinion

In our opinion, Goldman Sachs Finance Corp International Ltd's non-statutory financial information:

- give a true and fair view of the state of the company's affairs as of January 10, 2017 and of its profit for the period then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
-

Emphasis of matter - Basis of preparation

In forming our conclusion on the financial information, which is not modified, we draw attention to the basis of preparation described in the Accounting Policies note. The financial information has been prepared for a specific purpose, is not a complete set of statutory financial statements, and therefore does not include all the information required to be disclosed by FRS 101.

In addition, we draw attention to the fact that the financial information has not been prepared under the Companies (Jersey) Law 1991 and are not the company's statutory financial statements.

The financial information in this report relate to the period between the company's incorporation and January 2017, therefore prior period comparatives are not applicable.

What we have audited

The financial information comprises:

- the Balance Sheet as of January 10, 2017;
- the Profit and Loss Account and Statement of Comprehensive Income for the period then ended;
- the Statement of Changes in Equity for the period then ended;
- the Statement of Changes in Cash Flows for the period then ended; and
- the explanatory notes to the financial information which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial information is applicable law and the basis of preparation and accounting policies in the Accounting Policies.

Responsibilities for the financial information and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of the Directors' Responsibilities set out on Page 2, the directors are responsible for the preparation of the financial information and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial information in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the company's directors as a body for fulfilling GSFICI's obligation under the Prospectus Directive to provide an audited historical financial information report in accordance with our engagement letter dated February 21, 2017 and for no other purpose.

We do not, in giving this opinion, 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, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

Independent Auditors' Report to the Members of Goldman Sachs Finance Corp International Ltd

What an audit of financial information involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial information sufficient to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial information.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial information.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.



PricewaterhouseCoopers LLP
Chartered Accountants
London
March 21, 2017

GOLDMAN SACHS FINANCE CORP INTERNATIONAL LTD
Profit and Loss Account

<i>\$ in thousands</i>	Period Ended January 2017
Net revenues	\$ -
Administrative expenses	-
Operating profit and profit on ordinary activities before taxation	-
Tax on profit on ordinary activities	-
Profit for the financial period	\$ -

Statement of Comprehensive Income

<i>\$ in thousands</i>	Period Ended January 2017
Profit for the financial period	\$ -
Other comprehensive income for the financial period	-
Total comprehensive income for the financial period	\$ -

Balance Sheet

<i>\$ in thousands</i>	Note	As of January 2017
Current assets		
Cash at bank and in hand		\$5,000
Net current assets and net assets		\$5,000
Capital and reserves		
Called up share capital	5	\$5,000
Profit and loss account		-
Total shareholder's funds		\$5,000

The financial information was approved by the Board of Directors on March 21, 2017 and signed on its behalf by:



T. Degn-Petersen
 Director

Statement of Changes in Equity

<i>\$ in thousands</i>	Note	Period Ended January 2017
Called up share capital		
Beginning balance		\$ -
Shares issued	5	5,000
Ending balance		5,000
Profit and loss account		
Beginning balance		-
Profit for the financial period		-
Other comprehensive income		-
Ending balance		-
Total shareholder's funds		\$5,000

Statement of Cash Flows

<i>\$ in thousands</i>	Period Ended January 2017
Cash flows from financing activities	
Receipts from issuing ordinary share capital	\$5,000
Net cash from financing activities	5,000
Net increase in cash and cash equivalents	5,000
Cash and cash equivalents, beginning balance	-
Cash and cash equivalents, ending balance	\$5,000

Note 1.

General Information

The company is a public limited company incorporated on October 19, 2016 and domiciled in Jersey. 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 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/shareholders/.

Note 2.

Summary of Significant Accounting Policies

Basis of Preparation

The financial information of GSFCI has been prepared by the directors to fulfil GSFCI's obligation under the Prospectus Directive.

The primary statements have been prepared on the going concern basis, under the historical cost convention and in line with the recognition and measurement requirements of FRS 101 under U.K. GAAP.

Accounting Policies

Cash at Bank and In Hand. Cash at bank and in hand is highly liquid overnight deposits held in the ordinary course of business.

Foreign Currencies. The company's financial information is 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 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 operating profit.

Note 3.

Critical Accounting Estimates and Judgements

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the amounts recognised in this financial information. The nature of estimation means that actual outcomes could differ from those estimates. In the opinion of management, there were no judgements made that had a significant effect on amounts recognised in the financial information.

Note 4.

Auditors' Remuneration

The auditor's remuneration of \$7,297 for the audit of the non-statutory financial information has been borne by a group undertaking.

Note 5.

Share Capital

The table below presents the company's share capital.

Allotted, called up and fully paid	Ordinary shares	
	of \$1 each	\$ in thousands
As of October 19, 2016	-	\$ -
Allotted during the period	5,000,000	5,000
As of January 10, 2017	5,000,000	\$5,000

As of January 10, 2017, 5,000,000 ordinary shares of \$1 each were allotted at \$1 to GS Global Markets, Inc. The total consideration received was \$5,000,000 in cash.

Note 6.

Post Balance Sheet Events

The company will commence its business operations as an issuer of securities during the first quarter of 2017.

Note 7.

Financial Risk Management

The company is not exposed to any significant risks in relation to market, credit and liquidity as of the date of this financial information.

**Interim Financial Report of Goldman Sachs Finance Corp International Ltd for the period
ended 30 June 2018**

Management Report

Introduction

Goldman Sachs Finance Corp International Ltd (GSFCI or the company) has been established to be an issuer of warrants, certificates and notes (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 the securities issued, and manages these risks by entering into over-the-counter (OTC) derivative transactions with affiliates. The proceeds from these securities are 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, "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 investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals. The securities issued by the company are fully and unconditionally guaranteed by Group Inc.

The company was incorporated on October 19, 2016 and its first accounting reference period was 63 weeks ended December 31, 2017. This financial report sets out the results of the company for the six months ended June 30, 2018. Comparatives are presented for the six months ended June 30, 2017 or as of December 31, 2017 or as of June 30, 2017, as the context requires.

References to "the financial statements" are to the unaudited financial statements as presented in Part II of this financial report. All references to June 2018 and June 2017 refer to the periods ended, or the dates, as the context requires, June 30, 2018 and June 30, 2017. All references to December 2017 refer to the date December 31, 2017. All references to "the 2017 Annual Report" are to the company's Annual Report for the period ended December 31, 2017.

All amounts in this annual report are prepared in accordance with United Kingdom Generally Accepted Accounting Practices (U.K. GAAP).

Executive Overview

Profit and Loss Account

The profit and loss account is set out on page 5 of this financial report. The company's net result for the first half of 2018 was a loss of \$3 million, compared to a gain of \$10 million for the first half of 2017. The company's net loss of \$3 million for the first half of 2018 was primarily related to net losses from the company's issuance, hedging and lending activity.

Other Comprehensive Income

The statements of comprehensive income are set out on page 5 of this financial report. The company's other comprehensive income, which relates to the company's debt valuation adjustment, was a gain of \$150 million for the first half of 2018, compared with a loss of \$9 million for the first half of 2017.

Balance Sheet

The balance sheet is set out on page 6 of this financial report. As of June 2018, total assets were \$6.10 billion, an increase of \$3.17 billion from December 2017, mainly reflecting an increase in debtors of \$3.03 billion. Debtors increased primarily due to an increase in loans to affiliates as a result of an increase in debt securities issued.

Business Environment

Global

During the first half of 2018, real gross domestic product (GDP) growth appeared mixed in most major developed economies, although the pace of GDP growth remained relatively high. Following a year of low volatility for global equity markets, volatility increased substantially during the first half of 2018, particularly in the U.S. Economic activity slowed in several major emerging market economies, and emerging market asset prices declined significantly as concerns arose about the vulnerability of emerging economies to a stronger U.S. dollar and higher U.S. Treasury rates. The U.S. Federal Reserve increased the target federal funds rate in March 2018 and again in June 2018, and the European Central Bank announced in June 2018 a reduction to its future monthly asset purchases.

Management Report

Europe

In the Euro area, real GDP growth decreased during the period and measures of inflation were mixed. The European Central Bank maintained its main refinancing operations rate at 0.00% and its deposit rate at (0.40)%, but announced in June 2018 that its monthly asset purchases will continue at a reduced pace of €15 billion per month after September 2018 and through December 2018, after which net asset purchases will end. Measures of unemployment remained high and the Euro depreciated by 3% against the U.S. dollar compared with the end of 2017. The movements in 10-year Euro area government bond yields were generally lower, but significantly higher in Italy. Following a period of significant political uncertainty, a new coalition government was formed in Italy at the end of May 2018. In equity markets, the CAC 40 Index remained flat, and the DAX Index and Euro Stoxx 50 Index decreased by 5% and 3%, respectively, compared with the end of 2017.

In the U.K., real GDP growth increased during the first half of 2018. The Bank of England maintained its official bank rate at 0.50% during the period, and the British pound depreciated by 3% against the U.S. dollar. Yields on 10-year U.K. government bonds increased and, in equity markets, the FTSE 100 Index decreased by 1% compared with the end of 2017.

Asia

In Japan, real GDP growth decreased in the first half of 2018 compared with the second half of 2017. The Bank of Japan maintained its asset purchase program and continued to target a yield on 10-year Japanese government bonds of approximately 0%. The yield on 10-year Japanese government bonds was essentially unchanged, the U.S. dollar depreciated by 2% against the Japanese yen and the Nikkei 225 decreased by 2% compared with the end of 2017.

In China, real GDP growth decreased during the first half of 2018 compared with the second half of 2017, while measures of inflation increased. The U.S. dollar appreciated by 2% against the Chinese yuan compared with the end of 2017, while in equity markets, the Shanghai Composite Index and the Hang Seng Index decreased by 14% and 3%, respectively.

In India, economic growth increased during the first half of 2018 compared with the second half of 2017. The U.S. dollar appreciated by 7% against the Indian rupee and the BSE Sensex Index increased by 4% compared with the end of 2017.

Principal Risks and Uncertainties

The company faces a variety of risks that are substantial and inherent in its business, including market, liquidity, credit, operational, model, legal, regulatory and reputational risks and uncertainties. Those risks and uncertainties are consistent with those described in the 2017 Annual Report. 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, 2017 in Part 1, Item 1A.

Directors

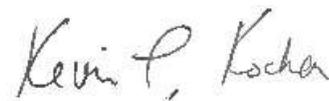
J. M. Schneider resigned from the board of directors on September 21, 2018.

There were no other changes in the directorship of the company between the date of issue of this financial report and the 2017 Annual Report.

Responsibility Statement

The financial statements have been prepared in accordance with FRS 104 'Interim Financial Reporting' and Article 5 of the Directive 2004/109/EC as amended by Directive 2013/50/EU. The directors confirm to the best of their knowledge:

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



K. G. Kocher
Director

September 28, 2018

Unaudited Financial Statements

GOLDMAN SACHS FINANCE CORP INTERNATIONAL LTD

Profit and Loss Account (Unaudited)

<i>\$ in thousands</i>	Note	Six Months Ended June	
		2018	2017
Net revenues	4	\$ (2,657)	\$10,598
Administrative expenses	6	(89)	(280)
Operating profit/(loss)		(2,746)	10,318
Tax on profit/(loss)	8	–	–
Profit/(loss) for the financial period		\$ (2,746)	\$10,318

Net revenues and operating profit/(loss) of the company are derived from continuing operations in the current and prior periods.

Statements of Comprehensive Income (Unaudited)

<i>\$ in thousands</i>	Note	Six Months Ended June	
		2018	2017
Profit/(loss) for the financial period		\$ (2,746)	\$10,318
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Debt valuation adjustment	11	149,680	(9,166)
Tax attributable to the components of other comprehensive income		–	–
Other comprehensive income/(loss) for the financial period		149,680	(9,166)
Total comprehensive income for the financial period		\$146,934	\$ 1,152

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

Balance Sheet (Unaudited)

\$ in thousands	Note	As of	
		June 2018	December 2017
Current assets			
Derivative financial assets	9	\$ 196,019	\$ 45,115
Debtors (includes \$4,951,901 and \$1,964,877 due after more than one year)	10	5,887,293	2,858,613
Cash at bank and in hand		13,101	19,738
		6,096,413	2,923,466
Creditors: amounts falling due within one year			
Derivative financial liabilities	9	(231,306)	(138,803)
Other creditors	11	(452,148)	(39,239)
		(683,454)	(178,042)
Net current assets		5,412,959	2,745,424
Total assets less current liabilities		5,412,959	2,745,424
Creditors: amounts falling due after more than one year			
Other creditors	11	(5,253,382)	(2,732,334)
		(5,253,382)	(2,732,334)
Net assets		\$ 159,577	\$ 13,090
Capital and reserves			
Called up share capital	12	\$ 5,000	\$ 5,000
Share premium account		25,000	25,000
Profit and loss account		32,377	35,570
Accumulated other comprehensive income/(loss)		97,200	(52,480)
Total shareholder's funds		\$ 159,577	\$ 13,090

Statements of Changes in Equity (Unaudited)

<i>\$ in thousands</i>	Six Months Ended June	
	2018	2017
Called up share capital		
Beginning balance	\$ 5,000	\$ –
Shares issued	–	5,000
Ending balance	5,000	5,000
Share premium account		
Beginning balance	25,000	–
Ending balance	25,000	–
Profit and loss account		
Beginning balance	35,570	–
Cumulative effect on retained earnings due to the adoption of IFRS 9, net of tax	(447)	–
Profit/(loss) for the financial period	(2,746)	10,318
Ending balance	32,377	10,318
Accumulated other comprehensive income		
Beginning balance	(52,480)	–
Other comprehensive income/(loss)	149,680	(9,166)
Ending balance	97,200	(9,166)
Total shareholder's funds	\$159,577	\$ 6,152

No dividends were paid for the six months ended June 2018 and June 2017.

Statements of Cash Flows (Unaudited)

<i>\$ in thousands</i>	Note	Six Months Ended June	
		2018	2017
Cash flows from operating activities			
Cash from/(used in) operations	14	\$ (6,401)	\$ 821
Net cash from/(used in) operating activities		(6,401)	821
Cash flows from financing activities			
Receipts from issuing ordinary share capital		–	5,000
Net cash from financing activities		–	5,000
Net increase/(decrease) in cash and cash equivalents		(6,401)	5,821
Cash and cash equivalents, beginning balance		19,738	–
Foreign exchange losses on cash and cash equivalents		(236)	(958)
Cash and cash equivalents, ending balance	13	\$13,101	\$ 4,863

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

Notes to the Financial Statements (Unaudited)

Note 1.

General Information

The company is a 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/shareholders/.

Note 2.

Summary of Significant Accounting Policies

Basis of Preparation

The company prepares financial statements under U.K. GAAP. These financial statements have been prepared in accordance with FRS 104 'Interim Financial Reporting' (FRS 104) and Article 5 of the Directive 2004/109/EC as amended by Directive 2013/50/EU. These financial statements should be read in conjunction with the 2017 Annual Report, which has been prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

Accounting Policies

The accounting policies and applicable disclosure exemptions applied are consistent with those described in the 2017 Annual Report, except for the adoption of new accounting standards effective as of January 1, 2018. As required by FRS 104, the nature and effect of these changes are set out below.

IFRS 9 'Financial Instruments'

From January 1, 2018, the company adopted the remaining provisions of IFRS 9 'Financial Instruments' (IFRS 9), having early adopted the requirements related to changes in the fair value of financial liabilities attributable to own credit spreads (debt valuation adjustment or DVA) effective from October 19, 2016. As permitted by IFRS 9, the company has decided to continue to apply the hedge accounting requirements of IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39).

The remaining provisions of IFRS 9 adopted by the company related to classification and measurement and impairment. As permitted by the transitional provisions of IFRS 9, the company has elected to not restate comparative figures. The impact of adopting IFRS 9 has been set out below.

Classification and Measurement. IFRS 9 introduces a principles-based approach to the classification of financial assets, resulting in the following categories: fair value through profit or loss; fair value through other comprehensive income; and amortised cost.

IFRS 9 requires debt assets to be classified based on a combination of the company's business models and the nature of the assets' cash flows.

As a result of the adoption of IFRS 9, the company reclassified its derivative financial assets of \$45 million from held for trading to mandatorily measured at fair value as of January 1, 2018.

The company's classification and measurement of financial liabilities remained unchanged on adoption of IFRS 9.

Impairment. IFRS 9 changes the impairment methodology for applicable financial assets, replacing the incurred loss model of IAS 39 with a forward-looking expected credit loss (ECL) approach.

The company is required to assess expected losses based on the probability of default in the next twelve months, unless there has been a significant increase in credit risk since origination, in which case, the expected credit loss is based on the probability of default over the life of the asset.

The company has developed and tested an impairment model that complies with the key requirements of IFRS 9. The cumulative effect on retained earnings due to adoption of IFRS 9 was \$447,000 as of January 1, 2018, which relates to the company's allowance for impairment on certain debtors balances.

Notes to the Financial Statements (Unaudited)

Note 3.

Critical Accounting Estimates and Judgements

The critical accounting estimates and judgements are consistent with those described in the 2017 Annual Report.

Note 4.

Net Revenues

Net revenues include non-interest income/(expense) and net interest income. Non-interest income/(expense) includes the net profit/(loss) arising from the issuance of securities, OTC derivative hedges with affiliates, allowances for impairment, and allocations of net revenues from/to affiliates for their participation in the company's activities. Net interest income primarily relates to interest income from loans to affiliates.

The table below presents the company's net revenues.

<i>\$ in thousands</i>	Six Months Ended June	
	2018	2017
Non-interest income/(expense)	\$(55,339)	\$ 9,421
Interest income		
Interest income from external counterparties	17	—
Interest income from parent and group undertakings	52,881	1,458
Total interest income	52,898	1,458
Interest expense		
Interest expense from external counterparties	(216)	(281)
Total interest expense	(216)	(281)
Net interest income	52,682	1,177
Total net revenues	\$ (2,657)	\$10,598

Note 5.

Segment Reporting

The company is an issuer of securities in a number of European and Asian markets. The proceeds from these securities are onward lent to affiliates on an aggregated basis. As such, the directors manage the company's activities as a single business.

The company believes that a geographic analysis of its unsecured debt securities issued is a meaningful method to evaluate the business environments in which the company operates.

The table below presents the company's unsecured debt securities issued by geographic region based on the location of the market-making desk and the primary market for the underlying security.

<i>\$ in thousands</i>	As of	
	June 2018	December 2017
Europe	\$2,838,902	\$1,488,080
Asia	2,733,214	1,265,391
Total unsecured debt securities issued	\$5,572,116	\$2,753,471

Note 6.

Administrative Expenses

The company incurred administrative expenses of \$89,000 and \$280,000 for the six months ended June 2018 and June 2017, respectively, which primarily related to professional fees.

Note 7.

Staff Costs

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.

Note 8.

Tax on Profit/(Loss)

The company is domiciled in Jersey and under local laws the standard rate of corporate tax is 0%. As a result, no provision for income taxes has been made.

Notes to the Financial Statements (Unaudited)

Note 9.

Derivative Financial Assets and Derivative Financial Liabilities

The table below presents the company's derivative financial assets.

<i>\$ in thousands</i>	As of	
	June 2018	December 2017
Derivative financial assets		
Interest rates	\$146,748	\$ 14,178
Credit	582	—
Currencies	4,584	2,586
Equities	44,105	28,351
Total derivative financial assets	\$196,019	\$ 45,115

The table below presents the company's derivative financial liabilities.

<i>\$ in thousands</i>	As of	
	June 2018	December 2017
Derivative financial liabilities		
Interest rates	\$ 67,902	\$ 34,821
Credit	8,134	89
Currencies	108,619	64,301
Equities	46,651	39,592
Total derivative financial liabilities	\$231,306	\$138,803

Note 10.

Debtors

The table below presents the company's debtors balances, all of which are financial assets.

<i>\$ in thousands</i>	As of	
	June 2018	December 2017
Amounts due within one year		
Amounts due from parent and group undertakings:		
Unsecured loans	\$ 799,702	\$ 779,278
Other debtors	135,690	114,458
Total	\$ 935,392	\$ 893,736
Amounts due after more than one year		
Amounts due from parent and group undertakings:		
Unsecured loans	\$4,951,901	\$1,964,877
Total	\$4,951,901	\$1,964,877
Total debtors	\$5,887,293	\$2,858,613

In the table above, unsecured loans due within one year and unsecured loans due after more than one year included an allowance for impairment of \$1 million as of June 2018.

Note 11.

Other Creditors

The table below presents the company's other creditors, all of which are financial liabilities.

<i>\$ in thousands</i>	As of	
	June 2018	December 2017
Amounts falling due within one year		
Unsecured debt securities issued	\$ 318,798	\$ 21,143
Amounts due to parent and group undertakings:		
Other unsecured creditors	130,081	15,836
Other creditors and accruals	3,269	2,260
Total	\$ 452,148	\$ 39,239
Amounts falling due after more than one year		
Unsecured debt securities issued	\$5,253,318	\$2,732,328
Amounts due to parent and group undertakings:		
Unsecured loans	64	6
Total	\$5,253,382	\$2,732,334
Total other creditors	\$5,705,530	\$2,771,573

In the table above, unsecured debt securities issued falling due after more than one year included instruments that are repayable in more than five years of \$3.28 billion and \$1.89 billion as of June 2018 and December 2017, respectively. As of June 2018, these instruments have maturities falling due between 2023 and 2048. Payments on these instruments are typically referenced to underlying financial assets, which are predominantly currencies, interest rates, equities and credit-related.

Debt Valuation Adjustment

The fair value of debt securities issued that are designated at fair value through profit or loss are calculated by discounting future cash flows at a rate which incorporates GS Group's credit spreads. The net DVA on such financial liabilities is a gain of \$150 million and a loss of \$9 million for the six months ended June 2018 and June 2017, respectively, and has been included in "Debt valuation adjustment" in other comprehensive income.

Note 12.

Share Capital

The table below presents the company's share capital.

Allotted, called up and fully paid	Ordinary shares	
	of \$1 each	<i>\$ in thousands</i>
As of December 31, 2017	5,000,001	\$5,000
As of June 30, 2018	5,000,001	\$5,000

Notes to the Financial Statements (Unaudited)

Note 13.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash at bank and in hand of \$13 million and \$5 million as of June 2018 and June 2017, respectively.

Note 14.

Reconciliation of Cash Flows From/(Used In) Operating Activities

The table below presents the company's reconciliation of cash flows from/(used in) operating activities.

\$ in thousands	Six Months Ended June	
	2018	2017
Profit/(loss) before taxation	\$ (2,746)	\$ 10,318
Adjustments for		
Foreign exchange losses	236	958
Cash generated/(used) before changes in operating assets and liabilities	(2,510)	11,276
Changes in operating assets		
Increase in derivative financial assets	(150,904)	(21,461)
Increase in debtors	(3,029,127)	(596,085)
Changes in operating assets	(3,180,031)	(617,546)
Changes in operating liabilities		
Increase in derivative financial liabilities	92,503	46,774
Increase in other creditors	3,083,637	560,317
Changes in operating liabilities	3,176,140	607,091
Cash from/(used in) operations	\$ (6,401)	\$ 821

Cash used in operations included interest paid of \$2 million and \$9,000 for the six months ended June 2018 and June 2017, respectively, and interest received of \$40 million and \$3,000 for the six months ended June 2018 and June 2017, respectively.

Note 15.

Financial Commitments and Contingencies

The company had no financial commitments or contingencies outstanding as of June 2018 and December 2017.

Note 16.

Financial Assets and Financial Liabilities

Financial Assets and Financial Liabilities by Category

The tables below present the carrying value of the company's financial assets and financial liabilities by category. The financial assets tables below have been prepared under IFRS 9 and IAS 39 as of June 2018 and December 2017, respectively. See Note 2 for further information.

\$ in thousands	Financial Assets		Total
	Mandatorily at fair value	Amortised cost	
As of June 2018			
Derivative financial assets	\$196,019	\$ -	\$ 196,019
Debtors	-	5,887,293	5,887,293
Cash at bank and in hand	-	13,101	13,101
Total financial assets	\$196,019	\$5,900,394	\$6,096,413

\$ in thousands	Held for trading	Loans and receivables	Total
Derivative financial assets	\$ 45,115	\$ -	\$ 45,115
Debtors	-	2,858,613	2,858,613
Cash at bank and in hand	-	19,738	19,738
Total financial assets	\$ 45,115	\$2,878,351	\$2,923,466

\$ in thousands	Financial Liabilities			Total
	Held for trading	Designated at fair value	Amortised cost	
As of June 2018				
Amounts falling due within one year				
Derivative financial liabilities	\$231,306	\$ -	\$ -	\$ 231,306
Other creditors	-	318,798	133,350	452,148
Total	231,306	318,798	133,350	683,454

Amounts falling due after more than one year				
Other creditors	-	4,739,961	513,421	5,253,382
Total	-	4,739,961	513,421	5,253,382
Total financial liabilities	\$231,306	\$5,058,759	\$646,771	\$5,936,836

As of December 2017				
Amounts falling due within one year				
Derivative financial liabilities	\$138,803	\$ -	\$ -	\$ 138,803
Other creditors	-	21,143	18,096	39,239
Total	138,803	21,143	18,096	178,042

Amounts falling due after more than one year				
Other creditors	-	2,353,101	379,233	2,732,334
Total	-	2,353,101	379,233	2,732,334
Total financial liabilities	\$138,803	\$2,374,244	\$397,329	\$2,910,376

In the tables above, derivative financial assets included \$8 million and \$4 million as of June 2018 and December 2017, respectively, and derivative financial liabilities included \$nil and \$87,000 as of June 2018 and December 2017, respectively, of derivative instruments designated as hedges.

Notes to the Financial Statements (Unaudited)

Fair Value Hierarchy

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 financial liabilities as a portfolio (i.e., based on its net exposure to market and/or credit risks).

U.K. GAAP 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 the lowest priority to level 3 inputs. A financial asset or financial liability's level in the fair value 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 the majority of the company's financial assets and financial 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 financial liabilities may require appropriate 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

Derivative Instruments. 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 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 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.

Notes to the Financial Statements (Unaudited)

Level 2 Derivatives

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 Derivatives

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 inputs.

Subsequent to the initial valuation of a level 3 derivative, the company updates the level 1 and level 2 inputs to reflect observable market changes and any resulting gains and losses are recorded 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 appropriate exit price valuation. These adjustments mainly incorporate bid/offer spreads and the cost of liquidity. Market-based inputs are generally used when calibrating valuation adjustments to market-clearing levels.

Other Creditors. Other creditors comprise debt securities issued, 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 generally 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 other creditors 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. See "Derivative Instruments" above.

Notes to the Financial Statements (Unaudited)

Fair Value of Financial Assets and Financial Liabilities by Level

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

Financial Assets and Financial Liabilities at Fair Value as of June 2018				
<i>\$ in thousands</i>	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative financial assets	\$ –	\$ 195,753	\$ 266	\$ 196,019
Total financial assets	\$ –	\$ 195,753	\$ 266	\$ 196,019
Financial Liabilities				
Amounts falling due within one year				
Derivative financial liabilities	\$ –	\$ 192,818	\$ 38,488	\$ 231,306
Other creditors	–	248,097	70,701	318,798
Total	–	440,915	109,189	550,104
Amounts falling due after more than one year				
Other creditors	–	4,151,840	588,121	4,739,961
Total	–	4,151,840	588,121	4,739,961
Total financial liabilities	\$ –	\$ 4,592,755	\$ 697,310	\$ 5,290,065
Net derivative instruments	\$ –	\$ 2,935	\$ (38,222)	\$ (35,287)

Financial Assets and Financial Liabilities at Fair Value as of December 2017				
<i>\$ in thousands</i>	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative financial assets	\$ –	\$ 43,297	\$ 1,818	\$ 45,115
Total financial assets	\$ –	\$ 43,297	\$ 1,818	\$ 45,115
Financial Liabilities				
Amounts falling due within one year				
Derivative financial liabilities	\$ –	\$ 109,386	\$ 29,417	\$ 138,803
Other creditors	–	9,760	11,383	21,143
Total	–	119,146	40,800	159,946
Amounts falling due after more than one year				
Other creditors	–	2,056,773	296,328	2,353,101
Total	–	2,056,773	296,328	2,353,101
Total financial liabilities	\$ –	\$ 2,175,919	\$ 337,128	\$ 2,513,047
Net derivative instruments	\$ –	\$ (66,089)	\$ (27,599)	\$ (93,688)

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 the measurements on profit or loss or other comprehensive income as of June 2018 and December 2017 was not material.

Level 3 Rollforward

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

<i>\$ in thousands</i>	Six Months Ended June	
	2018	2017
Total financial assets		
Beginning balance	\$ 1,818	\$ –
Gains/(losses)	(1,560)	–
Purchases	–	–
Settlements	209	–
Transfers out of level 3	(201)	–
Ending balance	\$ 266	\$ –
Total financial liabilities		
Beginning balance	\$(337,128)	\$ –
Gains/(losses)	9,959	(5,366)
Sales	(8,240)	(3,090)
Issuances	(556,510)	(87,961)
Settlements	115,043	811
Transfers out of level 3	79,566	–
Ending balance	\$(697,310)	\$(95,606)

In the table above:

- Financial assets consist of derivative financial assets.
- If a financial liability was transferred to level 3 during a reporting period, its entire gain or loss for the period is included in level 3. For level 3 financial liabilities, increases are shown as negative amounts, while decreases are shown as positive amounts.
- Transfers between levels 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 liabilities that were transferred out of level 3 prior to the end of the period.
- Level 3 financial liabilities are economically hedged with level 3 financial assets and financial 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 3 in a different class of financial asset or financial liability.
- The net gains on level 3 financial liabilities of \$10 million for the six months ended June 2018 included gains of \$16 million reported in "Debt valuation adjustment" in the statements of comprehensive income and losses of \$6 million reported in "Net revenues" in the profit and loss account. The net losses on level 3 financial liabilities of \$5 million for the six months ended June 2017 included losses of \$3 million reported in "Debt valuation adjustment" in the statements of comprehensive income and losses of \$2 million reported in "Net revenues" in the profit and loss account.

Notes to the Financial Statements (Unaudited)

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

<i>\$ in thousands</i>	Six Months Ended June	
	2018	2017
Derivative financial liabilities		
Beginning balance	\$ (29,417)	\$ -
Losses	(14,003)	(14,588)
Sales	(8,240)	(3,090)
Settlements	11,504	-
Transfers out of level 3	1,668	-
Ending balance	\$ (38,488)	\$(17,678)
Other creditors		
Beginning balance	\$(307,711)	\$ -
Gains	23,962	9,222
Issuances	(556,510)	(87,961)
Settlements	103,539	811
Transfers out of level 3	77,898	-
Ending balance	\$(658,822)	\$(77,928)

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

Six Months Ended June 2018. Transfers out of level 3 financial liabilities primarily reflected transfers of certain equity products to level 2, principally due to unobservable volatility and correlation inputs no longer being significant to the valuation of these products.

Six Months Ended June 2017. There were no transfers between level 2 and level 3 during the six months ended June 2017.

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

The fair value of financial assets and financial 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 financial 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 June 2018 and June 2017, as the company's level 3 debt securities issued are economically hedged with OTC derivatives.

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

The company had financial assets that are not measured at fair value of \$5.90 billion and \$2.88 billion as of June 2018 and December 2017, respectively, which predominately relate 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 amounts in the balance sheet are a reasonable approximation of fair value.

The company had financial liabilities that are not measured at fair value of \$647 million and \$397 million as of June 2018 and December 2017, respectively. These predominantly relate to fixed-rate long-term borrowings of \$513 million and \$379 million as of June 2018 and December 2017, respectively, for which the fair value was \$479 million and \$382 million as of June 2018 and December 2017, respectively.