

# **Registration Document**

dated 14 March 2018

of

**GOLDMAN, SACHS & CO. WERTPAPIER GMBH**

**Frankfurt am Main, Germany**

and

**THE GOLDMAN SACHS GROUP, INC.**

**New York, United States of America**

## **Subject of the Registration Document**

This document compiles two registration documents in the sense of Section 12 paragraph 1 of the German Securities Prospectus Act in conjunction with Article 7 and Annex IV of the Commission Regulation (EC) No. 809/2004 of 29 April 2004, as amended (the "**Prospectus Regulation**"): (i) the registration document in relation to Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt, Germany (the "**Issuer**" or "**GSW**") and (ii) the registration document in relation to The Goldman Sachs Group, Inc., New York, United States of America ("**GSG**") (together, the "**Registration Document**"). Payment obligations of GSW in respect of securities issued by it (the "**Securities**") will be guaranteed by GSG. Further information on the respective guarantee (in each case a "**Guarantee**") and, in particular, the exact wording will be found in the prospectuses for the relevant Securities (in each case a "**Prospectus**"). Securities issued by GSW will be offered by Goldman Sachs International, Zweigniederlassung Frankfurt, MesseTurm, Friedrich-Ebert-Anlage 49, 60308 Frankfurt, Germany ("**GSI**").

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## **A. RISK FACTORS**

### **I. RISK FACTORS RELATING TO GSW**

#### **1. Risks in connection with the legal form and organisation of GSW**

The general risk exists that the Issuer may partially or wholly fail to meet its obligations under the Securities. Investors should therefore take the creditworthiness of the Issuer (as well as the creditworthiness of GSG as guarantor of the Securities) into account in their investment decisions. Credit risk means the risk of insolvency or illiquidity of the Issuer, i.e. a potential, temporary or final inability to fulfill its interest and repayment obligations on time. An increased insolvency risk is typically involved with Issuers that have a low creditworthiness.

The creditworthiness of the Issuer may also change due to developments in the general economic or company-specific environment during the term of the Securities. This may be caused in particular by cyclical changes, which may have a lasting detrimental effect on the profitability and the solvency of the Issuer. In addition, changes may also be considered that are caused by individual companies, industries, or countries such as, for example, economic crises as well as political developments with strong economic effects.

Since, according to its articles of association, the Issuer was established only for the purpose of issuing fungible securities and does not carry out any further operating business activity besides that, the issued share capital of the Issuer amounts to only EUR 51,129.19 (DM 100,000.00). **The investor is therefore exposed to a significantly greater credit risk by purchasing the Securities compared to an Issuer equipped with significantly more capital.**

In an extreme case, i.e. in the case of an insolvency of the Issuer, an investment in a security issued by the Issuer may mean a complete loss of the invested amount, if the risk cannot be absorbed by the Guarantee from GSG. In this context, investors should also note that the Issuer is not connected to a deposit protection fund or similar safety system, which would cover all or part of the claims of holders of Securities in the case of an insolvency of the Issuer.

To hedge its claims arising from the issued Securities, the Issuer enters into hedging transactions with Goldman Sachs International. In this context, there exists in particular the risk of insolvency of the parties with whom the Issuer concludes derivative transactions to hedge its obligations in respect of the issuance of the Securities. Since the Issuer enters into such hedging transactions primarily with Goldman Sachs International, the Issuer is exposed to a so-called cluster risk compared to other issuers with a more widely spread selection of contracting partners. Therefore, an illiquidity or insolvency of companies affiliated with the Issuer may directly result in an

insolvency of the Issuer. Holders of Securities of the Issuer are not entitled to any claims in respect of any hedging transactions concluded in this manner.

There is no rating of the Issuer regarding its credit risk by renowned rating agencies such as Moody's or Standard and Poor's.

## **2. Risks related to the commercial activity of GSW**

The Issuer is primarily involved in the issuance of securities. The activity of the Issuer and its annual issuance volume is affected both by positive and by negative developments in the markets where it carries out its business activity. A difficult general economic situation may lead to a lower issuance volume and negatively affect the Issuer's earnings situation. The general market development of securities depends particularly on the development of the capital markets, which is in turn affected by the general situation of the world economy as well as the economic and political conditions in the respective countries (so-called market risk).

## II. RISK FACTORS RELATING TO GSG

Information about risk factors relating to GSG can be found in the Annual Report on Form 10-K for the fiscal year ended 31 December 2017 (pp. 23 – 42). The information is incorporated by reference into this Registration Document (see also Section E.III. "Additional Information about GSG").<sup>1</sup>

GSG and affiliated companies (together "**Goldman Sachs**" or "**The Goldman Sachs Group**") face a variety of risks that are substantial and inherent in their businesses, including market, liquidity, credit, operational, legal, regulatory and reputational risks that may thus affect the financial condition of GSG. In particular the following aspects should be taken into account (which are elaborated in more detail on pp. 23 - 42 in the Annual Report on Form 10-K for the fiscal year ended 31 December 2017) that could affect GSG's business and, as a consequence, may affect GSG's ability to fulfil their obligations under the Securities; if GSG is not able to fulfil their obligations under the Securities investors in the Securities may lose some or all of the capital invested.

- Goldman Sachs' businesses have been and may continue to be adversely affected by conditions in the global financial markets and economic conditions generally.
- Goldman Sachs' businesses and those of its clients are subject to extensive and pervasive regulation around the world.
- Goldman Sachs' businesses have been and may be adversely affected by declining asset values. This is particularly true for those businesses in which Goldman Sachs has net "long" positions, receives fees based on the value of assets managed, or receives or posts collateral.
- Goldman Sachs' businesses have been and may be adversely affected by disruptions in the credit markets, including reduced access to credit and higher costs of obtaining credit.
- Goldman Sachs' market-making activities have been and may be affected by changes in the levels of market volatility.
- Goldman Sachs' investment banking, client execution and investment management businesses have been adversely affected and may in the future be adversely affected by market uncertainty or lack of confidence among investors and CEOs due to general declines in economic activity and other unfavourable economic, geopolitical or market conditions.

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<sup>1</sup> As far as in the section "Risk Factors" on pp. 23 – 42 of the Annual Report on Form 10-K for the fiscal year ended 31 December 2017 reference is made to other sections of the Annual Report on Form 10-K for the fiscal year ended 31 December 2017 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.

- Goldman Sachs' investment management business may be affected by the poor investment performance of its investment products or a client preference for products other than those which Goldman Sachs offers or for products that generate lower fees.
- Goldman Sachs may incur losses as a result of ineffective risk management processes and strategies.
- Goldman Sachs' liquidity, profitability and businesses may be adversely affected by an inability to access the debt capital markets or to sell assets or by a reduction in its credit ratings or by an increase in its credit spreads.
- A failure to appropriately identify and address potential conflicts of interest could adversely affect Goldman Sachs' businesses.
- A failure in Goldman Sachs' operational systems or infrastructure, or those of third parties, as well as human error, could impair Goldman Sachs' liquidity, disrupt its businesses, result in the disclosure of confidential information, damage its reputation and cause losses.
- A failure to protect Goldman Sachs' computer systems, networks and information, and its client's information, against cyber attacks and similar threats could impair Goldman Sachs' ability to conduct its businesses, result in the disclosure, theft or destruction of confidential information, damage Goldman Sachs' reputation and cause losses.
- GSG is a holding company and is dependent for liquidity on payments from its subsidiaries, many of which are subject to restrictions.
- The application of regulatory strategies and requirements in the U.S. and non-U.S. jurisdictions to facilitate the orderly resolution of large financial institutions could create greater risk of loss for GSG's security holders and the Securities guaranteed by GSG.
- The application of GSG's proposed resolution strategy could result in greater losses for GSG's security holders and the Securities guaranteed by GSG, and failure to address shortcomings in its resolution plan could subject GSG to increased regulatory requirements.
- Goldman Sachs' businesses, profitability and liquidity may be adversely affected by deterioration in the credit quality of, or defaults by, third parties who owe Goldman Sachs money, securities or other assets or whose securities or obligations Goldman Sachs holds.
- Concentration of risk increases the potential for significant losses in Goldman Sachs' market-making, underwriting, investing and lending activities.



- The financial services industry is both highly competitive and interrelated. The intense competition may among others negatively affect the ability of Goldman Sachs to expand. The fact that a significant volume of transactions occurs among a limited number of members of the financial industry increases the risk that allegations are raised that such institutions have colluded in order to manipulate markets or market prices, including allegations that antitrust laws have been violated.
- Goldman Sachs faces enhanced risks as new business initiatives lead it to transact with a broader array of clients and counterparties and exposes it to new asset classes and new markets.
- Goldman Sachs' results may be adversely affected by the composition of Goldman Sachs client base.
- Derivative transactions and delayed settlements may expose Goldman Sachs to unexpected risk and potential losses.
- Certain of Goldman Sachs' businesses and Goldman Sachs' funding may be adversely affected by changes in the reference rates, currencies, indexes, baskets or ETFs to which products Goldman Sachs offers or funding that Goldman Sachs raises are linked.
- Goldman Sachs' businesses may be adversely affected if Goldman Sachs is unable to hire and retain qualified employees.
- Goldman Sachs may be adversely affected by increased governmental and regulatory scrutiny or negative publicity.
- Substantial legal liability or significant regulatory action against Goldman Sachs could have material adverse financial effects or cause significant reputational harm to Goldman Sachs, which in turn could seriously harm its business prospects.
- The growth of electronic trading and the introduction of new trading technology may adversely affect Goldman Sachs' business and may increase competition.
- Goldman Sachs' commodities activities, particularly its physical commodities businesses, subject Goldman Sachs to extensive regulation and involve certain potential risks, including environmental, reputational and other risks that may expose it to significant liabilities and costs.
- In conducting its businesses around the world, Goldman Sachs is subject to political, economic, legal, operational and other risks that are inherent in operating in many countries.

- Goldman Sachs may incur losses as a result of unforeseen or catastrophic events, including the emergence of a pandemic, terrorist attacks, extreme weather events or other natural disasters.

The Securities are not bank deposits and are not insured or guaranteed in the United States by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other governmental agency. The Securities are guaranteed by GSG and the Guarantee will rank *pari passu* with all other unsecured and unsubordinated indebtedness of GSG.

**B. RESPONSIBILITY FOR THE INFORMATION IN THIS REGISTRATION DOCUMENT**

Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main, and Goldman Sachs International, Zweigniederlassung Frankfurt, Frankfurt am Main, accept responsibility for the information provided in this Registration Document. They furthermore declare pursuant to Section 5 (4) of the German Securities Prospectus Act that the information provided in this Registration Document is, to the best of their knowledge, in accordance with the facts and that no material circumstances are omitted.

### **C. THIRD PARTY INFORMATION**

In this Registration Document information from third parties is incorporated, in particular with respect to information on GSG. GSW and GSI confirm that this information has been accurately reproduced and that, as far as GSW and GSI are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information incorrect or misleading.

## **D. GOLDMAN, SACHS & CO. WERTPAPIER GMBH**

### **I. STATUTORY AUDITORS AND SELECTED FINANCIAL INFORMATION**

#### **1. Statutory Auditors**

The statutory auditor for the unconsolidated financial statements of the Issuer as of and for the fiscal years ended 31 December 2016 and 31 December 2017 was PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ("**PwC GmbH**"), Friedrich-Ebert-Anlage 35 – 37, 60327 Frankfurt am Main. PwC GmbH is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), a public body (*Körperschaft des öffentlichen Rechts*), Rauchstraße 26, 10787 Berlin.

#### **2. Selected financial information (German Commercial Code (*Handelsgesetzbuch – HGB*))**

The following table shows selected key historical financial information (German Commercial Code (*Handelsgesetzbuch – HGB*)) in relation to the Issuer which is derived from the audited financial statements as of 31 December 2017 and 31 December 2016 and for each of the two years in the period ended 31 December 2017 and 31 December 2016:

<b>Information in relation to the Profit and Loss Account Statement</b>		
	<b>As of and for the Year</b>	
	<b>1 January - 31 December 2017</b>	<b>1 January - 31 December 2016</b>
	<i>(EUR)</i>	
Income taxes	-278,361.25	-270,600.86
Net income	652,821.73	517,184.02

<b>Balance sheet information</b>		
	<b>31 December 2017</b>	<b>31 December 2016</b>
	<i>(EUR)</i>	
Total assets	6,466,271,258.32	6,047,710,358.96
Total capital and reserves	4,504,784.89	3,851,963.16

## II. HISTORY AND DEVELOPMENT

Goldman, Sachs & Co. Wertpapier GmbH was established by means of a notarial deed dated 6 November 1991 for an indefinite period. The Issuer is a company with limited liability (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany. It has its seat in Frankfurt am Main and has been registered under the number HRB 34439 in the commercial register of the local court of Frankfurt am Main since 27 November 1991.

The business address and telephone number of the Issuer are:

Goldman, Sachs & Co. Wertpapier GmbH  
MesseTurm  
Friedrich-Ebert-Anlage 49  
60308 Frankfurt am Main  
Germany  
Telefon: +49 69 7532 1111

## III. BUSINESS OVERVIEW

The Issuer was established for the purpose of issuing securities, in particular warrants. Apart from warrants, the Issuer has also been issuing certificates and structured bonds. The securities issued by Goldman, Sachs & Co. Wertpapier GmbH are sold to Goldman Sachs International, London. For issuances in Germany, Goldman Sachs AG, Frankfurt am Main acts as issuing and paying agent, and undertakes the processing of all products issued by the Issuer and deposited with Clearstream Banking Frankfurt. For products deposited with other clearing systems Goldman Sachs International undertakes these tasks. For issuances in the Netherlands Goldman Sachs AG, Frankfurt am Main assumes only the function of the issuing agent.

The purpose of the Issuer is to issue fungible securities and to carry out financial transactions and auxiliary transactions for financial transactions. The Issuer is neither engaged in banking transactions within the meaning of Section 1 of the German Banking Act (*Kreditwesengesetz*) nor in business operations within the meaning of Section 34 c of the German Industrial Code (*Gewerbeordnung*).

The Issuer arranges contrary hedging transactions with affiliated companies to hedge against any market price risks. This places the Issuer in the position to meet its obligations in accordance with the Securities issued.

The Issuer primarily operates in Germany and in the Netherlands and, to a lesser extent, also in other European countries including Austria, Switzerland, Luxembourg and the United Kingdom.

#### **IV. ORGANISATIONAL STRUCTURE**

Goldman, Sachs & Co. Wertpapier GmbH is a wholly-owned subsidiary of The Goldman Sachs Group, Inc. The Goldman Sachs Group, Inc. together with its affiliated companies is a leading international investment bank. Through its offices in the USA and the leading financial centers of the world The Goldman Sachs Group, Inc. is active in the financial services industry, divided into the segments (i) Investment Banking which includes advice with respect to mergers and acquisitions, divestitures, restructurings and spin-offs as well as public offerings and private placements of a wide range of securities and other financial instruments, (ii) Institutional Client Services which includes client execution activities related to making markets in credit products, interest rate products, mortgages, currencies, commodities and shares, (iii) Investing and Lending which includes investments (directly and indirectly through funds) and loans in various asset classes as well as investments by Goldman Sachs in consolidated investment entities and (iv) Investment Management.

The share capital of Goldman, Sachs & Co. Wertpapier GmbH amounts to EUR 51,129.19 (DM 100,000.00) and has been paid in full. All shares are held by The Goldman Sachs Group, Inc.

#### **V. TREND INFORMATION**

Since the date of its last audited financial statements (31 December 2017) there has been no material adverse change in the prospects of the Issuer.

Management expects a further increase in the issuance activity and therefore a higher profit for 2018. This is due to increased client demand in warrants and structured products, particularly in the German market. Furthermore it is expected that in a volatile market there will be a multitude of follow-up issuances in the area of turbo warrants, mini-futures and bonus certificates. In addition, it is planned to expand the offer in the sections of warrants and structured products. Previously implemented enhancements to the issuance process allow the issuance of new warrants and certificates to be almost fully automated. Issuance activity in the Netherlands is expected to remain at the current level, as here securities do not have a predetermined maturity date by default, and it is assumed there will not be a great need for follow-up issuances. Issuer's management is part of the firmwide considerations on the UK-Brexit, in particular focusing on potential impacts on Issuers' business model.

## VI. MANAGEMENT AND LEGAL REPRESENTATION

The managing directors (*Geschäftsführer*) of Goldman, Sachs & Co. Wertpapier GmbH are Michael Schmitz and Dr. Jörg Kukies.

Michael Schmitz is Managing Director at Goldman Sachs International, Zweigniederlassung Frankfurt. Dr. Jörg Kukies is Managing Director at Goldman Sachs International, Zweigniederlassung Frankfurt.

The Issuer may be represented by a managing director jointly with another managing director or jointly with a holder of general commercial power of representation (*Prokurist*) or jointly by two holders of general commercial power of representation (*Prokuristen*). The managing directors are exempt from the restrictions of Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and can be reached via the business address of Goldman, Sachs & Co. Wertpapier GmbH at MesseTurm, Friedrich-Ebert-Anlage 49, 60308 Frankfurt am Main, Germany, telephone: +49 69 7532 1111.

There are no potential conflicts of interest between the obligations of the managing directors with regard to Goldman, Sachs & Co. Wertpapier GmbH and their private interests and other obligations.

The Issuer has neither an advisory board nor a supervisory board.

The Issuer has an audit committee (*Prüfungsausschuss*) in accordance with Section 324 of the German Commercial Code (*Handelsgesetzbuch*). The members of the audit committee (*Prüfungsausschuss*) are Dr. Matthias Bock, Michael Bartsch and Pierre Kieffer. The main tasks of the audit committee (*Prüfungsausschuss*) are the supervision of the legality and usefulness of the accounting and the accounting processes as well as the effectiveness of the internal control system and the risk management system. It also supervises the effectiveness of the internal audit department.

The German Corporate Governance Code is not applicable to the Issuer. The Corporate Governance Code is not mandatory for companies which are not listed on stock exchanges. The Issuer does not apply the Corporate Governance Code on a voluntary basis.



## VII. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFIT AND LOSSES

### 1. Historical financial information for the financial year 2017 (German Commercial Code (*Handelsgesetzbuch - HGB*))

Financial information of Goldman, Sachs & Co. Wertpapier GmbH for the financial year 2017 (German Commercial Code (*Handelsgesetzbuch – HGB*)) can be found on pages F-1 to F-19 of the Registration Document.

### 2. Historical financial information for the financial year 2016 (German Commercial Code (*Handelsgesetzbuch - HGB*))

Financial information of Goldman, Sachs & Co. Wertpapier GmbH for the financial year 2016 (German Commercial Code (*Handelsgesetzbuch – HGB*)) can be found on pages G-1 to G-14 of the Registration Document.

### 3. Auditing of historical financial information

PwC GmbH audited the unconsolidated financial statements of the Issuer as of and for the fiscal years ended 31 December 2016 and 31 December 2017, and issued in each case an unqualified auditor's report (*Bestätigungsvermerk*).

### 4. Legal and arbitration proceedings

During the last 12 months, there were no governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability, and none of them were settled during the last 12 months, respectively. Neither are there any such proceedings pending or threatened of which the Issuer is aware.

### 5. Significant change in GSW's financial or trading position

Since the end of the last financial period for which audited financial information have been published (31 December 2017) no significant change in the Issuer's financial or trading position has occurred.

## VIII. ADDITIONAL INFORMATION

### Share capital

The share capital of Goldman, Sachs & Co. Wertpapier GmbH amounts to EUR 51,129.19 (DM 100,000.00) and has been paid in full. All shares are held by The Goldman Sachs Group, Inc.

### Memorandum and Articles of Association

Goldman, Sachs & Co. Wertpapier GmbH has its seat in Frankfurt am Main and has been registered under the number HRB 34439 in the commercial register of the local court of Frankfurt am Main.

According to Section 2 (1) of the articles of association, the purpose of the Issuer is to issue fungible securities and to carry out financial transactions and auxiliary transactions for financial transactions. The Issuer does not conduct any activities which require a banking license according to the German Banking Act (*Kreditwesengesetz*) or a trading license (*Gewerbeerlaubnis*).

## IX. DOCUMENTS ON DISPLAY

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

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

- the Articles of Association of Goldman, Sachs & Co. Wertpapier GmbH dated 18 December 1991; and
- the financial statements as of 31 December 2017 and of 31 December 2016 of Goldman, Sachs & Co. Wertpapier GmbH.

## E. THE GOLDMAN SACHS GROUP, INC.

### I. AUDITORS AND SELECTED FINANCIAL INFORMATION

#### 1. Auditors

The consolidated financial statements of The Goldman Sachs Group, Inc. as of 31 December 2017 and 31 December 2016 and for each of the two years in the period ended 31 December 2017 and 31 December 2016 have been audited by PricewaterhouseCoopers LLP ("**PwC LLP**"), 300 Madison Avenue, New York, NY 10017, USA, an independent registered public accounting firm, as stated in their report incorporated herein.

PwC LLP is a member of the American Institute of Certified Public Accountants and is regulated as an independent registered public accounting firm under the rules of the Public Company Accounting Oversight Board (United States).

#### 2. Selected financial information

The following table shows selected key historical financial information in relation to GSG which is derived from the audited consolidated financial statements as of 31 December 2017 and for each of the two years in the period ended 31 December 2017 and 31 December 2016:

<b>Earnings information</b>		
	<b>As of and for the Year</b>	
	<b>1 January - 31 December 2017</b>	<b>1 January - 31 December 2016</b>
	<i>(in USD millions)</i>	
Total non-interest revenues	29,141	28,021
Net revenues, including net interest income	32,073	30,608
Pre-tax earnings	11,132	10,304

<b>Balance sheet information</b>		
	<b>31 December 2017</b>	<b>31 December 2016</b>
	<i>(in USD millions)</i>	
Total assets	916,776	860,165
Total liabilities	834,533	773,272
Total shareholders' equity	82,243	86,893

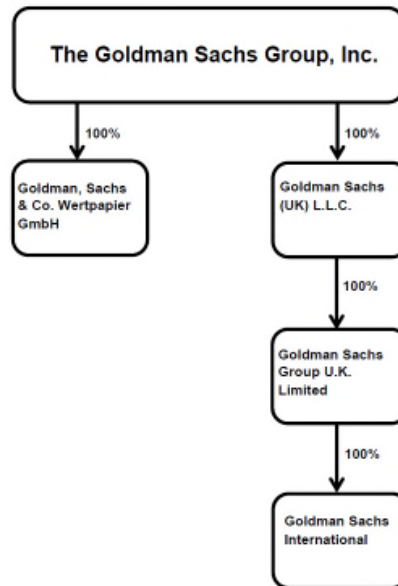
### **3. Significant changes in the financial or trading position of GSG and trend information**

There has been no significant change in the financial or trading position of GSG since the date of the last published audited consolidated financial statements (31 December 2017) which would impair GSG's capability to fulfill its obligations under the Guarantee.

There has been no material adverse change in the prospects (trend information) of GSG since the date of the last published audited consolidated financial statements (31 December 2017) which would impair GSG's capability to fulfill its obligations under the Guarantee.

## II. INFORMATION ABOUT GSG

As of the date of this Registration Document the organisational structure of Goldman Sachs (as defined below) is as follows:



Note: The percentages given are for direct holdings of ordinary shares or equivalent.

The Goldman Sachs Group, Inc., a Delaware corporation domiciled in Wilmington, Delaware, together with its consolidated subsidiaries (in this section referred to as "**Goldman Sachs**") is a bank holding company and a financial holding company pursuant to the Bank Holding Company Act. Goldman Sachs is a 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 high-net-worth individuals. Founded in 1869, the firm is headquartered in New York and maintains offices in all major financial centres around the world. Its headquarters are located at 200 West Street, New York, NY 10282, USA, Telephone +1 (212) 902-1000. GSG is the parent company of Goldman Sachs. The members of the administrative and management bodies of GSG can be contacted at: The Goldman Sachs Group, Inc., 200 West Street, New York, NY 10282, USA.

Goldman Sachs' activities are conducted in the following segments:

- *Investment Banking*: Investment Banking is comprised of:
  - *Financial Advisory*, which includes strategic advisory assignments with respect to mergers and acquisitions, divestitures, corporate defense activities, restructurings, spin-offs and risk management, and derivative transactions directly related to these client advisory assignments; and

- *Underwriting*, which includes public offerings and private placements, including local and cross-border transactions and acquisition financing, of a wide range of securities and other financial instruments, including loans, and derivative transactions directly related to these client underwriting activities.
- *Institutional Client Services*: Institutional Client Services is comprised of:
  - *Fixed Income, Currency and Commodities Client Execution*, which includes client execution activities related to making markets in both cash and derivative instruments for interest rate products, credit products, mortgages, currencies and commodities; and
  - *Equities*, which includes client execution activities related to making markets in equity products and commissions and fees from executing and clearing institutional client transactions on major stock, options and futures exchanges worldwide, as well as over-the-counter transactions. Equities also includes the Goldman Sachs securities services business, which provides financing, securities lending and other prime brokerage services to institutional clients, including hedge funds, mutual funds, pension funds and foundations, and generates revenues primarily in the form of interest rate spreads or fees.
- *Investing and Lending*, which includes the Goldman Sachs investing activities and the origination of loans, including the relationship lending activities, to provide financing to clients. These investments, some of which are consolidated, and loans are typically longer-term in nature. Goldman Sachs makes investments, some of which are consolidated, directly through merchant banking business and special situations group, and indirectly through funds that it manages, in debt securities and loans, public and private equity securities, infrastructure and real estate entities. Goldman Sachs makes unsecured loans to individuals through the Goldman Sachs digital platform.
- *Investment Management*, which provides investment management services and offers investment products (primarily through separately managed accounts and commingled vehicles, such as mutual funds and private investment funds) across all major asset classes to a diverse set of institutional and individual clients. Investment Management also offers wealth advisory services, including portfolio management and financial counseling, and brokerage and other transaction services to high-net-worth individuals and families.

### III. ADDITIONAL INFORMATION ABOUT GSG

GSG files documents and reports with the US Securities and Exchange Commission (the "SEC"). With respect to further substantial information in respect of The Goldman Sachs Group, Inc. reference pursuant to Section 11 para. 1 sentence 2 German Securities Prospectus Act is made to the following documents filed with the SEC (the "**SEC Documents**"), which supplement the information above:

- the current Proxy Statement relating to the Annual Meeting of Shareholders on 28 April 2017 (the "**Proxy Statement 2017**"), filed with the SEC on 17 March 2017; and
- the Annual Report on Form 10-K for the fiscal year ended 31 December 2017 (the "**Form 10-K 2017**", containing financial statements relating to the fiscal years ended 31 December 2017 and 31 December 2016, which includes Exhibit 21.1 thereto), filed with the SEC on 26 February 2018.

The following table indicates where information regarding GSG, which is required by the Prospectus Regulation, can be found in the SEC Documents.

<b>Information required by the Prospectus Regulation</b>	<b>Documents / Location</b>
Selected financial information for the fiscal years ended 31 December 2017 and 31 December 2016 (Annex IV, Section 3 of the Prospectus Regulation)	Form 10-K 2017 (p. 197)
Unaudited selected interim financial information (Annex IV, Section 3 of the Prospectus Regulation)	Not applicable
Risk factors relating to GSG (Annex IV, Section 4 of the Prospectus Regulation)	Form 10-K 2017 (pp. 23-42) <sup>2</sup>
<b>Information about GSG</b>	
History and development of GSG (Annex IV, Section 5.1 of the Prospectus Regulation)	Form 10-K 2017 (p. 1)
Investments (Annex IV, Section 5.2. of the Prospectus Regulation)	
A description of the principal investments made since the date of the	Form 10-K 2017 (pp. 75-76, 142-143)

<sup>2</sup> As far as in the section "Risk Factors" on pp. 23 – 42 of the Annual Report on Form 10-K for the fiscal year ended 31 December 2017 reference is made to other sections of the Annual Report on Form 10-K for the fiscal year ended 31 December 2017 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.

last published financial statements (Annex IV, Section 5.2.1 of the Prospectus Regulation)	
Information concerning the issuer's principal future investments, on which its management bodies have already made firm commitments (Annex IV, Section 5.2.2 of the Prospectus Regulation)	Form 10-K 2017 (pp. 75-76, 162-163)
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 2017 (pp. 64-69, 82-86)
<b>Business Overview</b>	
Principal activities (Annex IV, Section 6.1 of the Prospectus Regulation)	Form 10-K 2017 (pp. 1-5, 109)
Principal markets (Annex IV, Section 6.2 of the Prospectus Regulation)	Form 10-K 2017 (pp. 1-7, 44, 47-48, 182-184)
Organisational structure (Annex IV, Section 7 of the Prospectus Regulation)	Form 10-K 2017 (p. 33, Exhibit 21.1)
Administrative, management and supervisory bodies, including conflicts of interest (Annex IV, Section 10 of the Prospectus Regulation)	Form 10-K 2017 (p. 43) Proxy Statement 2017 (pp. 1, 5-7, 13-32, 74-76)
Audit committee (Annex IV, Section 11.1 of the Prospectus Regulation)	Proxy Statement 2017 (pp. 23-24, 72-73)
Major shareholders (Annex IV, Section 12 of the Prospectus Regulation)	Proxy Statement 2017 (p. 79)
<b>Financial information</b>	
Audited historical financial information for the fiscal years ended 31 December 2017 and 31 December 2016 (Annex IV, Section 13.1-13.4 of the Prospectus Regulation)	Form 10-K 2017 (pp. 104-195)
Auditor's report (Annex IV, Section 13.1 of the Prospectus Regulation)	Form 10-K 2017 (p. 103)
Balance sheet (Annex IV, Section 13.1 of the	Form 10-K 2017 (p. 106)



Prospectus Regulation)	
Income statement (Annex IV, Section 13.1 of the Prospectus Regulation)	Form 10-K 2017 (pp. 104-105)
Cash flow statement (Annex IV, Section 13.1 of the Prospectus Regulation)	Form 10-K 2017 (p. 108)
Accounting policies and explanatory notes (Annex IV, Section 13.1 of the Prospectus Regulation)	Form 10-K 2017 (pp. 48-50, 109-195)
Unaudited interim and other financial information (Annex IV, Section 13.5 of the Prospectus Regulation)	Not applicable
Legal and arbitration proceedings (Annex IV, Section 13.6 of the Prospectus Regulation)	Form 10-K 2017 (pp. 43, 185-191)
<b>Additional information</b>	
Share capital (Annex IV, Section 14.1 of the Prospectus Regulation)	Form 10-K 2017 (pp. 106, 166-168)
Credit ratings (Annex V, Section 7.5 of the Prospectus Regulation)	Form 10-K 2017 (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.

The ratings have been issued by DBRS, Inc. ("**DBRS**"), Fitch, Inc. ("**Fitch**"), Moody's Investors Service ("**Moody's**") and Standard & Poor's Rating Services ("**S&P**"), each of which is established in the United States and which is not registered by the Credit Rating Agency Regulation (as defined below) (together, the "**US Credit Rating Agencies**").

In general, certain European regulated entities are restricted from using a rating for regulatory purposes if such rating is not either (i) issued or validly endorsed by a credit rating agency established in the European Union (an "**EU Credit Rating Agency**") and registered with the European Securities and Markets authority ("**ESMA**") under Regulation (EU) No. 1060/2009 of 16 September 2009, as amended (the "**Credit Rating Agency Regulation**") or (ii) issued by a credit rating agency established outside the European Union which is certified under the Credit Rating Regulation.

The EU affiliates of DBRS, Fitch, Moody's and S&P are registered EU Credit Rating Agencies on the official list (available at <http://www.esma.europa.eu/popup2.php?id=7692>). The ESMA has approved the endorsement by such EU affiliates of ratings issued by the corresponding US Credit Rating Agencies. Accordingly, ratings issued by the US Credit Rating Agencies may be used for regulatory purposes in the EU.

GSG is organised under the laws of the State of Delaware with registration number 2923466.

The business purpose of GSG (as stipulated in writing in the third clause of the revised and restated Certificate of Incorporation of GSG) covers all lawful acts and activities of corporations according to the laws of the State of Delaware.

GSG is in compliance in all material respects with the corporate governance standards of the New York Stock Exchange which are applicable to GSG as a corporation organised in the USA and whose shares are listed on such exchange.

#### IV. DOCUMENTS ON DISPLAY

The SEC Documents as defined under Section E.III. "Additional Information about GSG" are available on the SEC website at [www.sec.gov](http://www.sec.gov). In addition they are available on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu).

The following corporate governance documents may be inspected on the website of GSG (<http://www.goldmansachs.com/investor-relations>):

- the Restated Certificate of Incorporation of GSG dated 2 August 2016 in its respective current version; and
- the Amended and Restated By-laws of GSG dated 18 February 2016 or in its respective current version.

Throughout the validity of this Registration Document, all documents referred to above are additionally available free of charge from Goldman Sachs International, Zweigniederlassung Frankfurt, MesseTurm, Friedrich-Ebert-Anlage 49, 60308 Frankfurt am Main.

#### V. INCORPORATION BY REFERENCE

GSG files documents and reports with the US Securities and Exchange Commission (the "SEC"). With respect to further substantial information in respect of The Goldman Sachs Group, Inc. which supplements the information contained in this Registration Document, on page 23 in Section E.III. "Additional Information about GSG" reference pursuant to Section 11 para. 1 sentence 2 German Securities Prospectus Act is made to the SEC Documents. Information contained in the SEC Documents is incorporated by reference into this Registration Document. Insofar as reference is made above to certain parts of the SEC Documents (see table on page 23 et seq. in Section E.III. of this Registration Document) only these parts shall form part of the Registration Document and all other information contained in the SEC Documents is either not relevant for the investor or is covered elsewhere in this Registration Document. The SEC Documents have been filed with the SEC by GSG and are available from the SEC website at [www.sec.gov](http://www.sec.gov). In connection with the approval of the European Base Prospectus relating to the Euro Medium-Term Notes, Series F of The Goldman Sachs Group, Inc. dated 20 April 2017 and any supplements thereto by the *Commission de Surveillance du Secteur Financier* ("CSSF") in Luxembourg the SEC Documents have also been filed with the CSSF and are available from the website of the Luxembourg stock exchange at <http://www.bourse.lu>. In addition, the documents are available free of charge from Goldman Sachs International, Zweigniederlassung Frankfurt, MesseTurm, Friedrich-Ebert-Anlage 49, 60308 Frankfurt am Main.

**Audited financial information of  
Goldman, Sachs & Co. Wertpapier GmbH  
for the financial year 2017 (German Commercial Code (*Handelsgesetzbuch – HGB*))**

**Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main**

**Balance Sheet as of 31 December 2017**

<b>Assets</b>	31 December 2017	31 December 2016	<b>Equity and Liabilities</b>
	EUR	EUR	31 December 2017
			EUR
<b>A. Current assets</b>			<b>A. Capital and reserves</b>
I. Receivables and other assets			1. Issued share capital
1. Receivables from affiliated companies	710,893,793.01	760,941,482.51	51,129.19
2. Other assets	5,754,184,108.54	5,285,302,185.86	2. Prior year retained earnings
of which at affiliated companies			3,800,833.97
EUR 5,754,131,740.33			3. Net income for the year
(prior year: EUR 5,285,256,416.37)			652,821.73
of which term of maturity is over one year			4,504,784.89
EUR 2,247,574,635.38			3,851,963.16
(prior year: EUR 2,653,344,669.06)			<b>B. Accruals</b>
II. Cash at banks	1,193,356.77	1,466,690.59	1. Tax Accruals
			82,296.57
			2. Other accruals
			441,655.66
			<b>C. Liabilities</b>
			1. Liabilities against banks
			879,113.55
			of which is for affiliated companies
			EUR 879,113.55 (prior year: EUR 1,245,450.00)
			of which term of maturity is below one year
			EUR 879,113.55 (prior year: EUR 1,245,450.00)
			2. Liabilities against affiliated companies
			706,167,899.38
			of which term of maturity is below one year
			EUR 706,167,899.38 (prior year: EUR 756,596,640.83)
			3. Other liabilities
			5,754,195,508.27
			of which term of maturity is below one year
			EUR 3,506,620,872.90
			(prior year: EUR 2,632,445,406.24)
			of which term of maturity is over one year
			EUR 2,247,574,635.38
			(prior year: EUR 2,653,344,669.06)
			of which due to taxes
			EUR 0.00
			(prior year: EUR 128,857.82)
	6,466,271,258.32	6,047,710,358.96	6,466,271,258.32
			6,047,710,358.96

## Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main

### Profit and Loss Account Statement for the Period 1 January 2017 to 31 December 2017 compared to the period 1 January 2016 to 31 December 2016

	2017 EUR	2016 EUR
1. Income from reimbursements	15,786,270.70	15,508,583.55
2. Expenses related to issuances	-15,036,258.65	-14,771,101.48
3. Other operating income from currency translation EUR 116,240.06 (prior year: EUR 0.00)	118,255.65	1,073.00
4. Other operating expenses from currency translation EUR 0.00 (prior year: EUR 9,088.31)	-50,120,178.65	-4,639,064.28
5. Other interest and similar income from affiliated companies EUR 72,710,621.48 (prior year: EUR 5,111,609.62)	72,711,274.36	5,113,014.97
6. Interest and similar expenses from affiliated companies EUR 23,036,181.59 (prior year: EUR 648,627.91)	-23,038,111.51	-648,644.01
7. Negative Interest on cash placement from affiliated companies EUR 95,382.37 (prior year: EUR 25,009.61)	-95,382.37	-25,009.61
8. Positive Interest on cash collateral from affiliated companies EUR 605,313.45 (prior year: EUR 248,932.74)	605,313.45	248,932.74
9. Income taxes	-278,361.25	-270,600.86
10. Income after taxes / Net income for the year	652,821.73	517,184.02

# Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main

## Notes to the Financial Statements for the Financial Year 2017

### A. General Information

The annual financial statements of Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main (hereinafter referred to as "GSWP" or "Company") were prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Act on Limited Liability Companies (GmbHG) as well as in accordance with German principles of proper accounting. The company is registered under HRB 34439 of the local district court Frankfurt am Main.

The purpose of the Company is the issuance of fungible securities as well as the conduct of financial transactions and auxiliary transactions for financial transactions. The Company is neither engaged in banking transactions as defined by Section 1 German Banking Act (Kreditwesengesetz) nor in business operations as defined by Section 34c German Industrial Code (Gewerbeordnung).

GSWP is a large corporation as defined by Section 267 (3) Clause 2 HGB. The Company prepares a statement of changes in equity as well as a cash flow statement due to its classification as a capital market oriented corporation pursuant to section 264d HGB. Due to the special business operation of GSWP and for clarification purposes in the income statement, we used the item income from reimbursements instead of sales revenues and the item expenses related to issuances instead of cost of materials.

### B. Accounting and Valuation Methods

Receivables from affiliated companies as well as cash at banks are stated at nominal value. Additional other assets are evaluated at nominal value.

The paid OTC option premiums classified under the item other assets are micro hedging transactions concluded for potential obligations from the issuances that are recognized under the item other liabilities. On account of the 1:1 hedging strategy, the Company formed valuation units. The valuation units are accounted for using the net hedge presentation method, which means that any changes in value are not accounted for. The issuances and the hedging transactions concluded by the Company are mostly denominated in EUR. Issuances and hedging transactions were also done in USD, CHF, GBP, CAD, SEK, MXN, AUD and HKD.

Premiums received or paid for issuances and OTC options remain in other liabilities or other assets until they expire or are exercised, respectively. All products issued are hedged by offsetting micro hedging transactions with GSI. The transactions and the respective hedging transactions are executed at exactly the same time and have specific characteristics to hedge all market price risks.

Liabilities are stated at their respective settlement amount pursuant to Section 253 (1) HGB. Accruals have been set up at the settlement amount required in accordance with prudent business judgment.

Deferred tax assets and liabilities were not stated on the balance sheet or in the income statement on balance sheet date because temporary and quasi-permanent differences between the values stated on the balance sheet and the tax balance sheet did not exist on balance sheet date.

Assets and liabilities denominated in foreign currencies are converted to EUR with the firm wide used FX rates. Expenses and income are translated at the respective spot rate of the transaction date. Cash at banks also include receivables in USD. Gains from currency translation are reported in other operating income. Losses from currency translation were reported in other operating expenses in the previous year.

The income statement is drawn up using the nature of costs method.

## C. Notes and Comments on the Individual Items of the Balance Sheet

### 1. Receivables from affiliated companies

Receivables from affiliated companies include cash collateral of EUR 706m (prior year: EUR 757m) as well as free liquidity of EUR 3m (prior year: EUR 3m) which are placed overnight with an affiliated company. In order to hedge against the risk of default, cash collateral is received from GSI as contractual partner for the OTC options. These are presented in the same amount in the position liabilities against affiliated companies.

### 2. Other assets

Other assets are mainly comprised of OTC option premiums paid in the amount of EUR 5,754m (prior year: EUR 5,285m). On balance sheet date the book values and market values of these derivative financial instruments were as follows. This is also identical to the amounts of risk hedged by means of valuation units (VU):

	Book value/VU (in millions EUR)	Market value/VU (in millions EUR)	
		Positive	Negative
<b>OTC options for warrants</b>			
Shares	175	275	0
Commodities	28	33	0
Future	309	324	0
Indices	233	380	0
Other warrants	10	1	0
Exchange rates	48	61	0
<b>Total OTC options for warrants</b>	<b>803</b>	<b>1,074</b>	<b>0</b>
<b>OTC options for certificates</b>			
Shares	1,959	2,036	0
Commodities	22	27	0
Futures	28	42	0
Indices	1,727	1,903	0
Other certificates	115	131	0
Exchange rates	651	732	0
<b>Total OTC options for certificates</b>	<b>4,502</b>	<b>4,871</b>	<b>0</b>



<b>OTC options for structured bonds</b>			
Shares	386	455	0
Futures	6	7	0
Indices	8	8	0
Other structured bonds	48	158	0
Exchange rates	1	1	0
<b>Total OTC options for structured bonds</b>	<b>449</b>	<b>629</b>	<b>0</b>
<b>Total</b>	<b>5,754</b>	<b>6,574</b>	<b>0</b>

The market values of the OTC options equal the market values of the issued warrants, certificates and structured bonds. The market values are calculated using a modified Black-Scholes model or Monte Carlo simulations using the base price, remaining maturity, volatility, dividends, interest and other market parameters. Spreads of the Company's own credit rating and market liquidity were taken into consideration for the valuation of the outstanding OTC options in the same manner as for the respective underlying transactions. There are exceptions concerning this, such as for products with US exercise rights, i.e. products in which investors can exercise their certificate rights every day.

Furthermore, this item includes tax credits relating to the prior year of EUR 48k (prior year: EUR 17k).

### 3. Statement of Changes in Equity

Pursuant to Section 264 (1) clause 2 HGB the Company prepares a Statement of Changes in Equity that is included in the annual financial statements. The Statement of Changes in Equity shows the changes of the equity components as of the prior year balance sheet date.

### 4. Accruals

Tax accruals have been set up for corporation tax and solidarity surcharge for the year 2017 of EUR 41k and for trade tax for the year 2017 of EUR 41k.

Other accruals have been set up mainly for expenses for the audit of the Company's annual financial statements in the amount of EUR 104k (prior year: EUR 95k), legal advisory services in the amount of EUR 314k (prior year: EUR 60k) and tax consulting expenses in the amount of EUR 24k (prior year: EUR 17k).

### 5. Liabilities against affiliated companies

Liabilities against affiliated companies include received cash collateral of EUR 706m (prior year: EUR 757m).

### 6. Other liabilities

Other liabilities for the most part refer to the proceeds from the warrants, certificates and structured bonds issued.

The issuance volume and quantity as well as the breakdown of maturities of the issued products as of the balance sheet date are set forth below:

	Number	Issuance Volume (in millions EUR)	< 1 year	1 – 5 years	> 5 years
<b>Warrants</b>					
Shares	5,256	175	175	0	0
Commodities	549	28	28	0	0
Futures	539	309	308	1	0
Indices	4,792	233	212	15	6
Other warrants	2	10	9	1	0
Exchange rates	964	48	48	0	0
<b>Total warrants</b>	<b>12,102</b>	<b>803</b>	<b>780</b>	<b>17</b>	<b>6</b>

	Number	Issuance Volume (in millions EUR)	< 1 year	1 – 5 years	> 5 years
<b>Certificates</b>					
Shares	864	1,959	648	1,260	51
Commodities	10	23	20	3	0
Futures	14	28	23	3	2
Indices	1,306	1,726	1,010	666	50
Other certificates	26	115	55	60	0
Exchange rates	5	651	651	0	0
<b>Total certificates</b>	<b>2,225</b>	<b>4502</b>	<b>2407</b>	<b>1992</b>	<b>103</b>

	Number	Issuance Volume (in millions EUR)	< 1 year	1 – 5 years	> 5 years
<b>Structured bonds</b>					
Shares	1,760	386	274	95	17
Futures	6	6	6	0	0
Indices	2	9	8	1	0
Other bonds	24	48	31	17	0
Exchange rates	1	0	0	0	0
<b>Total structured bonds</b>	<b>1,793</b>	<b>449</b>	<b>319</b>	<b>113</b>	<b>17</b>

## D. Notes and Comments on the Individual Items of the Income Statement

### 1. Income from reimbursements

This item refers to reimbursements of expenses, plus a markup of 5%, which the Company incurred as part of its issuance activity. The reimbursements are covered by an affiliated company.

### 2. Expenses related to issuances

This item includes all expenses which were incurred in relation to the issuance of warrants, certificates and structured bonds.

### **3. Other operating income**

Other operating income refers to gains from currency translation of EUR 116k (prior year: EUR 0k) as well as gains from the reversal of accruals of EUR 2k (prior year: EUR 1k). Losses from currency translation of EUR 9k have been reported in other operating expenses in the prior year.

### **4. Other operating expenses**

Interest income and interest expenses which have directly incurred as part of the Company's issuance activity are paid without a markup to an affiliated company or reimbursed by an affiliated company. For the financial year the reimbursed amount was EUR 50,120k (prior year: EUR 4,630k), that is included in other operating expenses.

### **5. Other interest and similar income**

Other interest and similar income mainly refers to interest income on overnight placements with affiliated companies of EUR 72,711k (prior year: 5,112k).

### **6. Interest and similar expenses**

Interest and similar expenses mainly refers to interest expense from cash collateral of EUR 23,036k (prior year: EUR 593k).

### **7. Negative interest on cash placement**

During the year 2017 the company incurred EUR 95k (prior year: EUR 25k) negative interest on cash placement. As a result, the income statement has been adjusted to show this effect in the line item negative interest on cash placement.

### **8. Positive Interest on Cash Collateral**

Due to negative interest rates the Company generated interest income on cash collateral of EUR 605k (prior year: EUR 249k). As a result, the income statement has been amended to show this interest effect separately.

### **9. Income taxes**

The item income taxes refers to corporation income tax and solidarity surcharge for the financial year 2017 in the amount of EUR 148k (prior year: EUR 125k) and trade tax for the financial year 2017 in the amount of EUR 150k (prior year: EUR 146k). The expenses for income taxes were reduced by EUR 20k due to tax refunds relating to the prior period.

### **10. Profit distribution**

The net income for the financial year 2017 is EUR 652,821.73, which will be transferred to the revenue reserve.

## **E. Cash Flow Statement**

As a capital market oriented corporation, GSWP is required pursuant to Section 264 (1) Clause 2 HGB to prepare a cash flow statement. This cash flow statement shows the composition and the net increase/decrease in cash and cash equivalents in the financial year.

For the most part, the cash flow from operating activities refers to payment transactions (cash inflow and outflow) related to the Company's issuance activity. Other assets for the most part refer to the premiums paid by the Company for OTC option transactions. Other liabilities particularly refer to payments received for the issuance of warrants, certificates and structured bonds. Cash flows in relation to the placement of cash collateral and the respective placement were shown in other receivables and payables. Goldman Sachs International, London as the contracted counterparty for hedging transaction and GSWP agreed to place cash collateral subject to "17 CFR Part 50- Clearing

Exemption for Swaps Between Certain Affiliated Entities” of the Commodity Futures Trading Commission. There was no cash flow provided by/used for investing and financing activities during the financial year.

Cash funds exclusively consist of cash at banks of EUR 1,193k and the placement of the free liquidity of EUR 3,343k with affiliated companies. The free liquidity with affiliated companies contains EUR 6,790k, from the EUR tranche, which is reduced for the first time by EUR 3,447k, from the USD tranche, which results from the partial placement of received collateral with GSI.

## F. Report on subsequent events

No events of particular importance have occurred after 31 December 2017.

There have not been any circumstances after the balance sheet date which were relevant to valuation and which could significantly affect GSWP's financial position.

## G. Other Disclosures

### 1. Management

Dr. Jörg Kukies	Employee of the Goldman Sachs International branch Frankfurt
Michael Schmitz	Employee of the Goldman Sachs International branch Frankfurt

Management remuneration is paid fully by Goldman Sachs International, London, or by the Goldman Sachs International Branch, Frankfurt am Main.

### 2. Audit Committee

The Company has established an audit committee pursuant to section 324 HGB, which currently consists of three members.

### 3. Consolidated Financial Statements

GSWP is a directly and wholly-owned subsidiary of The Goldman Sachs Group, Inc., Wilmington, Delaware and is included in the company's consolidated financial statements for the largest consolidation scope of companies. The largest scope is also the smallest among the companies. The consolidated financial statements can be obtained on the Company's premises.

### 4. Employees

In the financial year, the Company had no employees as defined by Section 285 Clause 1 No. 7 HGB.

### 5. Total Auditor's Fee

The total auditor's fee for the financial year 2017 amounts to EUR 104k (EUR 87k net). It refers exclusively to audit services.

## H. Affirmation of the legal representatives

To the best of our knowledge, we affirm that, pursuant to the applicable financial reporting standards, the annual financial statements give a true and fair view of the Company's net assets, financial position and results of operations. We also affirm that the management report gives a true and fair view of the course of business including the operating results and the Company's position and describes the significant opportunities and risks of the Company's anticipated development.

Frankfurt am Main, 20<sup>th</sup> February 2018

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Dr. Jörg Kukies

Michael Schmitz

**Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main**

**Cash Flow Statement for the Period  
1 January 2017 to 31 December 2017  
compared to the period 1 January 2016 to 31 December 2016**

	<u>2017</u>	<u>2016</u>
	EUR	EUR
1. Net income for the year	652,821.73	517,184.02
2. +/- Increase / decrease in accruals	297,722.56	33,833.68
3. -/+ Increase / decrease in other assets; principally related to premiums paid for OTC-Options	-468,881,922.68	-369,601,415.69
4. -/+ Increase / decrease in other receivables which are not related to investment or financing activities	50,020,337.61	-701,538,414.77
5. +/- Increase / decrease in other liabilities; principally related to premiums received for issued warrants, certificates and structured bonds	468,405,432.97	369,582,778.97
6. +/- Increase / decrease in other payables which are not related to investment or financing activities	-50,795,077.90	702,438,175.18
7. = Cash flows from operating activities	<u>-300,685.71</u>	<u>1,432,141.39</u>
8. + Cash flows from investing activities	0.00	0.00
9. + Cash flows from financing activities	0.00	0.00
10. = Change in cash funds from cash relevant transactions	<u>-300,685.71</u>	<u>1,432,141.39</u>
11. + Cash funds at the beginning of the period	4,836,690.59	3,404,549.20
12. = Cash funds at the end of the period	<u><u>4,536,004.88</u></u>	<u><u>4,836,690.59</u></u>

**Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main**

**Statement of Changes in Equity**

**for the Period from 31 December 2016 through 31 December 2017**

	Issued share capital in EUR	Prior year retained earnings in EUR	Net income for the year in EUR	Total equity in EUR
As of 31 December 2016	51,129.19	3,283,649.95	517,184.02	3,851,963.16
Allocations (+) / withdrawals (-)	-	517,184.02	-517,184.02	0.00
Net income for the year	-	-	652,821.73	652,821.73
As of 31 December 2017	51,129.19	3,800,833.97	652,821.73	4,504,784.89

## **Copy of the Auditor's Report**

The following auditor's report (Bestätigungsvermerk) has been issued in accordance with § 322 German Commercial Code (Handelsgesetzbuch) on the unconsolidated financial statements and the management report (Lagebericht) of Goldman, Sachs & Co. Wertpapier GmbH as of and for the fiscal year ended December 31, 2017. The management report (Lagebericht) as of and for the fiscal year ended 31 December 2017 is neither included nor incorporated by reference in this Registration Document.



## INDEPENDENT AUDITOR'S REPORT

To Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main

### ***REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT***

#### *Audit Opinions*

We have audited the annual financial statements of Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main, which comprise the balance sheet as at December 31, 2017 and the statement of profit and loss for the financial year from January 1, 2017 to December 31, 2017, the cash flow statement, the statement of changes in equity and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main, for the financial year from January 1, 2017 to December 31, 2017.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2017 and of its financial performance for the financial year from January 1, 2017 to December 31, 2017 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

#### *Basis for the Audit Opinions*

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law,

and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

### *Key Audit Matters in the Audit of the Annual Financial Statements*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1, 2017 to December 31, 2017. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

#### ① Issuance of Financial Instruments and corresponding Hedging

Our presentation of this key audit matter has been structured as follows:

- ① Matter and issue
- ② Audit approach and findings
- ③ Reference to further information

Hereinafter we present the key audit matter:

#### ① Issuance of Financial Instruments and corresponding Hedging

- ① The annual financial statements of the company show liabilities from the issuance of financial instruments amounting to m€ 5,754 presented under the balance sheet item "**other liabilities**". The balance sheet item "**other assets**" shows paid option premiums for hedging transactions for the issuances amounting to m€ 5,754. Each item has a share of 89 % of the balance sheet total.

The liquidity generated out of the issue is simultaneously used for the acquisition of contrary OTC options that cover all payment obligations resulting from the issuances. Because of the perfect hedge, the company forms **valuation units** out of the underlying transaction and the hedging transaction by using the net hedge presentation method as stipulated in IDW RS HFA 35.

From our perspective, the accounting of issued financial instruments and the corresponding hedging transactions have been of most significance in our audit due to the relative importance of the affected balance sheet items and the potentially serious consequences of an incongruent hedging of the outstanding issuances.

- ② During our audit, we have assessed the **design and operating effectiveness** of the issuance and hedging processes as well as the internal control framework. Focus was the internal risk management that monitors inter alia the complete hedging of the issuances through corresponding transactions.

Furthermore, we have performed **tests of details** with regards to the outstanding issuances as at balance sheet date as well as the corresponding hedging transactions to assess their accurate valuation in the annual financial statements as well as the documentation of the valuation units.

Moreover, the **counterparty** for the hedging transactions has confirmed the existence of the recorded hedging transactions and we have assessed their completeness.

The outlined audit procedures **have not led to any reservations**.

- ③ The disclosures of the company with regards to the balance sheet items "other assets" and "other liabilities" can be found in sections B, C.2 und C.6 of the notes.

*Responsibilities of the Executive Directors and the Audit Committee for the Annual Financial Statements and the Management Report*

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The audit committee is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

*Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report*

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to

draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

#### ***OTHER LEGAL AND REGULATORY REQUIREMENTS***

##### ***Further Information pursuant to Article 10 of the EU Audit Regulation***

We were elected as auditor by the shareholder's meeting on November 2, 2017. We were engaged by the executive directors on January 17, 2018. We have been the auditor of the Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main, without interruption since the financial year 1991.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

***GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT***

The German Public Auditor responsible for the engagement is Stefan Palm.

Frankfurt am Main, 21 February 2018

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

sgd. Stefan Palm  
Wirtschaftsprüfer  
(German Public Auditor)

sgd. ppa. Benjamin Kunz  
Wirtschaftsprüfer  
(German Public Auditor)

**Audited financial information of  
Goldman, Sachs & Co. Wertpapier GmbH  
for the financial year 2016 (German Commercial Code (*Handelsgesetzbuch – HGB*))**

**Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main**

**Balance Sheet as of 31 December 2016**

<b>Assets</b>	<u>31 December 2016</u>	<u>31 December 2015</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
	EUR	EUR	EUR	EUR
<b>A. Current assets</b>				
I. Receivables and other assets				
1. Receivables from affiliated companies	760,941,482.51	59,073,067.74		
2. Other assets	5,285,302,185.86	4,915,700,770.17		
of which at affiliated companies				
EUR 5,285,256,416.37				
(prior year: EUR 4,915,620,848.23)				
of which term of maturity is over one year				
EUR 2,653,344,669.06				
(prior year: EUR 2,693,912,032.58)				
II. Cash at banks	1,466,690.59	364,549.20		
	<u>6,047,710,358.96</u>	<u>4,975,138,387.11</u>		
<b>A. Capital and reserves</b>				
1. Issued share capital	51,129.19	51,129.19		
2. Prior year retained earnings	3,283,649.95	2,822,380.43		
3. Net income for the year	517,184.02	461,269.52		
	<u>3,851,963.16</u>	<u>3,334,779.14</u>		
<b>B. Accruals</b>				
1. Tax Accruals	54,383.42	80,640.42		
2. Other accruals	171,846.25	111,755.57		
<b>C. Liabilities</b>				
1. Liabilities against banks	1,245,450.00	743,915.65		
of which is for affiliated companies				
EUR 1,245,450.00 (prior year: EUR 743,915.65)				
of which term of maturity is below one year				
EUR 1,245,450.00 (prior year: EUR 743,915.65)				
2. Liabilities against affiliated companies	756,596,640.83	54,660,000.00		
of which term of maturity is below one year				
EUR 756,596,640.83 (prior year: EUR 54,660,000.00)				
3. Other liabilities	5,285,790,075.30	4,916,207,296.33		
of which term of maturity is below one year				
EUR 2,632,445,406.24				
(prior year: EUR 2,222,312,738.18)				
of which term of maturity is over one year				
EUR 2,653,344,669.06				
(prior year: EUR 2,693,894,558.15)				
of which due to taxes				
EUR 128,857.82				
(prior year: EUR 0.00)				
	<u>6,047,710,358.96</u>	<u>4,975,138,387.11</u>	<u>6,047,710,358.96</u>	<u>4,975,138,387.11</u>



## Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main

### Profit and Loss Account Statement for the Period 1 January 2016 to 31 December 2016 compared to the period 1 January 2015 to 31 December 2015

	<u>2016</u>	<u>2015</u>
	EUR	EUR
1. Income from reimbursements	15,508,583.55	12,611,925.49
2. Expenses related to issuances	-14,771,101.48	-12,012,215.76
3. Other operating income	1,073.00	17,112.81
from currency translation EUR 0.00 (prior year: EUR 15,988.56)		
4. Other operating expenses	-4,639,064.28	-2,258,935.14
from currency translation EUR 9,088.31 (prior year: EUR 0.00)		
5. Other interest and similar income	5,113,014.97	2,221,437.38
from affiliated companies EUR 5,111,609.62 (prior year: EUR 2,218,218.93)		
6. Interest and similar expenses	-648,644.01	-33.80
from affiliated companies EUR 648,627.91 (prior year: EUR 0.00)		
7. Negative Interest on cash placement	-25,009.61	0.00
from affiliated companies EUR 25,009.61 (prior year: EUR 0.00)		
8. Positive Interest on cash collateral	248,932.74	98,294.78
from affiliated companies EUR 248,932.74 (prior year: EUR 98,294.78)		
9. Operating income	<u>787,784.88</u>	<u>677,585.76</u>
10. Income taxes	-270,600.86	-216,316.24
11. Net income for the year	<u><u>517,184.02</u></u>	<u><u>461,269.52</u></u>

**Goldman, Sachs & Co. Wertpapier GmbH,  
Frankfurt am Main**

**Notes to the Financial Statements  
for the Financial Year 2016**

**A. General Information**

The annual financial statements of Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main (hereinafter referred to as "GSWP" or "Company") were prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Act on Limited Liability Companies (GmbHG) as well as in accordance with German principles of proper accounting. The company is registered under HRB 34439 of the local district court Frankfurt am Main.

The purpose of the Company is the issuance of fungible securities as well as the conduct of financial transactions and auxiliary transactions for financial transactions. The Company is neither engaged in banking transactions as defined by Section 1 German Banking Act (Kreditwesengesetz) nor in business operations as defined by Section 34c German Industrial Code (Gewerbeordnung).

GSWP is a large corporation as defined by Section 267 (3) Clause 2 HGB. The Company prepares a Statement of Changes in Equity as well as a cash flow statement due to its classification as a capital market oriented corporation pursuant to section 264d HGB. Due to the special business operation of GSWP and for clarification purposes in the income statement, we used the item income from reimbursements instead of sales revenues and the item expenses related to issuances instead of cost of materials.

**B. Accounting and Valuation Methods**

Receivables from affiliated companies as well as cash at banks are stated at nominal value. The corporation tax credit is recognized at present value. Additional other assets are evaluated at nominal value.

The paid OTC option premiums classified under the item other assets are micro hedging transactions concluded for potential obligations from the issuances that are recognized under the item other liabilities. On account of the 1:1 hedging strategy, the Company formed valuation units. The valuation units are accounted for using the net hedge presentation method, which means that any changes in value are not accounted for. The issuances and the hedging transactions concluded by the Company are mostly denominated in EUR. Issuances and hedging transactions were also done in USD, CHF, GBP, AUD, CAD, SEK, MXN, RUB and JPY.

Premiums received or paid for issuances and OTC options remain in other liabilities or other assets until they expire or are exercised, respectively.

Liabilities are stated at their respective settlement amount pursuant to Section 253 (1) HGB. Accruals have been set up at the settlement amount required in accordance with prudent business judgment.

Deferred tax assets and liabilities were not stated on the balance sheet or in the income statement on balance sheet date because temporary and quasi-permanent differences between the values stated on the balance sheet and the tax balance sheet did not exist on balance sheet date.

Assets and liabilities denominated in foreign currencies are converted to EUR with the firm wide used FX rates. Expenses and income are translated at the respective spot rate of the transaction date. Cash at banks also include receivables in USD. Losses from currency translation are reported in other operating expenses. Gains from currency translation were reported in the previous year in other operating income.

The income statement is drawn up using the nature of costs method.

## C. Notes and Comments on the Individual Items of the Balance Sheet

### 1. Receivables from affiliated companies

Receivables from affiliated companies include cash collateral of EUR 757m (prior year: EUR 56m) as well as free liquidity of EUR 3m (prior year: EUR 3m) which are placed overnight with an affiliated company.

### 2. Other assets

Other assets are mainly comprised of OTC option premiums paid in the amount of EUR 5,285m (prior year: EUR 4,916m). On balance sheet date the book values and market values of these derivative financial instruments were as follows. This is also identical to the amounts of risk hedged by means of valuation units (VU):

	Book value/VU (in millions EUR)	Market value/VU (in millions EUR)	
		Positiv	Negativ
<b>OTC options for warrants</b>			
Shares	132	189	0
Commodities	28	29	0
Futures	326	375	0
Indices	291	379	0
Other warrants	11	0	0
Exchange rates	33	34	0
<b>Total OTC options for warrants</b>	<b>821</b>	<b>1,006</b>	<b>0</b>
<b>OTC options for certificates</b>			
Shares	1,665	1,786	0
Commodities	43	46	0
Futures	32	35	0
Indices	2,296	2,405	0
Other certificates	35	51	0
Exchange rates	43	44	0
<b>Total OTC options for certificates</b>	<b>4,114</b>	<b>4,367</b>	<b>0</b>
<b>OTC options for structured bonds</b>			
Shares	237	276	0
Futures	22	24	0
Indices	45	46	0
Other structured bonds	46	172	0
Exchange rates	0	0	0
<b>Total OTC options for structured bonds</b>	<b>350</b>	<b>518</b>	<b>0</b>
<b>Total</b>	<b>5,285</b>	<b>5,891</b>	<b>0</b>

The market values of the OTC options for warrants, certificates and structured bonds issued are calculated using a modified Black-Scholes model or Monte Carlo simulations using the base price, remaining maturity, volatility, dividends, interest and other market parameters. Spreads of the Company's own credit rating and market liquidity were taken into consideration for the valuation of the outstanding OTC options in the same manner as for the respective underlying transactions. There are

exceptions concerning this, such as for products with US exercise rights, i.e. products in which investors can exercise their certificate rights every day.

Furthermore, this item includes corporation tax credits of EUR 17k (prior year: EUR 34k).

### 3. Statement of Changes in Equity

Pursuant to Section 264 (1) clause 2 HGB the Company prepares a Statement of Changes in Equity that is included in the annual financial statements. The Statement of Changes in Equity shows the changes of the equity components as of the prior year balance sheet date.

### 4. Accruals

Tax accruals have been set up for corporation tax and solidarity surcharge for the year 2015 of EUR 32k and for trade tax for the year 2015 of EUR 23k.

Other accruals have been set up mainly for expenses for the audit of the Company's annual financial statements in the amount of EUR 95k (prior year: EUR 80k), legal advisory services in the amount of EUR 60k (prior year: EUR 16k), and tax consulting expenses in the amount of EUR 17k (prior year: EUR 16k).

### 5. Liabilities against affiliated companies

Liabilities against affiliated companies include received cash collateral of EUR 757m (prior year: EUR 55m).

### 6. Other liabilities

Other liabilities for the most part refer to the proceeds from the warrants, certificates and structured bonds issued.

The issuance volume and quantity as well as the breakdown of maturities of the issued products as of the balance sheet date are set forth below:

	Number	Issuance Volume (in millions EUR)	< 1 year	1 – 5 years	> 5 years
<b>Warrants</b>					
Shares	4,194	132	116	16	0
Commodities	732	28	20	8	0
Futures	457	326	326	0	0
Indices	4,608	291	243	48	0
Other warrants	4	11	2	9	0
Exchange rates	587	33	30	3	0
<b>Total warrants</b>	<b>10,582</b>	<b>821</b>	<b>737</b>	<b>84</b>	<b>0</b>

	Number	Issuance Volume (in millions EUR)	< 1 year	1 – 5 years	> 5 years
<b>Certificates</b>					
Shares	904	1,665	322	1,123	220
Commodities	12	43	20	23	0
Futures	16	32	14	18	0
Indices	1,393	2,296	1,327	817	152
Other certificates	14	35	5	30	0
Exchange rates	5	43	24	19	0
<b>Total certificates</b>	<b>2,344</b>	<b>4,114</b>	<b>1,712</b>	<b>2,030</b>	<b>372</b>
<b>Structured bonds</b>					
Shares	2,158	237	132	105	0
Futures	9	22	4	18	0
Indices	9	45	36	9	0
Other bonds	24	46	11	35	0
Exchange rates	1	0	0	0	0
<b>Total structured bonds</b>	<b>2,201</b>	<b>350</b>	<b>183</b>	<b>167</b>	<b>0</b>

## D. Notes and Comments on the Individual Items of the Income Statement

### 1. Income from reimbursements

This item refers to reimbursements of expenses, plus a markup of 5%, which the Company incurred as part of its issuance activity. The reimbursements are covered by an affiliated company.

### 2. Expenses related to issuances

This item includes all expenses which were incurred in relation to the issuance of warrants, certificates and structured bonds.

### 3. Other operating income

Gains from the reversal of accruals of EUR 1k (prior year: EUR 1k) are reported in other operating income. Gains from currency translation of EUR 16k have been reported in the prior year in other operating income.

### 4. Other operating expenses

Interest income and interest expenses which have directly incurred as part of the Company's issuance activity are paid without a markup to an affiliated company or reimbursed by an affiliated company. For the financial year the reimbursed amount was EUR 4,630k (prior year: EUR 2,259k), that is included in other operating expenses. Losses from currency translation of EUR 9k are reported in other operating expenses.

### 5. Other interest and similar income

Other interest and similar income refers to interest income on overnight placements with affiliated companies of EUR 5,112k (prior year: 2,218k).

## **6. Interest and similar expenses**

Interest and similar expenses refers to interest expense from the overnight placement with affiliated companies of EUR 55k (prior year: EUR 0k) and to interest expense from cash collateral of EUR 593k (prior year: EUR 0k).

## **7. Negative interest on cash placement**

During the year 2016 the company incurred EUR 25k (prior year: 0k) negative interest on cash placement. As a result, the income statement has been adjusted to show this effect in the line item negative interest on cash placement.

## **8. Positive Interest on Cash Collateral**

Due to negative interest rates the Company generated interest income on cash collateral of EUR 249k (prior year: EUR 98k). As a result, the income statement has been amended to show this interest effect separately.

## **9. Income taxes**

The item income taxes refers to corporation income tax and solidarity surcharge for the financial year 2016 in the amount of EUR 125k (prior year: EUR 107k) and trade tax for the financial year 2016 in the amount of EUR 146k (prior year: EUR 109k).

## **10. Profit distribution**

The net income for the financial year 2016 is EUR 517,184.02, which will be transferred to the revenue reserve.

## **E. Cash Flow Statement**

As a capital market oriented corporation, GSWP is required pursuant to Section 264 (1) Clause 2 HGB to prepare a cash flow statement. This cash flow statement shows the composition and the net increase/decrease in cash and cash equivalents in the financial year.

For the most part, the cash flow from operating activities refers to payment transactions (cash inflow and outflow) related to the Company's issuance activity. Other assets for the most part refer to the premiums paid by the Company for OTC option transactions. Other liabilities particularly refer to payments received for the issuance of warrants, certificates and structured bonds. Cash flows in relation to the placement of cash collateral and the respective placement were shown in other receivables and payables. Goldman Sachs International, London as the contracted counterparty for hedging transaction and GSWP agreed to place cash collateral subject to "17 CFR Part 50- Clearing Exemption for Swaps Between Certain Affiliated Entities" of the Commodity Futures Trading Commission. There was no cash flow provided by/used for investing and financing activities during the financial year. Income tax paid amounted to EUR 196k and EUR 62k was refunded. The Company's interest payments amounted to EUR 593k and received interests amounted to EUR 5,280k.

Cash funds exclusively consist of cash at banks of EUR 1,467k and the placement of the free liquidity of EUR 3,370k with affiliated companies.

## **F. Report on subsequent events**

No events of particular importance have occurred after 31 December 2016.

There have not been any circumstances after the balance sheet date which were relevant to valuation and which could significantly affect GSWP's financial position.

## G. Other Disclosures

### 1. Management

Dr. Jörg Kukies	Employee of the Goldman Sachs International branch Frankfurt
Christian Schmitz	Employee of the Goldman Sachs International branch Frankfurt (until 31.05.2016)
Michael Schmitz	Employee of the Goldman Sachs International branch Frankfurt
Dirk Urmoneit	Employee of Goldman Sachs International London (until 15.07.2016)

Management remuneration is paid fully by Goldman Sachs International, London, or by the Goldman Sachs International branch in Frankfurt am Main.

### 2. Audit Committee

The Company has established an audit committee pursuant to section 324 HGB, which currently consists of three members.

### 3. Consolidated Financial Statements

GSWP is a directly and wholly-owned subsidiary of The Goldman Sachs Group, Inc., Wilmington, Delaware and is included in the company's consolidated financial statements for the largest consolidation scope of companies. The largest scope is also the smallest among the companies. The consolidated financial statements can be obtained on the Company's premises.

### 4. Employees

In the financial year, the Company had no employees as defined by Section 285 Clause 1 No. 7 HGB.

### 5. Total Auditor's Fee

The total auditor's fee for the financial year 2016 amounts to EUR 95k (EUR 80k net). It refers exclusively to audit services.

## H. Affirmation of the legal representatives

To the best of our knowledge, we affirm that, pursuant to the applicable financial reporting standards, the annual financial statements give a true and fair view of the Company's net assets, financial position and results of operations. We also affirm that the management report gives a true and fair view of the course of business including the operating results and the Company's position and describes the significant opportunities and risks of the Company's anticipated development.

Frankfurt am Main, 17<sup>th</sup> February 2017

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Dr. Jörg Kukies

Michael Schmitz



## Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main

### Cash Flow Statement for the Period 1 January 2016 to 31 December 2016 compared to the period 1 January 2015 to 31 December 2015

	2016	2015
	EUR	EUR
1. Net income for the year	517,184.02	461,269.52
2. + / - Increase / decrease in accruals	33,833.68	68,474.36
3. - / + Increase / decrease in other assets; principally related to premiums paid for OTC-Options	-369,601,415.69	-411,989,127.13
4. - / + Increase / decrease in other receivables which are not related to investment or financing activities	-701,538,414.77	11,901,790.49
5. + / - Increase / decrease in other liabilities; principally related to premiums received for issued warrants, certificates and structured bonds	369,582,778.97	412,224,288.24
6. + / - Increase / decrease in other payables which are not related to investment or financing activities	702,438,175.18	-12,030,436.35
7. = Cash flows from operating activities	1,432,141.39	636,259.13
8. + Cash flows from investing activities	0.00	0.00
9. + Cash flows from financing activities	0.00	0.00
10. = Change in cash funds from cash relevant transactions	1,432,141.39	636,259.13
11. + Cash funds at the beginning of the period	3,404,549.20	2,768,290.07
12. = Cash funds at the end of the period	4,836,690.59	3,404,549.20

**Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main**

**Statement of Changes in Equity  
for the Period from 31 December 2015 through 31 December 2016**

	Issued share capital in EUR	Prior year retained earnings in EUR	Net income for the year in EUR	Total equity in EUR
As of 31 December 2015	51,129.19	2,822,380.43	461,269.52	3,334,779.14
Allocations (+) / withdrawals (-)	-	461,269.52	-461,269.52	0.00
Net income for the year	-	-	517,184.02	517,184.02
As of 31 December 2016	51,129.19	3,283,649.95	517,184.02	3,851,963.16

## Copy of the Auditor's Report

**The following auditor's report (Bestätigungsvermerk) has been issued in accordance with § 322 German Commercial Code (Handelsgesetzbuch) on the unconsolidated financial statements and the management report (Lagebericht) of Goldman, Sachs & Co. Wertpapier GmbH as of and for the fiscal year ended December 31, 2016. The management report (Lagebericht) as of and for the fiscal year ended 31 December 2016 is neither included nor incorporated by reference in this Registration Document.**

## Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement, the notes to the financial statements, the cash flow statement and the statement of changes in equity together with the bookkeeping system, and the management report of the Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main, for the business year from 1 January 2016 to 31 December 2016. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Managing Directors, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements, complies with legal requirements, as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, 17 February 2017

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

sgd. Eva Handrick  
Wirtschaftsprüfer  
(German Public Auditor)

sgd. ppa. Benjamin Kunz  
Wirtschaftsprüfer  
(German Public Auditor)