9^{th} Supplement

pursuant to Section 16 para. 1 of the German Securities Prospectus Act (in the version applicable until 20 July 2019) (*Wertpapierprospektgesetz*)

dated 22 May 2020

to the base prospectus of

Goldman, Sachs & Co. Wertpapier GmbH
Frankfurt am Main

(as "Issuer")

Goldman Sachs Finance Corp International Ltd
Jersey

(as "Issuer")

unconditionally guaranteed by

The Goldman Sachs Group, Inc.
United States of America

(the "Guarantor")

This supplement is related to the following base prospectus:
Base Prospectus for Securities (issued in the form of Certificates, Notes or Warrants) of Goldman, Sachs & Co. Wertpapier GmbH and Goldman Sachs Finance Corp International Ltd dated 16 July 2019.

The significant new factor resulting in this supplement (the "**Supplement**") is (i) the publication of the annual report of Goldman Sachs Finance Corp International Ltd for the fiscal year ended 31 December 2019 (the "**Annual Report**") on 30 April 2020, (ii) the publication of the Proxy Statement of the Guarantor relating to the Annual Meeting of Shareholders on 30 April 2020 (the "**Proxy Statement 2020**") on 20 March 2020 and (iii) the publication of the Quarterly Report of the Guarantor on Form 10-Q for the fiscal quarter ended 31 March 2020 (the "**Form 10-Q First Quarter 2020**") on 30 April 2020. The Proxy Statement 2020 has been filed with the US Securities and Exchange Commission (the "**SEC**") by the Guarantor on 20 March 2020 and the Form 10-Q First Quarter 2020 on 30 April 2020. The Proxy Statement 2020 and the Form 10-Q First Quarter 2020 have also been filed with the Commission de Surveillance du Secteur Financier ("**CSSF**") in Luxembourg in connection with the Euro Medium-Term Notes, Series F of The Goldman Sachs Group, Inc. dated 15 April 2020 (as supplemented) and are available from the website of the Luxembourg stock exchange at www.bourse.lu. The Proxy Statement 2020 and the Form 10-Q First Quarter 2020 are incorporated by reference into the base prospectus (the "**Prospectus**"). The Proxy Statement 2020 and the Form 10-Q First Quarter 2020 are available free of charge at Goldman Sachs International, Zweigniederlassung Frankfurt, Marienturm, Taunusanlage 9-10, 60329 Frankfurt am Main.

The information contained in the Prospectus (in the form as lastly supplemented) shall be supplemented as follows:

*1. In the Prospectus in section "**I. Summary**" under "Element B.12" in subsection "**1. Information relating to Goldman Sachs Finance Corp International Ltd as Issuer** " on page 15 the whole text shall be replaced as follows:*

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

	As at and for the year ended	
(*in USD thousands*)	**31 December 2019**	**31 December 2018**
Profit for the financial period	-1,919	19,429

	As at	
(*in USD thousands*)	**31 December 2019**	**31 December 2018**
Current assets	12,589,557	10,131,841
Net assets	22,736	414,186
Total shareholders' funds	22,736	414,186

There has been no material adverse change in the prospects of GSFCI since 31 December 2019.

Not applicable. There has been no significant change in the financial or trading position of GSFCI since 31 December 2019."

*2. In the Prospectus in section "**I. Summary**" under "**Element B.19 (B.12)**" in subsection "**2. Information relating to The Goldman Sachs Group, Inc. as Guarantor**"on pages 17 et seq. the whole text shall be replaced as follows:*

"The following table shows selected key historical financial information in relation to the Guarantor which is derived from the unaudited condensed consolidated interim financial statements as of 31 March 2020 for the three months ended 31 March 2020 and 31 March 2019 and from the audited consolidated financial statements as of 31 December 2019 for each of the two years in the period ended 31 December 2019 and 31 December 2018:

Earnings information				
	As of and for the three months (unaudited)		**As of and for the Year**	
	1 January - 31 March 2020	**1 January - 31 March 2019**	**1 January - 31 December 2019**	**1 January - 31 December 2018**
	(in USD millions)			
Total non-interest revenues	7,430	7,589	32,184	32,849
Net revenues, including net interest income	8,743	8,807	36,546	36,616
Pre-tax earnings	1,348	2,719	10,583	12,481

Balance sheet information			
	31 March 2020 (unaudited)	**31 December 2019**	**31 December 2018**
	(in USD millions)		
Total assets	1,089,756	992,968	931,796
Total liabilities	997,377	902,703	841,611
Total shareholders' equity	92,379	90,265	90,185

There has been no material adverse change in the prospects (trend information) of the Guarantor since the date of the last published audited consolidated financial statements (31 December 2019) which would impair its capability to fulfill its obligations under the Guarantee.

Not applicable. There has been no significant change in the financial or trading position of the Goldman Sachs Group since the date of the last unaudited condensed consolidated interim financial statements (31 March 2020)."

*3. In the Prospectus in the German translation of the summary (Deutsche Übersetzung der Zusammenfassung) in section "**I. Summary**" under "**Punkt B.12**" in subsection "**1. Informationen bezüglich der Goldman Sachs Finance Corp International Ltd als Emittentin** " on page 144 the whole text shall be replaced as follows:*

"Die folgende Tabelle zeigt wesentliche historische Finanzinformationen in Bezug auf GSFCI:

	Zum und für das Jahr endend am	
(in Tausend USD)	**31. Dezember 2019**	**31. Dezember 2018**
Ergebnis für die Geschäftsperiode	-1.919	19.429

Für das Jahr endend am

(in Tausend USD)	**31. Dezember 2019**	**31. Dezember 2018**
Umlaufvermögen	12.589.557	10.131.841
Nettovermögen	22.736	414.186
Gesamteigenkapital	22.736	414.186

Es gab seit dem 31. Dezember 2019 keine wesentlichen Änderungen in den Geschäftsaussichten für GSFCI.

Nicht anwendbar. Seit dem 31. Dezember 2019 sind keine wesentlichen Veränderungen in der Finanzlage oder Handelsposition der GSFCI eingetreten."

*4. In the Prospectus in the German translation of the summary (Deutsche Übersetzung der Zusammenfassung) in section **"I. Summary"** under **"Punkt B.19 (B.12)"** in subsection **"2. Informationen bezüglich der The Goldman Sachs Group, Inc. als Garantin "** on pages 146 et seq. the whole text shall be replaced as follows:*

"Die folgende Tabelle enthält ausgewählte Finanzinformationen bezüglich der Garantin, die dem ungeprüften, verkürzten und konsolidierten Konzernzwischenabschluss vom 31. März 2020 jeweils für die am 31. März 2020 bzw. 31. März 2019 geendeten drei Monate sowie dem geprüften konsolidierten Konzernabschluss vom 31. Dezember 2019 jeweils für das am 31. Dezember 2019 bzw. 31. Dezember 2018 geendete Geschäftsjahr entnommen sind:

Informationen zur Ertragslage				
	Für die drei Monate (ungeprüft)		**Für das Geschäftsjahr**	
	1. Januar - 31. März 2020	**1. Januar - 31. März 2019**	**1. Januar - 31. Dezember 2019**	**1. Januar - 31. Dezember 2018**
	(in Mio. USD)			
Gesamtumsatz (ohne Zinserträge)	7.430	7.589	32.184	32.849
Umsatz einschließlich Zinserträgen	8.743	8.807	36.546	36.616
Ergebnis vor Steuern	1.348	2.719	10.583	12.481

Bilanzinformationen			
	31. März 2020 (ungeprüft)	**31. Dezember 2019**	**31. Dezember 2018**
	(in Mio. USD)		
Summe der Aktiva	1.089.756	992.968	931.796
Summe der Verbindlichkeiten	997.377	902.703	841.611

Summe Eigenkapital	92.379	90.265	90.185

Seit dem Stichtag des letzten veröffentlichten geprüften konsolidierten Konzernabschlusses (31. Dezember 2019) sind keine wesentlichen Veränderungen in den Geschäftsaussichten (Trendinformationen) der Garantin eingetreten, welche die Fähigkeit der Garantin zur Erfüllung ihrer Verbindlichkeiten aus der Garantie gefährden können.

Nicht anwendbar. Seit dem Stichtag des letzten ungeprüften, verkürzten und konsolidierten Konzernzwischenabschlusses (31. März 2020) sind keine wesentlichen Veränderungen in der Finanzlage oder Handelsposition der Goldman Sachs Gruppe eingetreten."

*5. In the Prospectus the information contained in section "**VIII. Important information about GSFCI**" on page 791 shall be replaced as follows:*

"With respect to the required information about Goldman Sachs Finance Corp International Ltd potential Issuer of the Securities, reference is made pursuant to Section 11 para. 1 sentence 1 no. 1 German Securities Prospectus Act to the Registration Document of Goldman Sachs Finance Corp International Ltd dated 19 February 2019 (as supplemented by the supplement dated 4 June 2019) (the "**Registration Document of GSFCI**") which has been filed with the Competent Authority (detailed information about the pages in the Registration Document of GSFCI, to which reference is made with respect to the required information about the Issuer, can be found in section "XIV. Information incorporated by reference"). Further required information about Goldman Sachs Finance Corp International Ltd as Issuer of the Securities can be found on the pages I-1 to I-27 of this Base Prospectus."

*6. In the Prospectus in section "**VIII. Important information about GSFCI**" on page 791 the following information shall be supplemented at the end of the section as follows:*

- *The information contained in the Registration Document of GSFCI in subsection "**I. Statutory Auditors and Selected Financial Information**" of section "**D. Goldman Sachs Finance Corp International Ltd**" shall be replaced as follows:*

"**1. Statutory Auditors**

The annual financial statements of GSFCI for the periods ended 31 December 2019, 31 December 2018 and 31 December 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 2019 Financial Statements, and (ii) GSFCI's 2018 Financial Statements, which have been audited by PricewaterhouseCoopers LLP, and on which PricewaterhouseCoopers LLP have issued an unqualified audit report.

GSFCI's 2018 Financial Statements have been prepared in accordance with Financial Reporting Standards ("**FRS**") 101. GSFCI's 2019 Financial Statements have been prepared in accordance with FRS 101. 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 period ended	
(in USD thousands)	**31 December 2019**	**31 December 2018**
Profit for the financial period	-1,919	19,429

	As of	
(in USD thousands)	**31 December 2019**	**31 December 2018**
Current assets	12,589,557	10,131,841
Net assets	22,736	414,186
Total shareholder's funds	22,736	414,186

"

- *The information in the Registration Document of GSFCI in subsection "**IV. Trend Information**" of section "**D. Goldman Sachs Finance Corp International Ltd**" shall be replaced as follows:*

  "There has been no material adverse change in the prospects of GSFCI since 31 December 2019 (date of its last audited financial statements)."

- *The information in paragraph "**3. Auditing of historical financial information**" in the Registration Document of GSFCI in subsection "**VI. Financial Information concerning GSFCI's assets and liabilities, financial position and profit and losses**" of section "**D. Goldman Sachs Finance Corp International Ltd**" shall be replaced as follows:*

  "**3. Auditing of historical financial information**

  PricewaterhouseCoopers LLP audited (i) GSFCI's 2019 Financial Statements and (ii) GSFCI's 2018 Financial Statements and issued in each case an unqualified audit report."

- *The information in paragraph "**5. Significant change in the financial or trading position of the group**" in the Registration Document of GSFCI in subsection "**VI. Financial Information concerning GSFCI's assets and liabilities, financial position and profit and losses**" of section "**D. Goldman Sachs Finance Corp International Ltd**" shall be replaced as follows:*

  "**5. Significant change in the financial or trading position of GSFCI**

  There has been no significant change in the financial or trading position of GSFCI since 31 December 2019."

- *After paragraph "**6. Statements in relation to prospects and financial or trading position**" in the Registration Document of GSFCI in subsection "**VI. Financial Information concerning GSFCI's assets and liabilities, financial position and profit and losses**" of section "**D. Goldman Sachs Finance Corp International Ltd**" the following paragraph shall be added:*

  "**7. Historical financial information for the financial year 2019**

  The Annual Report for the fiscal year ended 31 December 2019 of GSFCI ("**GSFCI's 2019 Annual Report**"), which includes the management report and the audited financial statements of GSFCI for the period ended 31 December 2019 ("**GSFCI's 2018 Financial Statements**") can be found on pages I-1 to I-27 of this Base Prospectus."

*7. In the Prospectus in section "**IX. Important information about the Guarantor**" on page 792 the following points shall be added at the end of the list contained in the first paragraph:*

"● the current Proxy Statement relating to the Annual Meeting of Shareholders on 30 April 2020 (the "**Proxy Statement 2020**"), filed with the SEC on 20 March 2020; and

● the Quarterly Report on Form 10-Q for the fiscal quarter ended 31 March 2020 (the "**Form 10-Q First Quarter 2020**"), filed with the SEC on 30 April 2020."

*8. In the Prospectus in section "**IX. Important information about the Guarantor**" on pages 792 et seqq. the table contained in the second paragraph shall be replaced as follows:*

"

Information required by the Prospectus Regulation	**Documents / Location**
Selected financial information for the fiscal years ended 31 December 2019 and 31 December 2018 (Annex IV, Section 3 of the Prospectus Regulation)	Form 10-K 2019 (p. 199)
Risk factors relating to the Guarantor (Annex IV, Section 4 of the Prospectus Regulation)	Form 10-K 2019 (pp. 23-44)[5]
Information about the Guarantor	
History and development of the Guarantor (Annex IV, Section 5.1 of the Prospectus Regulation)	Form 10-K 2019 (p. 1)
Investments (Annex IV, Section 5.2. of the Prospectus Regulation)	Form 10-K 2019 (pp. 65-68, 75-77, 82-86, 138-139, 165-169)
A description of the principal investments made since the date of the last published financial statements (Annex IV, Section 5.2.1 of the Prospectus Regulation)	Form 10-K 2019 (pp. 75-76, 138-139)

[5] As far as in the section "Risk Factors" on pp. 23 – 44 of the Annual Report on Form 10-K for the fiscal year ended 31 December 2019 reference is made to other sections of the Annual Report on Form 10-K for the fiscal year ended 31 December 2019 information in such other sections is not incorporated by reference and is not required for an assessment of risks in relation to GSG and/or the Securities.

Information concerning principal future investments, on which management bodies have already made firm commitments (Annex IV, Section 5.2.2 of the Prospectus Regulation)	Form 10-K 2019 (pp. 75-77, 165-169)
Information regarding the anticipated sources of funds needed to fulfil commitments referred to in item 5.2.2. (Annex IV, Section 5.2.3 of the Prospectus Regulation)	Form 10-K 2019 (pp. 65-68, 82-86)
Business Overview	
Principal activities (Annex IV, Section 6.1 of the Prospectus Regulation)	Form 10-K 2019 (pp. 1-5, 109)
Principal markets (Annex IV, Section 6.2 of the Prospectus Regulation)	Form 10-K 2019 (pp. 1-7, 45, 47, 184)
Organisational structure (Annex IV, Section 7 of the Prospectus Regulation)	Form 10-K 2019 (pp. 40-41, Exhibit 21.1)
Trend information (Annex IV, Section 8.2 of the Prospectus Regulation)	Form 10-K 2019 (pp. 46-101) Form 10-Q First Quarter 2020 (pp. 96-153)
Administrative, management and supervisory bodies, including conflicts of interest (Annex IV, Section 10 of the Prospectus Regulation)	Form 10-K 2019 (p. 20) Proxy Statement 2020 (pp. 1, 5, 8-28, 70-73)
Audit committee (Annex IV, Section 11.1 of the Prospectus Regulation)	Proxy Statement 2020 (pp. 17, 62-64)
Major shareholders (Annex IV, Section 12 of the Prospectus Regulation)	Proxy Statement 2020 (p. 76)
Financial information	
Audited historical financial information for the fiscal years ended 31 December 2019 and 31 December 2018 (Annex IV, Section 13.1-13.4 of the Prospectus Regulation)	Form 10-K 2019 (pp. 105-203)
Auditor's report (Annex IV, Section 13.1 of the Prospectus Regulation)	Form 10-K 2019 (pp. 103-104
Balance sheet (Annex IV, Section 13.1 of the Prospectus Regulation)	Form 10-K 2019 (p. 106)
Income statement (Annex IV, Section 13.1 of the Prospectus Regulation)	Form 10-K 2019 (p. 105)
Cash flow statement (Annex IV, Section 13.1 of the Prospectus Regulation)	Form 10-K 2019 (p. 108)
Accounting policies and explanatory notes (Annex IV, Section 13.1 of the Prospectus Regulation)	Form 10-K 2019 (pp. 47-50, 109-203)
Unaudited interim and other financial information (Annex IV, Section 13.5 of the Prospectus Regulation)	Form 10-Q First Quarter 2020 (pp. 1-95)

Legal and arbitration proceedings (Annex IV, Section 13.6 of the Prospectus Regulation)	Form 10-K 2019 (pp. 45, 185-193) Form 10-Q First Quarter 2020 (pp. 83-93)
Additional information	
Share capital (Annex IV, Section 14.1 of the Prospectus Regulation)	Form 10-K 2019 (pp.107, 169-171) Form 10-Q First Quarter 2020 (pp. 3, 68-70)
Credit ratings (Annex V, Section 7.5 of the Prospectus Regulation)	Form 10-K 2019 (p. 87)*

*) The rating scale for long-term debt ranges from Aaa (Fitch) / AAA (Moody's) / AAA (S&P) / AAA (DBRS) (highest quality, lowest risk) to D (Fitch and S&P) / C (Moody's) (payment difficulties, delay) / D (DBRS) (bankruptcy, insolvency). As far as information in relation to ratings of Rating and Investment Information, Inc. is included on those pages, such information is not incorporated by reference.

"

*9. In the Prospectus in section "**XIV. Information incorporated by reference**" on page 910 the following points shall be added at the end of the list contained in the sixth paragraph:*

"• the current Proxy Statement 2020, filed with the SEC on 20 March 2020; and

• the Form 10-Q First Quarter 2020, filed with the SEC on 30 April 2020."

*10. In the Prospectus after page H-18 of the section "**Audited financial information of Goldman, Sachs & Co. Wertpapier GmbH for the fiscal year 2019**" the "**Annual Report of Goldman Sachs Finance Corp International Ltd for the fiscal year 2019**" is newly inserted as pages I-1 to I-27 into the Prospectus.*

Annual Report of Goldman Sachs Finance Corp International Ltd for the fiscal year 2019

Introduction

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

The company's ultimate parent undertaking and controlling entity is The Goldman Sachs Group, Inc. (Group Inc.). Group Inc. is a bank holding company and a financial holding company regulated by the Board of Governors of the Federal Reserve System. In relation to the company, "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 debt securities issued by the company are fully and unconditionally guaranteed by Group Inc.

References to "the financial statements" are to the directors' report and audited financial statements as presented in Part II of this annual report. All references to 2019 and 2018 refer to the years ended, or the dates, as the context requires, December 31, 2019 and December 31, 2018, respectively.

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 10 of this annual report. The company made a loss of $2 million for 2019, compared to a gain of $19 million for 2018. The company's loss of $2 million for 2019 was primarily driven by net losses from the company's issuance, hedging and lending activity, and early redemption of debt securities.

Other Comprehensive Income

The statement of comprehensive income is set out on page 10 of this annual report. The company's other comprehensive income, which relates to the company's debt valuation adjustment (DVA), was a loss of $415 million for 2019, compared to a gain of $382 million for 2018.

Balance Sheet

The balance sheet is set out on page 11 of this annual report. As of December 2019, total assets were $12.59 billion, an increase of $2.46 billion from December 2018, mainly reflecting an increase in loans to affiliates. As of December 2019, total liabilities were $12.57 billion, an increase of $2.85 billion from December 2018, mainly reflecting an increase in debt securities issued.

Future Outlook

The directors consider that the year-end financial position of the company was satisfactory and no significant change in the company's principal business activities is currently expected. Since the balance sheet date there has been a global outbreak of a coronavirus disease (COVID-19) which has caused widespread disruption to financial markets and normal patterns of business activity across the world. In view of its evolving nature, it is not currently possible to estimate the financial effect of COVID-19 on the company.

Business Environment

During 2019, global real gross domestic product growth appeared to decrease compared with 2018, reflecting decreased growth in both emerging markets and advanced economies, including in the U.S. Concerns about future global growth and a mixed macroeconomic environment, led to accommodative monetary policies by global central banks, including three cuts to the federal funds rate by the U.S. Federal Reserve during 2019 to a target range of 1.5% to 1.75%. The market sentiment in 2019 was also impacted by geopolitical uncertainty, including ongoing trade concerns between the U.S. and China, and multiple extensions of the deadline related to the U.K.'s decision to leave the E.U.

Principal Risks and Uncertainties

The company faces a variety of risks and uncertainties that are substantial and inherent in its business. Risks include market, liquidity, credit, operational, model, legal, regulatory and reputational risks. 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, 2019 in Part 1, Item 1A.

Economic and Market Conditions

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

Commercial Activity

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

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

Liquidity

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

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

Credit Markets

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

Changes in Underliers

The company's business and its funding may be adversely affected by changes in the reference rates, currencies, indices, baskets, exchange-traded funds or other financial metrics (the underlier) to which the products issued by the company are linked, in particular by changes in or the discontinuance of Interbank Offered Rates (IBORs).

The discontinuation of an IBOR, changes in an IBOR or changes in market acceptance of any IBOR as a reference rate may also adversely affect the amounts paid on debt securities the company has issued, amounts received and paid on derivative instruments the company has entered into, the value of such debt securities or derivative instruments, the trading market for debt securities, the company's ability to effectively use derivative instruments to manage risk, or the availability or cost of the company's floating-rate funding and its exposure to fluctuations in interest rates.

Date of Authorisation of Issue

The management report was authorised for issue by the Board of Directors on April 27, 2020.

Kevin P. Kochar

By order of the board
K. G. Kochar
Director
April 30, 2020

Directors' Report

The directors present their report and the audited financial statements for the year ended December 2019.

Dividends

The directors do not recommend the payment of an ordinary dividend for the year ended December 2019.

Disclosure of Information to Auditors

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

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

Independent Auditors

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

Statement of Directors' Responsibilities

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 year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. 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 confirm that they have complied with the above requirements in preparing the financial statements.

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; and
- The management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that the company faces.

Directors

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

Name	Appointed	Resigned
A. Bajpayi	**July 24, 2019**	
J. M. Kelsey		**February 13, 2020**
K. G. Kochar		
M. S. J. Mertz		
M. Rollins	**February 13, 2020**	
M. Sunaga		**July 22, 2019**

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

Date of Authorisation of Issue

The financial statements were authorised for issue by the Board of Directors on April 27, 2020.

Kevin P. Kochar

By order of the board
K. G. Kochar
Director
April 30, 2020

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at December 31, 2019 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at December 31, 2019; the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Our audit approach

Overview

Materiality	Overall materiality: $125.9 million (2018: $101.2 million) based on: 1% of total assets.
Audit scope	We perform a full scope audit of the financial statements of the company as a whole as a single component. The scope of the audit and the nature, timing and extent of audit procedures were determined by our risk assessment, the financial significance of financial statement line items and qualitative factors (including history of misstatement through fraud or error).
Key audit matter	The key area of focus which was of most significance in the audit was the valuation of debt securities issued designated at fair value through profit and loss and the associated derivative hedges recorded at fair value. We also considered the impact of the outbreak of a novel strain of coronavirus (COVID-19) on the company.

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 testing journals and 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.

Key audit matter	How our audit addressed the 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 a portfolio of the company's debt securities issued at fair value through profit and loss. These securities are recorded in the balance sheet at fair value with DVA being recognised in other comprehensive income and the remaining changes in the fair value recorded in net revenues. As set out in Note 16 'Financial Assets and Liabilities', the company economically hedges the debt securities issued with derivatives. Derivative assets are mandatorily at fair value; derivative liabilities are classified as held for trading. Both are recorded in the balance sheet at fair value with changes in the fair value recorded in net revenues. As the debt securities issued are economically hedged with derivatives, the net impact 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 valuation 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. Total derivative financial assets, derivative financial liabilities and debt securities issued designated at fair value were $668 million, $811 million, $9,416 million, respectively, at December 31, 2019.	We understood and evaluated the design and tested the operational effectiveness of key controls over the 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; and • Calculation and approval of key valuation adjustments. We noted no significant exceptions in the design or operating effectiveness of these controls and we determined we could rely on these controls for the purposes of our audit. In addition, we performed the substantive testing described below. We utilised internal valuation specialists to revalue a sample of debt securities issued and derivative instruments using independent models and, to the extent available, independently sourced inputs. We 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 these 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 significant valuation adjustments by comparing management's approach with our knowledge of current industry practice and tested a sample of valuation adjustments at year end. We examined cash reconciliations, collateral disputes, large gains and losses on disposals and other events which could provide evidence about the appropriateness of management's valuation. Based on the work performed, we found management's estimates of the fair value of debt securities issued and derivative financial instruments 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 16 'Financial Assets and Liabilities' regarding significant unobservable inputs and the fair value hierarchy and found them to be appropriate.

Key audit matter	How our audit addressed the key audit matter
Impact of the outbreak of COVID-19 on the financial statements Refer to Note 18 'Non-Adjusting Post Balance Sheet Events' in the financial statements. Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. During the latter stages of finalising the financial statements, the potential impact of COVID-19 became significant and is causing widespread disruption to financial markets and normal patterns of business activity across the world. The directors have considered the impact on the financial statements and have concluded that the matter is a non-adjusting post balance sheet event, the financial impact of which cannot be reliably estimated at this stage, and that the going concern basis of preparation is appropriate.	We critically assessed directors' conclusion that the matter be treated as a non-adjusting post balance sheet event and that the financial impact cannot be reliably estimated at this stage. We considered: • The timing of the development of the outbreak across the world; and • How the financial statements and business operations of the company might be impacted by the disruption. Based on the work performed, we are satisfied that the matter has been appropriately evaluated and reflected in the financial statements. In forming our conclusions over going concern, we evaluated whether the directors' going concern assessment considered impacts arising from COVID-19. Our procedures in respect of going concern included: • We reviewed the directors' going concern assessment. We made enquiries of the directors to understand the potential impact of COVID-19 on the company's financial performance, business operations and liquidity. • We reviewed the financial performance of the company for the 3 months ended March 31, 2020. We evaluated the liquidity position of the company and the support available from the ultimate parent undertaking, GS Group Inc. Our reporting on going concern is set out below.

How we tailored the audit scope

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

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

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	$125.9 million (2018: $101.2 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.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above $6.3 million (2018: $5.1 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 where:

- 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 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.

Independent auditors' report to the member 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 4, 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

Companies (Jersey) Law 1991 exception reporting

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

- we have not 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 Recognised Auditor
London
April 30, 2020

Profit and Loss Account

$ in thousands	Note	Year Ended December 2019	2018
Net revenues	4	**$ (1,673)**	$ 19,585
Administrative expenses	5	**(246)**	(156)
Operating profit/(loss)		**(1,919)**	19,429
Tax on profit/(loss)	7	**–**	–
Profit/(loss) for the financial year		**$ (1,919)**	$ 19,429

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

Statement of Comprehensive Income

$ in thousands	Note	Year Ended December 2019	2018
Profit/(loss) for the financial year		**$ (1,919)**	$ 19,429
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Debt valuation adjustment	10	**(414,531)**	382,114
Tax attributable to the components of other comprehensive income		**–**	–
Other comprehensive income/(loss) for the financial year		**(414,531)**	382,114
Total comprehensive income/(loss) for the financial year		**$(416,450)**	$401,543

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

Balance Sheet

		As of December	
$ in thousands	**Note**	**2019**	2018
Current assets			
Derivative financial assets	8	**$ 667,655**	$ 322,789
Debtors (includes **$10,950,812** and $8,925,071 due after more than one year)	9	**11,906,481**	9,796,433
Cash at bank and in hand	12	**15,421**	12,619
		12,589,557	10,131,841
Creditors: amounts falling due within one year			
Derivative financial liabilities	8	**(810,700)**	(522,359)
Other creditors	10	**(1,970,697)**	(631,053)
		(2,781,397)	(1,153,412)
Net current assets		**9,808,160**	8,978,429
Total assets less current liabilities		**9,808,160**	8,978,429
Creditors: amounts falling due after more than one year			
Other creditors	10	**(9,785,424)**	(8,564,243)
		(9,785,424)	(8,564,243)
Net assets		**$ 22,736**	$ 414,186
Capital and reserves			
Called up share capital	11	**$ 5,000**	$ 5,000
Share premium account		**50,000**	25,000
Profit and loss account		**71,755**	54,552
Accumulated other comprehensive income		**(104,019)**	329,634
Total shareholder's funds		**$ 22,736**	$ 414,186

The financial statements were approved by the Board of Directors on April 27, 2020 and signed on its behalf by:

K. G. Kochar
Director

The accompanying notes are an integral part of these financial statements.
Company number: 122341

Statement of Changes in Equity

		Year Ended December	
$ in thousands	**Note**	**2019**	2018
Called up share capital			
Beginning balance		**$ 5,000**	$ 5,000
Shares issued	11	**–**	–
Ending balance		**5,000**	5,000
Share premium account			
Beginning balance		**25,000**	25,000
Shares issued	11	**25,000**	–
Ending balance		**50,000**	25,000
Profit and loss account			
Beginning balance		**54,552**	35,570
Cumulative effect on retained earnings due to the adoption of IFRS 9, net of tax		**–**	(447)
Transfer of realised debt valuation adjustment into retained earnings	10	**19,122**	–
Profit/(loss) for the financial year		**(1,919)**	19,429
Ending balance		**71,755**	54,552
Accumulated other comprehensive income			
Beginning balance		**329,634**	(52,480)
Other comprehensive income/(loss)		**(414,531)**	382,114
Transfer of realised debt valuation adjustment into retained earnings	10	**(19,122)**	–
Ending balance		**(104,019)**	329,634
Total shareholder's funds		**$ 22,736**	$414,186

No dividends were paid for 2019 and 2018.

Statement of Cash Flows

		Year Ended December	
$ in thousands	**Note**	**2019**	2018
Cash flows from operating activities			
Cash used in operations	13	**$(21,192)**	$ (6,559)
Net cash used in operating activities		**(21,192)**	(6,559)
Cash flows from financing activities			
Receipts from issuing ordinary share capital		**25,000**	–
Net cash from financing activities		**25,000**	–
Net increase/(decrease) in cash and cash equivalents		**3,808**	(6,559)
Cash and cash equivalents, beginning balance		**12,619**	19,738
Foreign exchange losses on cash and cash equivalents		**(1,006)**	(560)
Cash and cash equivalents, ending balance	12	**$ 15,421**	$12,619

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

Note 1.

General Information

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

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

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

Note 2.

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

Debt securities issued by the company are either designated at fair value through profit or loss, or are measured at amortised cost where the host instrument is classified as a hedged item (see "Financial Assets and Liabilities — Fair Value Hedges" below). Debt securities designated at fair value through profit or loss are recognised at fair value with realised and unrealised gains and losses, as well as associated interest and expenses included in net revenues, with the exception of changes in fair value attributable to own credit risk, which are recognised in other comprehensive income, unless 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. Debt securities measured at amortised cost are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method. Finance costs, including discounts allowed on issue, are recorded in net revenues.

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

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

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

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

Dividends. Final equity dividends are recognised as a liability and deducted from equity in the year in which the dividends are approved by the company's shareholder. Interim 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 net revenues.

Financial Assets and Liabilities.

Recognition and Derecognition

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

Classification and Measurement: Financial Assets

The company classifies financial assets as subsequently measured at amortised cost or fair value through profit or loss on the basis of both the company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. The business model reflects how the company manages particular groups of assets in order to generate future cash flows. Where the company's business model is to hold the assets to collect contractual cash flows, the company subsequently assesses whether the financial assets' cash flows represent solely payments of principal and interest.

Financial assets with embedded derivatives (hybrid instruments) that are not bifurcated from their host are also subject to the same assessment.

- **Financial assets measured at amortised cost.** Financial assets that are held for the collection of contractual cash flows and have cash flows that represent solely payments of principal and interest are measured at amortised cost. The company considers whether the cash flows represent basic lending arrangements, and where contractual terms introduce exposure to risk or volatility inconsistent with a basic lending arrangement, the financial asset is mandatorily measured at fair value through profit or loss (see below).

  Financial assets measured at amortised cost are initially measured at fair value plus transaction costs and subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial asset but does not consider future credit losses. Finance revenue is recorded in net revenues. Financial assets measured at amortised cost include:

  - Substantially all debtors; and
  - Cash at bank and in hand.

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

  - Derivative financial assets; and
  - Certain debtors, which consists of hybrid financial instruments.

Classification and Measurement: Financial Liabilities

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

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

- **Financial liabilities designated at fair value through profit or loss.** The company designates certain financial liabilities at fair value through profit or loss. Financial liabilities designated at fair value through profit or loss are initially measured at fair value and subsequently at fair value through profit or loss, with DVA being recognised in other comprehensive income, if it does not create or enlarge an accounting mismatch, and the remaining changes in the fair value being recognised in net revenues. Amounts recognised in other comprehensive income attributable to own credit spreads are not subsequently transferred to profit or loss, even upon derecognition of the financial liability. The primary reasons for designating such financial liabilities at fair value through profit or loss are:

  - To eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and

  - The group of financial liabilities, or financial assets and liabilities, is managed and its performance evaluated on a fair value basis.

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

  Hybrid financial instruments are instruments that contain bifurcatable 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.

- **Financial liabilities measured at amortised cost.** Financial liabilities measured at amortised cost are initially measured at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method. See “Financial assets measured at amortised cost” above for further information on the effective interest method. Finance costs, including discounts allowed on issue, are recorded in net revenues. Financial liabilities measured at amortised cost include certain other creditors that have not been designated at fair value through profit or loss.

Impairment

The company assesses the expected credit losses (ECL) associated with financial assets measured at amortised cost on a forward-looking basis in accordance with the provisions of IFRS 9. The measurement of ECL reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. ECL are recorded in impairments on financial assets.

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

- **Stage 1.** Financial assets measured at amortised cost that are not credit-impaired on initial recognition and there has been no significant increase in credit risk since initial recognition. The ECL is measured at an amount equal to the expected credit losses that result from default events possible within the next twelve months.

- **Stage 2.** Financial assets measured at amortised cost where there has been a significant increase in credit risk since initial recognition, however not yet deemed to be credit-impaired. The ECL is measured based on expected credit losses on a lifetime basis.

- **Stage 3.** Financial assets measured at amortised cost that are in default, or are defined as credit-impaired. The ECL is measured based on expected credit losses on a lifetime basis.

Determination of the relevant staging for each financial asset is dependent on the definition of ‘significant increase in credit risk’ (stage 1 to stage 2) and the definition of ‘credit-impaired’ (stage 2 to stage 3). The company considers a financial asset to have experienced a significant increase in credit risk when certain quantitative or qualitative conditions are met. Quantitative thresholds include absolute probability of default thresholds on investment-grade financial assets and relative probability of default thresholds on non-investment grade financial assets. Qualitative review is also performed as part of the company’s credit risk management process, including a back-stop consideration of 30 days past due. The company considers a financial asset to be credit-impaired when it meets Credit Risk’s definition of default, which is either when the company considers that the obligor is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions, such as realising security (if held), or the obligor has defaulted on a payment and/or is past due more than 90 days.

The ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each individual exposure. To calculate expected credit losses, these three components are multiplied together and discounted back to the reporting date. The discount rate used in the ECL calculation is the original effective interest rate. The probability of default represents the likelihood of a borrower defaulting on its financial obligation. The loss given default is the company's expectation of the extent of loss on the default exposure, and takes into consideration amongst other things, collateral on the financial asset. The exposure at default is the amount the company expects to be owed at the time the financial obligation defaults. The company uses internal credit risk ratings that reflect the assessment of the probability of default of individual counterparties. The company uses multiple macroeconomic scenarios within the ECL calculation, the weightings for which are subject to ongoing internal review and approval.

Forward-looking information, such as key economic variables impacting credit risk and expected credit losses, is incorporated into both the assessment of staging and the calculation of ECL. Economic variables have been forecasted using internally generated projections to provide an estimated view of the economy over the next nine quarters. After nine quarters a mean reversion approach has been used, which means that economic variables tend to either a long run average rate or a long run growth rate.

The company writes off financial assets, in whole or in part, when it has concluded that there is no reasonable expectation of recovery. When a financial asset is deemed to be uncollectable, the company concludes this to be an indicator that there is no reasonable expectation of recovery. The company still seeks to recover amounts it is legally owed in full, but which have been wholly or partially written off due to no reasonable expectation of full recovery.

Classification of Financial Liabilities and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity. An equity 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 Liabilities

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

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

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

Fair Value Measurement

See Note 16 for details about the fair value measurement of the company's financial assets and liabilities.

Fair Value Hedges

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

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 judgements have had the most significant effect on amounts recognised in the financial statements:

Fair Value Measurement

Certain financial liabilities of the company which are economically hedged include significant unobservable inputs (i.e., level 3). See Note 16 for information about the carrying value and valuation techniques of these instruments.

Note 4.

Net Revenues

Net revenues include net interest income and non-interest income/(expense). Net interest income primarily relates to interest income from loans to affiliates. Non-interest income/(expense) includes:

- Gains and losses on financial assets and liabilities mandatorily measured at fair value through profit or loss (including financial liabilities held for trading), which primarily relate to gains and losses on derivative financial assets and liabilities.
- Gains and losses on financial liabilities designated at fair value through profit or loss, which primarily relate to gains and losses on debt securities issued.
- Allocations of net revenues from/(to) affiliates, which relate to allocations of net revenues from/(to) affiliates for their participation in the company's activities.

The table below presents net revenues.

	Year Ended	
$ in thousands	**2019**	2018
Interest income		
Interest income from parent and group undertakings	**$ 259,286**	$ 156,355
Total interest income	**259,286**	156,355
Interest expense		
Interest expense from external counterparties including related hedges	**(13,595)**	(4,337)
Interest expense from parent and group undertakings	**(6,306)**	(618)
Total interest expense	**(19,901)**	(4,955)
Net interest income	**239,385**	151,400
Financial assets and liabilities mandatorily measured at fair value through profit or loss	**319,809**	(188,184)
Financial liabilities designated at fair value through profit or loss	**(538,965)**	114,067
Allocations of net revenues from/(to) affiliates	**(22,217)**	(55,428)
Net changes in impairments on financial assets	**315**	(2,270)
Non-interest income/(expense)	**(241,058)**	(131,815)
Net revenues	**$ (1,673)**	$ 19,585

Note 5.

Administrative Expenses

The company incurred administrative expenses of $246,000 for 2019 and $156,000 for 2018, which primarily related to professional fees.

Note 6.

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 7.

Tax on Profit/(Loss)

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

Note 8.

Derivative Financial Assets and Liabilities

The table below presents derivative financial assets.

	As of December	
$ in thousands	**2019**	2018
Interest rates	**$390,367**	$220,062
Credit	**10,122**	4,690
Currencies	**154,552**	7,412
Equities	**112,614**	90,625
Total derivative financial assets	**$667,655**	$322,789

The table below presents derivative financial liabilities.

	As of December	
$ in thousands	**2019**	2018
Interest rates	**$297,188**	$121,076
Credit	**15,692**	10,218
Currencies	**309,444**	131,453
Equities	**188,376**	259,612
Total derivative financial liabilities	**$810,700**	$522,359

Note 9.

Debtors

The table below presents debtors balances, all of which are financial assets.

	As of December	
$ in thousands	**2019**	2018
Amounts due within one year		
Amounts due from parent and group undertakings:		
Unsecured loans	**$ 799,746**	$ 799,771
Other debtors	**155,923**	71,591
Total	**$ 955,669**	$ 871,362
Amounts due after more than one year		
Amounts due from parent and group undertakings:		
Unsecured loans	**$10,950,812**	$8,685,182
Other debtors	**–**	239,889
Total	**$10,950,812**	$8,925,071
Total debtors	**$11,906,481**	$9,796,433

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 $2 million as of December 2019 and $3 million as of December 2018.

Note 10.

Other Creditors

The table below presents other creditors, all of which are financial liabilities.

	As of December	
$ in thousands	**2019**	2018
Amounts falling due within one year		
Unsecured debt securities issued	**$ 1,864,954**	$ 552,936
Amounts due to parent and group undertakings:		
Unsecured debt securities issued	**5,026**	–
Other unsecured creditors	**92,959**	72,749
Other creditors and accruals	**7,758**	5,368
Total	**$ 1,970,697**	$ 631,053
Amounts falling due after more than one year		
Unsecured debt securities issued	**$ 9,608,409**	$8,517,702
Amounts due to parent and group undertakings:		
Unsecured debt securities issued	**138,903**	41,429
Unsecured loans	**38,112**	5,112
Total	**$ 9,785,424**	$8,564,243
Total other creditors	**$11,756,121**	$9,195,296

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 $6.39 billion as of December 2019 and $5.56 billion as of December 2018. As of December 2019, these instruments have maturities falling due between 2025 and 2049. Payments on these instruments are typically referenced to underlying financial assets, which are predominantly interest rates, equities, currencies and credit-related.

Debt Valuation Adjustment

The company calculates the fair value of debt securities issued that are designated at fair value through profit or loss by discounting future cash flows at a rate which incorporates GS Group's credit spreads.

The net DVA on such financial liabilities that are designated at fair value through profit or loss and included in debt valuation adjustment in other comprehensive income was a loss of $415 million for 2019 and a gain of $382 million for 2018.

The company also realised a gain of $19 million in DVA for 2019 upon early redemption of certain debt securities issued that were designated at fair value through profit or loss. The realised gain was transferred from accumulated other comprehensive income to retained earnings. These gains/(losses) were not material for 2018.

Note 11.

Share Capital

The table below presents share capital.

Allotted, called up and fully paid	**Ordinary shares of $1 each**	***$ in thousands***
As of December 31, 2018	**5,000,001**	**$5,000**
Allotted during the year	**1**	**–**
As of December 31, 2019	**5,000,002**	**$5,000**

On December 30, 2019, 1 ordinary share of $1 was allotted to GS Global Markets, Inc. for $25,000,000. The total consideration received during the year was $25,000,000 in cash incorporating a share premium of $24,999,999.

Note 12.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash at bank and in hand of $15 million as of December 2019 and $13 million as of December 2018.

Note 13.

Reconciliation of Cash Flows From Operating Activities

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

	Year Ended December	
$ in thousands	**2019**	2018
Profit/(loss) before taxation	**$ (1,919)**	$ 19,429
Adjustments for		
Foreign exchange losses	**1,006**	560
Cash (used)/generated before changes in operating assets and liabilities	**(913)**	19,989
Changes in operating assets		
Increase in derivative financial assets	**(344,866)**	(277,674)
Increase in debtors	**(2,110,048)**	(6,938,267)
Changes in operating assets	**(2,454,914)**	(7,215,941)
Changes in operating liabilities		
Increase in derivative financial liabilities	**288,341**	383,556
Increase in other creditors	**2,146,294**	6,805,837
Changes in operating liabilities	**2,434,635**	7,189,393
Cash used for operations	**$ (21,192)**	$ (6,559)

Cash used for operations included interest paid of $19 million for the year ended December 2019 and $2 million for the year ended December 2018, and interest received of $259 million for the year ended December 2019 and $134 million for the year ended December 2018.

Note 14.

Financial Commitments and Contingencies

The company had no financial commitments or contingencies outstanding as of both December 2019 and December 2018.

Note 15.

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 11) compared to the company's risk exposures. The appropriate level and composition of equity capital is determined by considering multiple factors including the business environment, conditions in the financial markets and assessments of future losses due to adverse changes in market environments. The company is not subject to any externally imposed capital requirements.

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

Market Risk

Market risk is the risk of loss in the value of the company's financial assets and 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, currency rate and credit-related risks on its debt securities issued. The company manages these risks by entering into OTC derivative transactions for hedging purposes.

The company is exposed to interest rate risk on its unsecured loans due from parent and group undertakings. If interest rates had been 50 basis points higher or lower and all other variables were held constant, the company's interest income from parent and group undertakings would have been higher/lower by $59 million for 2019 and $47 million for 2018. This has been determined by assuming that the company's exposure to interest rate risk at the balance sheet date was consistent for the whole year.

The company is exposed to changes in GS Group's credit spreads on its debt securities issued that are designated at fair value through profit or loss. The estimated sensitivity to a 1 basis point increase in GS Group's credit spreads on such financial liabilities was a gain of $5 million as of both December 2019 and December 2018.

Credit Risk

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

The company's maximum exposure to credit risk without taking account of any collateral held or other credit enhancements is equivalent to the carrying value of its financial assets as of both December 2019 and December 2018.

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 the company has a current legal right of set-off and also intends to settle on a net basis. The company enters into derivative transactions with affiliates for hedging purposes. The company's gross exposure of $668 million as of December 2019 and $323 million as of December 2018 is mitigated by counterparty netting (i.e., the netting of financial assets and liabilities for a given counterparty when a legal right of set-off exists under an enforceable netting agreement) of $613 million as of December 2019 and $292 million as of December 2018 resulting in a net credit exposure of $55 million as of December 2019 and $31 million as of December 2018.

Debtors. Debtors primarily relate to unsecured loans and hybrid financial instruments due from parent and group undertakings which are considered investment-grade for credit risk management purposes. The company's gross credit exposure of $11.91 billion as of December 2019 and $9.80 billion as of December 2018 and net credit exposure of $11.85 billion as of December 2019 and $9.58 billion as of December 2018, mainly relates to the company's unsecured loans to affiliates.

The company has recorded an allowance for impairment on its unsecured loans to affiliates of $2 million as of December 2019 and $3 million as of December 2018. The company's hybrid financial instruments are $nil as of December 2019 and $241 million as of December 2018, mitigated by counterparty and cash collateral netting of $220 million, resulting in a net credit exposure of $21 million as of December 2018.

Cash at Bank and in Hand. Cash at bank and in hand include both interest-bearing and non-interest-bearing deposits. To mitigate the risk of credit loss, the company places substantially all of its deposits with highly-rated banks as a result the allowance for impairment on these balances was $nil as of both December 2019 and December 2018. The company's gross and net credit exposure was $15 million as of December 2019 and $13 million as of December 2018.

Allowance for Impairment

The allowance for impairment recorded during the year is on unsecured loans to affiliates. The company's expected credit losses of $2 million as of December 2019 decreased from $3 million as of December 2018 primarily due to changes in modelling assumptions, such as PDs, LGDs and EADs. These financial assets remained in stage 1 throughout the whole year.

Liquidity Risk

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

Note 16.

Financial Assets and Liabilities

Financial Assets and Liabilities by Category

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

	Financial Assets		
$ in thousands	Mandatorily at fair value	Amortised cost	Total
As of December 2019			
Derivative financial assets	**$667,655**	**$ –**	**$ 667,655**
Debtors	**–**	**11,906,481**	**11,906,481**
Cash at bank and in hand	**–**	**15,421**	**15,421**
Total financial assets	**$667,655**	**$11,921,902**	**$12,589,557**
As of December 2018			
Derivative financial assets	$322,789	$ –	$ 322,789
Debtors	240,888	9,555,545	9,796,433
Cash at bank and in hand	–	12,619	12,619
Total financial assets	$563,677	$ 9,568,164	$10,131,841

	Financial Liabilities			
$ in thousands	Held for trading	Designated at fair value	Amortised cost	Total
As of December 2019				
Amounts falling due within one year				
Derivative financial liabilities	**$810,700**	**$ –**	**$ –**	**$ 810,700**
Other creditors	**–**	**1,869,980**	**100,717**	**1,970,697**
Total	**810,700**	**1,869,980**	**100,717**	**2,781,397**
Amounts falling due after more than one year				
Other creditors	**–**	**7,545,960**	**2,239,464**	**9,785,424**
Total	**–**	**7,545,960**	**2,239,464**	**9,785,424**
Total financial liabilities	**$810,700**	**$9,415,940**	**$2,340,181**	**$12,566,821**
As of December 2018				
Amounts falling due within one year				
Derivative financial liabilities	$522,359	$ –	$ –	$ 522,359
Other creditors	–	552,936	78,117	631,053
Total	522,359	552,936	78,117	1,153,412
Amounts falling due after more than one year				
Other creditors	–	6,834,388	1,729,855	8,564,243
Total	–	6,834,388	1,729,855	8,564,243
Total financial liabilities	$522,359	$7,387,324	$1,807,972	$ 9,717,655

In the tables above:

- Derivative financial assets included derivative instruments designated as hedges of $65 million as of December 2019 and $30 million as of December 2018.
- Derivative financial liabilities included derivative instruments designated as hedges of $1 million as of December 2019 and $nil as of December 2018.

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

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

The fair value hierarchy is as follows:

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

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

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

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

Valuation Techniques and Significant Inputs

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 only observable for contracts with shorter tenors.

- **Equity.** Price transparency for equity derivatives varies by market and underlier. Options on indices and the common stock of corporates included in major equity indices exhibit the most price transparency. Equity derivatives generally have observable market prices, except for contracts with long tenors or reference prices that differ significantly from current market prices. More complex equity derivatives, such as those sensitive to the correlation between two or more individual stocks, generally have less price transparency.

Liquidity is essential to 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 and equity volatilities.

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

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

Valuation Adjustments

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

Debtors. Debtors measured at fair value consist of 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.

The significant inputs to the valuation of such debtors measured at fair value are the amount and timing of expected future cash flows and interest rates. 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.

Other Creditors. Other creditors consists of 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.

Fair Value of Financial Assets and Liabilities by Level

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

$ in thousands	Level 1	Level 2	Level 3	Total
As of December 2019				
Financial Assets				
Derivative financial assets	**$ –**	**$ 627,319**	**$ 40,336**	**$ 667,655**
Total financial assets	**$ –**	**$ 627,319**	**$ 40,336**	**$ 667,655**
Financial Liabilities				
Amounts falling due within one year				
Derivative financial liabilities	**$ –**	**$ 681,033**	**$ 129,667**	**$ 810,700**
Other creditors	**–**	**1,646,418**	**223,562**	**1,869,980**
Total	**–**	**2,327,451**	**353,229**	**2,680,680**
Amounts falling due after more than one year				
Other creditors	**–**	**5,023,038**	**2,522,922**	**7,545,960**
Total	**–**	**5,023,038**	**2,525,922**	**7,545,960**
Total financial liabilities	**$ –**	**$7,350,489**	**$2,876,151**	**$10,226,640**
Net derivative instruments	**$ –**	**$ (53,714)**	**$ (89,331)**	**$ (143,045)**
As of December 2018				
Financial Assets				
Derivative financial assets	$ –	$ 316,044	$ 6,745	$ 322,789
Debtors	–	240,888	–	240,888
Total financial assets	$ –	$ 556,932	$ 6,745	$ 563,677
Financial Liabilities				
Amounts falling due within one year				
Derivative financial liabilities	$ –	$ 370,005	$ 152,354	$ 522,359
Other creditors	–	440,625	112,311	552,936
Total	–	810,630	264,665	1,075,295
Amounts falling due after more than one year				
Other creditors	–	4,885,288	1,949,100	6,834,388
Total	–	4,885,288	1,949,100	6,834,388
Total financial liabilities	$ –	$5,695,918	$2,213,765	$ 7,909,683
Net derivative instruments	$ –	$ (53,961)	$ (145,609)	$ (199,570)

Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The company's level 3 debt securities issued are economically hedged with OTC derivatives. The significant unobservable inputs used in level 3 fair value measurements have not been disclosed as the net effect of these inputs to the measurements of level 3 financial assets and liabilities was not material to the company's profit or loss, or other comprehensive income for both the years ended December 2019 and December 2018, and net assets as of both December 2019 and December 2018.

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

The fair value of financial assets and liabilities may be determined in whole or part using a valuation technique based on assumptions that are not supported by prices from observable current market transactions in the same instrument or based on available observable market data and changing these assumptions will change the resultant estimate of fair value. For those financial assets and liabilities that are valued using unobservable inputs, the net potential impact of using reasonable possible alternative assumptions for the valuations, including significant unobservable inputs, was not material as of both December 2019 and December 2018 as the company's level 3 debt securities issued are economically hedged with OTC derivatives.

Level 3 Rollforward

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

	Year Ended December	
$ in thousands	**2019**	2018
Total financial assets		
Beginning balance	**$ 6,745**	$ 1,818
Gains/(losses)	**21,473**	(9,183)
Purchases	**29,387**	9,161
Settlements	**(20,928)**	2,825
Transfers into level 3	**4,145**	2,735
Transfers out of level 3	**(486)**	(611)
Ending balance	**$ 40,336**	$ 6,745
Total financial liabilities		
Beginning balance	**$(2,213,765)**	$ (337,128)
Gains/(losses)	**(206,199)**	117,078
Sales/Issuances	**(1,138,145)**	(1,777,502)
Settlements	**660,237**	173,492
Transfers into level 3	**(60,061)**	(414,307)
Transfers out of level 3	**81,782**	24,602
Ending balance	**$(2,876,151)**	$(2,213,765)

In the table above:

- Financial assets relate to derivative financial assets.
- If a financial asset or liability was transferred to level 3 during a reporting period, its entire gain or loss for the period is classified in level 3. For level 3 financial assets, increases are shown as positive amounts, while decreases are shown as negative amounts. For level 3 financial liabilities, increases are shown as negative amounts, while decreases are shown as positive amounts.
- Transfers between levels of the fair value hierarchy are recognised at the beginning of the reporting period in which they occur. Accordingly, the tables do not include gains or losses for level 3 financial assets and liabilities that were transferred out of level 3 prior to the end of the period.

- Level 3 financial liabilities are economically hedged with level 2 and level 3 financial assets and liabilities. Accordingly, level 3 gains or losses that are reported in the table below for a particular class of financial liability can be partially offset by gains or losses attributable to level 2 or level 3 in a different class of financial asset or liability.
- The net gains and losses on level 3 financial assets for 2019 and 2018 are reported in "Net revenues" in the profit and loss account.
- The net losses on level 3 financial liabilities of $206 million for 2019 included losses of $116 million reported in "Debt valuation adjustment" in the statement of comprehensive income and losses of $90 million reported in "Net revenues" in the profit and loss account.
- The net gains on level 3 financial liabilities of $117 million for 2018 included gains of $117 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.

	Year Ended December	
$ in thousands	**2019**	2018
Derivative financial liabilities		
Beginning balance	**$ (152,354)**	$ (29,417)
Gains/(losses)	**67,992**	(91,032)
Sales	**(13,149)**	(2,572)
Settlements	**(846)**	12,659
Transfers into level 3	**(32,720)**	(52,614)
Transfers out of level 3	**1,410**	10,622
Ending balance	**$ (129,667)**	$ (152,354)
Other creditors		
Beginning balance	**$(2,061,411)**	$ (307,711)
Gains/(losses)	**(274,191)**	208,110
Issuances	**(1,124,996)**	(1,774,930)
Settlements	**661,083**	160,833
Transfer into level 3	**(27,341)**	(361,693)
Transfers out of level 3	**80,372**	13,980
Ending balance	**$(2,746,484)**	$(2,061,411)

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

Year Ended December 2019. Transfers into level 3 for financial assets and liabilities primarily reflected transfers of certain equity products from level 2, principally due to reduced transparency of certain equity volatility and correlation inputs as a result of a lack of market evidence.

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

Year Ended December 2018. Transfers into level 3 for financial assets and liabilities primarily reflected transfers of certain currency products from level 2, principally due to reduced transparency of certain modelling assumptions as a result of a lack of market evidence.

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

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

The company had financial assets that are not measured at fair value of $11.92 billion as of December 2019 and $9.57 billion as of December 2018, 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 $2.34 billion as of December 2019 and $1.81 billion as of December 2018. These predominantly relate to long-term borrowings of $2.20 billion as of December 2019 and $1.72 billion as of December 2018, for which the fair value was $2.19 billion as of December 2019 and $1.57 billion as of December 2018.

Maturity of Financial Liabilities

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

$ in thousands	Derivative financial liabilities	Other creditors	Total
As of December 2019			
Amounts falling due within one year			
Trading/on demand	**$810,700**	**$ 132,975**	**$ 943,675**
Less than 1 month	**–**	**52,836**	**52,836**
1 – 3 months	**–**	**208,615**	**208,615**
3 months – 1 year	**–**	**1,576,271**	**1,576,271**
1 – 5 years	**–**	**–**	**–**
Greater than 5 years	**–**	**–**	**–**
Total	**$810,700**	**$ 1,970,697**	**$ 2,781,397**
Amounts falling due after more than one year			
Trading/on demand	**$ –**	**$ –**	**$ –**
Less than 1 month	**–**	**2,131**	**2,131**
1 – 3 months	**–**	**4,125**	**4,125**
3 months – 1 year	**–**	**18,907**	**18,907**
1 – 5 years	**–**	**3,496,309**	**3,496,309**
Greater than 5 years	**–**	**6,514,940**	**6,514,940**
Total	**$ –**	**$10,036,412**	**$10,036,412**
Total financial liabilities	**$810,700**	**$12,007,109**	**$12,817,809**

$ in thousands	Derivative financial liabilities	Other creditors	Total
As of December 2018			
Amounts falling due within one year			
Trading/on demand	$522,359	$ 78,118	$ 600,477
Less than 1 month	–	10,040	10,040
1 – 3 months	–	102,318	102,318
3 months – 1 year	–	440,577	440,577
1 – 5 years	–	–	–
Greater than 5 years	–	–	–
Total	$522,359	$ 631,053	$ 1,153,412
Amounts falling due after more than one year			
Trading/on demand	$ –	$ –	$ –
Less than 1 month	–	2,176	2,176
1 – 3 months	–	4,141	4,141
3 months – 1 year	–	19,303	19,303
1 – 5 years	–	3,108,564	3,108,564
Greater than 5 years	–	5,710,456	5,710,456
Total	$ –	$ 8,844,640	$ 8,844,640
Total financial liabilities	$522,359	$ 9,475,693	$ 9,998,052

In the tables above:

- Cash flows by contractual maturity include interest that will accrue on financial liabilities.
- Financial liabilities, with the exception of those that are held for trading or designated at fair value through profit or 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 or 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.

Collateral Received and Pledged

The company has posted cash collateral of $57 million as of December 2019 and received cash collateral of $8 million as of December 2018. Amounts posted and received are mainly in respect of derivative financial assets, certain debtors and derivative financial liabilities.

Hedge Accounting

The company designates certain interest rate swaps as fair value hedges that are used to manage the interest rate exposure of certain fixed-rate unsecured long-term borrowings. These interest rate swaps hedge changes in fair value attributable to the relevant benchmark interest rate (e.g., London Interbank Offered Rate), 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%. Possible sources of ineffectiveness on these hedges include:

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

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

The notional of the company's hedging instruments was $1.96 billion as of December 2019 and $1.64 billion as of December 2018 with contractual maturity date of greater than 5 years. The average fixed rate of such instruments was 1.24% for 2019 and 1.43% for 2018.

The accumulated amount of fair value hedge adjustments for hedged items that have ceased to be designated in a hedge relationship was $7 million for 2019 and $nil for 2018.

The table below presents information about hedging instruments, which are classified in derivative instruments.

	As of December	
$ in thousands	**2019**	2018
Asset carrying value	**$65,213**	$29,989
Liability carrying value	**$ 1,214**	$ –

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

$ in thousands	**Carrying value**	**Cumulative hedging adjustment**
As of December 2019		
Unsecured long-term borrowings	**$1,854,595**	**$58,834**
As of December 2018		
Unsecured long-term borrowings	$1,724,743	$24,983

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

	Year Ended December	
$ in thousands	**2019**	2018
Interest rate hedges	**$ 43,901**	$ 23,449
Hedged borrowings	**(45,483)**	(26,622)
Hedge ineffectiveness	**$ (1,582)**	$ (3,173)

Note 17.

Offsetting of Financial Assets and Liabilities

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

- Gross amounts exclude the effects of both counterparty netting and collateral, and therefore are not representative of the company's economic exposure.
- Amounts not offset in the balance sheet include counterparty netting 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 2019						
				Amounts not offset in the balance sheet			
$ in thousands	Gross amounts	Amounts offset in the balance sheet	Net amount presented in the balance sheet	Counterparty netting	Cash collateral	Security collateral	Net amount
Financial Assets							
Derivative financial assets	$ 612,981	$ –	$ 612,981	$(612,981)	$ –	$ –	$ –
Debtors	56,983	–	56,983	–	(56,983)	–	–
Financial assets subject to enforceable netting agreements	669,964	–	669,964	(612,981)	(56,983)	–	–
Financial assets not subject to enforceable netting agreements	11,919,593	–	11,919,593	–	–	–	11,919,593
Total financial assets	$12,589,557	$ –	$12,589,557	$(612,981)	$(56,983)	$ –	$11,919,593
Financial Liabilities							
Amounts falling due within one year							
Derivative financial liabilities	$ 735,245	$ –	$ 735,245	$(612,981)	$(56,983)	$ –	$ 65,281
Financial liabilities subject to enforceable netting agreements	735,245	–	735,245	(612,981)	(56,983)	–	65,281
Financial liabilities not subject to enforceable netting agreements	11,831,576	–	11,831,576	–	–	–	11,831,576
Total financial liabilities	$12,566,821	$ –	$12,566,821	$(612,981)	$(56,983)	$ –	$11,896,857

	As of December 2018						
				Amounts not offset in the balance sheet			
$ in thousands	Gross amounts	Amounts offset in the balance sheet	Net amount presented in the balance sheet	Counterparty netting	Cash collateral	Security collateral	Net amount
Financial Assets							
Derivative financial assets	$ 322,789	$ –	$ 322,789	$(292,378)	$ –	$ –	$ 30,411
Debtors	240,888	–	240,888	(212,463)	(8,220)	–	20,205
Financial assets subject to enforceable netting agreements	563,677	–	563,677	(504,841)	(8,220)	–	50,616
Financial assets not subject to enforceable netting agreements	9,568,164	–	9,568,164	–	–	–	9,568,164
Total financial assets	$10,131,841	$ –	$10,131,841	$(504,841)	$ (8,220)	$ –	$9,618,780
Financial Liabilities							
Amounts falling due within one year							
Derivative financial liabilities	$ 522,359	$ –	$ 522,359	$(504,841)	$ –	$ –	$ 17,518
Other creditors	8,220	–	8,220	–	(8,220)	–	–
Financial liabilities subject to enforceable netting agreements	530,579	–	530,579	(504,841)	(8,220)	–	17,518
Financial liabilities not subject to enforceable netting agreements	9,187,076	–	9,187,076	–	–	–	9,187,076
Total financial liabilities	$ 9,717,655	$ –	$ 9,717,655	$(504,841)	$ (8,220)	$ –	$9,204,594

Note 18.

Non-Adjusting Post Balance Sheet Events

Since the balance sheet date there has been a global outbreak of a coronavirus disease (COVID-19) which has caused widespread disruption to financial markets and normal patterns of business activity across the world. In view of its evolving nature, it is not currently possible to estimate the financial effect of COVID-19 on the company.

The Supplement, the Prospectus, the Proxy Statement 2020 and the Form 10-Q First Quarter 2020 are available free of charge at the offices of Goldman Sachs International, Zweigniederlassung Frankfurt, Marienturm, Taunusanlage 9-10, 60329 Frankfurt am Main and furthermore are available on the website of Goldman Sachs International at www.gs.de/service/wertpapierprospekte.

Pursuant to article 16 para. 3 of the German Securities Prospectus Act (in the version applicable until 20 July 2019), investors who have already agreed to purchase or subscribe for securities offered under the Prospectus before this Supplement has been published shall have the right, exercisable within a time period of two working days after the publication of this Supplement, to withdraw their acceptances, provided that the new factor, mistake or inaccuracy arose before the final closing of the offer to the public and the delivery of the securities. No grounds must be stated for the withdrawal, which must be made in text form. The timely dispatch of the withdrawal is sufficient to comply with the deadline.

Addressee of a withdrawal is Goldman Sachs International, Zweigniederlassung Frankfurt, Marienturm, Taunusanlage 9-10, 60329 Frankfurt am Main.