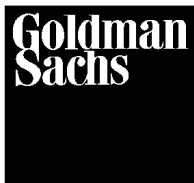


## PROSPECTUS SUPPLEMENT TO THE PROSPECTUSES LISTED IN THE SCHEDULE



**GOLDMAN SACHS INTERNATIONAL**  
(Incorporated with unlimited liability in England)

as Issuer

### **SERIES K PROGRAMME FOR THE ISSUANCE OF WARRANTS, NOTES AND CERTIFICATES**

#### **This Prospectus Supplement**

This prospectus supplement (the "**Prospectus Supplement**") to each of the prospectuses listed in the Schedule hereto, each of which comprises a separate prospectus in respect of Goldman Sachs International ("**GSI**") as issuer (each such prospectus, as supplemented up to the date of this Prospectus Supplement, a "**Prospectus**" and collectively, the "**Prospectuses**") under the Series K programme for the issuance of warrants, notes and certificates with respect to the securities (the "**Programme**"), constitutes a supplement to each prospectus for the purposes of Article 13 of Chapter 1 of Part II of the Luxembourg Law on Prospectuses for Securities dated July 10, 2005, as amended on July 3, 2012, December 21, 2012 and May 10, 2016 (the "**Luxembourg Law**") and has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority in Luxembourg.

Terms defined in the relevant Prospectus shall have the same meaning when used in this Prospectus Supplement unless otherwise defined herein. This Prospectus Supplement is supplemental to, and should be read in conjunction with the relevant Prospectus, including any other supplements thereto.

#### **Rights of withdrawal**

In accordance with Article 13 paragraph 2 of the Luxembourg Law, investors who have already agreed to purchase or subscribe for the securities before this Prospectus Supplement is published have the right exercisable until 29 March 2019, which is two working days after the publication of this Prospectus Supplement, to withdraw their acceptances.

#### **Purpose of this Prospectus Supplement**

The purpose of this Prospectus Supplement is to (a) incorporate by reference GSI's 2018 Annual Report (as defined below); (b) incorporate by reference GSI's Regulatory Ratios, 28 February 2019 (as defined below) and (c) make certain changes to the information in the sections of each Prospectus entitled, "Summary", "Risk Factors", "Documents Incorporated by Reference" and "General Information".

This Prospectus Supplement and the document incorporated by reference will be available on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu).

#### **Information being supplemented**

##### *Incorporation by reference*

This Prospectus Supplement supplements each Prospectus by incorporating by reference: (a) the Annual Report for the fiscal year ended 30 November 2018 of GSI ("**GSI's 2018 Annual Report**"), containing, in Part II, the Directors' Report and Audited Financial Statements of GSI for the period ended 30 November 2018; and (b) the report on the Regulatory Ratios of Goldman Sachs International for the fiscal quarter ended 28 February 2019 ("**GSI's Regulatory Ratios, 28 February 2019**").

Copies of GSI's 2018 Annual Report and GSI's Regulatory Ratios, 28 February 2019 have been filed with the

CSSF in its capacity as competent authority under the Prospectus Directive.

GSI's 2018 Annual Report and GSI's Regulatory Ratios, 28 February 2019 are incorporated by reference into, and form part of, this Prospectus Supplement, and the information contained in this Prospectus Supplement, GSI's 2018 Annual Report and GSI's Regulatory Ratios, 28 February 2019, shall be deemed to update and, where applicable, supersede any information contained in each Prospectus, or any documents incorporated by reference therein.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy since the publication of the Prospectuses.

### Amendments to each Prospectus

Each Prospectus, as supplemented prior to this Prospectus Supplement, is amended and supplemented as follows:

#### 1. Amendments to the Summary

The information in the section entitled "Summary" of each Prospectus shall be amended and supplemented as follows:

- (a) Element B.12 (*Selected historical key financial information of the Issuer*), on (i) page 8 of the Callable Coupon Plus Real Estate 2029 Prospectus, (ii) page 8 of the Coupon Plus MSCI World ESG Note 2029 Prospectus and (iii) page 8 of the Auto-Callable MSCI World ESG Note 2027 Prospectus, shall be deleted and replaced with the following:

"B.12	<b>Selected historical key financial information of the Issuer</b>	The following table shows selected key historical financial information in relation to GSI:																	
		<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2" style="border-top: 1px solid black; border-bottom: 1px solid black;">As at and for the year ended (audited)</th> </tr> <tr> <th style="border-bottom: 1px solid black;">30 November 2018</th> <th style="border-bottom: 1px solid black;">31 December 2017</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;"><i>(in millions)</i></td> <td style="text-align: center;"><i>USD</i></td> <td></td> </tr> <tr> <td>Operating Profit</td> <td style="text-align: right;">3,259</td> <td style="text-align: right;">2,389</td> </tr> <tr> <td>Profit on ordinary activities before taxation</td> <td style="text-align: right;">3,030</td> <td style="text-align: right;">2,091</td> </tr> <tr> <td>Profit for the financial period</td> <td style="text-align: right;">2,198</td> <td style="text-align: right;">1,557</td> </tr> </tbody> </table>		As at and for the year ended (audited)		30 November 2018	31 December 2017	<i>(in millions)</i>	<i>USD</i>		Operating Profit	3,259	2,389	Profit on ordinary activities before taxation	3,030	2,091	Profit for the financial period	2,198	1,557
				As at and for the year ended (audited)															
			30 November 2018	31 December 2017															
		<i>(in millions)</i>	<i>USD</i>																
		Operating Profit	3,259	2,389															
		Profit on ordinary activities before taxation	3,030	2,091															
		Profit for the financial period	2,198	1,557															
		<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2" style="border-top: 1px solid black; border-bottom: 1px solid black;">As of (audited)</th> </tr> <tr> <th style="border-bottom: 1px solid black;">30 November 2018</th> <th style="border-bottom: 1px solid black;">31 December 2017</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;"><i>(in USD millions)</i></td> <td></td> <td></td> </tr> <tr> <td>Fixed Assets</td> <td style="text-align: right;">315</td> <td style="text-align: right;">210</td> </tr> <tr> <td>Current Assets</td> <td style="text-align: right;">886,652</td> <td style="text-align: right;">939,863</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">33,917</td> <td style="text-align: right;">31,701</td> </tr> </tbody> </table>		As of (audited)		30 November 2018	31 December 2017	<i>(in USD millions)</i>			Fixed Assets	315	210	Current Assets	886,652	939,863	Total	33,917	31,701
				As of (audited)															
30 November 2018	31 December 2017																		
<i>(in USD millions)</i>																			
Fixed Assets	315	210																	
Current Assets	886,652	939,863																	
Total	33,917	31,701																	
Shareholder's funds																			
There has been no material adverse change in the prospects of GSI since 30 November 2018.																			
Not applicable: there has been no significant change in the financial or trading position particular to GSI subsequent to 30 November 2018."																			

## 2. Amendments to the section entitled "Risk Factors"

The information in the section entitled "Risk Factors" of each Prospectus shall be amended and supplemented as follows:

- (a) by deleting the sentence "You should also read "*Risk Factors 2. Risks relating to GSI*" (pages 57 to 71) (as amended from time to time) in the Base Prospectus incorporated by reference herein" on (i) page 20 of the Callable Coupon Plus Real Estate 2029 Prospectus, (ii) page 19 of the Coupon Plus MSCI World ESG Note 2029 Prospectus and (iii) page 19 of the Auto-Callable MSCI World ESG Note 2027 Prospectus.
- (b) by adding a new sub-section C at the end of section beginning on: (i) page 35 of the Callable Coupon Plus Real Estate 2029 Prospectus, (ii) page 34 of the Coupon Plus MSCI World ESG Note 2029 Prospectus and (iii) page 34 of the Auto-Callable MSCI World ESG Note 2027 Prospectus, as follows:

### "C. RISKS RELATING TO GSI

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

#### (i) Risks relating to economic and market conditions

GSI's businesses, by their nature, do not produce predictable earnings and are materially affected by conditions in the global financial markets and economic conditions generally, both directly and through their impact on client activity levels. These conditions can change suddenly and negatively.

GSI's financial performance is highly dependent on the environment in which its businesses operate. A favourable business environment is generally characterised by, among other factors, high global GDP growth, regulatory and market conditions which result in transparent, liquid and efficient capital markets, low inflation, high business and investor confidence, stable geopolitical conditions, clear regulations and strong business earnings.

Unfavourable or uncertain economic and market conditions can be caused by: concerns about sovereign defaults; uncertainty concerning fiscal or monetary policy; the extent of and uncertainty about tax and other regulatory changes; declines in economic growth, business activity or investor or business confidence; limitations on the availability or increases in the cost of credit and capital; illiquid markets; increases in inflation, interest rates, exchange rate or basic commodity price volatility or default rates; the imposition of tariffs or other limitations on international trade and travel; outbreaks of domestic or international tensions or hostilities, terrorism, nuclear proliferation, cybersecurity threats or attacks and other forms of disruption to or curtailment of global communication, energy transmission or transportation networks or other geopolitical instability or uncertainty, such as corporate, political or other scandals that reduce investor confidence in capital markets; extreme weather events or other natural disasters or pandemics; or a combination of these or other factors.

The financial services industry and the securities markets have been materially and adversely affected in the past by significant declines in the values of nearly all asset classes and by a serious lack of liquidity. In addition, concerns about European sovereign debt risk and its impact on the European banking system, the impact of Brexit, and changes in interest rates and other market conditions or actual changes in interest rates and other market conditions, have resulted, at times, in significant volatility while negatively impacting the levels of client activity.

General uncertainty about economic, political and market activities, and the scope, timing and impact of regulatory reform, as well as weak consumer, investor and chief executive officer confidence resulting in large part from such uncertainty, can negatively impact client activity, which adversely affects many of GSI's businesses. Periods of low volatility and periods of high volatility combined with a lack of liquidity, have at times had an unfavourable impact on GSI's market-making businesses.

Financial institution returns in many countries may be negatively impacted by increased funding costs due in part to the lack of perceived government support of such institutions in the event of future financial crises relative to financial institutions in countries in which governmental support is maintained. In addition, liquidity in the financial markets has also been negatively impacted as market participants and market practices and structures continue to adjust to new regulations.

GSI's revenues and profitability and those of its competitors have been and will continue to be impacted by requirements relating to capital, additional loss-absorbing capacity, leverage, minimum liquidity and long-term funding levels, requirements related to resolution and recovery planning, derivatives clearing and margin rules and levels of regulatory oversight, as well as limitations on which and, if permitted, how certain business activities may be carried out by financial institutions.

The degree to which these and other changes since the financial crisis continue to have an impact on the profitability of financial institutions will depend on the effect of regulations adopted after 2008 and new regulations, the manner in which markets, market participants and financial institutions have continued to adapt to these regulations, and the prevailing economic and financial market conditions. However, there is a significant risk that such changes will negatively impact the absolute level of revenues, profitability and return on equity of GSI and other financial institutions.

(ii) **Risks relating to regulation**

As a participant in the financial services industry and a subsidiary of a systemically important financial institution, GSI is subject to extensive regulation, principally in the U.K., and the E.U. more generally, but also in the U.S. as a subsidiary of GSG and in certain other jurisdictions. GSI faces the risk of significant intervention by law enforcement, regulatory and tax authorities, as well as private litigation, in all jurisdictions in which it conducts its businesses. In many cases, GSI's activities may be subject to overlapping and divergent regulation in different jurisdictions. Among other things, as a result of law enforcement authorities, regulators or private parties challenging GSI's compliance with laws and regulations, GSI or its employees could be fined or criminally sanctioned, prohibited from engaging in certain business activities, subject to limitations or conditions on its business activities including higher capital requirements, or subjected to new or substantially higher taxes or other governmental charges in connection with the conduct of its businesses or with respect to its employees. Such limitations or conditions may limit business activities and negatively impact GSI's profitability.

In addition to the impact on the scope and profitability of GSI's business activities, day-to-day compliance with laws and regulations, in particular those adopted since 2008, has involved and will continue to involve significant amounts of time, including that of GSI's senior leaders and that of a large number of dedicated compliance and other reporting and operational personnel, all of which may negatively impact GSI's profitability.

If there are new laws or regulations or changes in the enforcement of existing laws or regulations applicable to GSI's businesses or those of GSI's clients, including capital,

liquidity, leverage, long-term debt, total loss- absorbing capacity (TLAC) and margin requirements, restrictions on other business practices, reporting requirements, requirements relating to the implementation of the E.U. Bank Recovery and Resolution Directive, tax burdens and compensation restrictions, that are imposed on a limited subset of financial institutions (either based on size, method of funding, activities, geography or other criteria) which may include GSI or GSG, compliance with these new laws and regulations, or changes in the enforcement of existing laws or regulations, could adversely affect GSI's ability to compete effectively with other institutions that are not affected in the same way. In addition, regulation imposed on financial institutions or market participants generally, such as taxes on financial transactions, could adversely impact levels of market activity more broadly, and thus impact GSI's businesses.

These developments could impact GSI's profitability in the affected jurisdictions, or even make it uneconomic to continue to conduct all or certain businesses in such jurisdictions, or could result in GSI incurring significant costs associated with changing business practices, restructuring businesses, moving all or certain businesses and employees to other locations or complying with applicable capital requirements, including liquidating assets or raising capital in a manner that adversely increases GSI's funding costs or otherwise adversely affects its shareholder and creditors.

The E.U. and national financial legislators and regulators have proposed or adopted numerous market reforms that have impacted and may continue to impact GSI's businesses. These include stricter capital and liquidity requirements (including proposed amendments to CRD IV and the CRR), authorisations for regulators to impose position limits, restrictions on short selling and credit default swaps and market abuse regulations.

The implementation of higher capital requirements, the liquidity coverage ratio, the net stable funding ratio, requirements relating to long-term debt and TLAC and the prohibition on proprietary trading and the sponsorship of, or investment in, covered funds by the Volcker Rule may continue to adversely affect GSI's profitability and competitive position, particularly if these requirements do not apply, or do not apply equally, to GSI's competitors or are not implemented uniformly across jurisdictions.

GSI is also subject to laws and regulations, such as the E.U.'s General Data Protection Regulation, relating to the privacy of the information of clients, employees or others, and any failure to comply with these laws and regulations could expose GSI to liability and/or reputational damage. As new privacy-related laws and regulations are implemented, the time and resources needed for GSI to comply with such laws and regulations, as well as GSI's potential liability for non-compliance and reporting obligations in the case of data breaches, may significantly increase.

In addition, GSI's businesses are increasingly subject to laws and regulations relating to surveillance, encryption and data on-shoring in the jurisdictions in which GSI operates. Compliance with these laws and regulations may require GSI to change its policies, procedures and technology for information security, which could, among other things, make GSI more vulnerable to cyber attacks and misappropriation, corruption or loss of information or technology.

Increasingly, regulators and courts have sought to hold financial institutions liable for the misconduct of their clients where such regulators and courts have determined that the financial institution should have detected that the client was engaged in wrongdoing, even though the financial institution had no direct knowledge of the activities engaged in by its client. Regulators and courts have also increasingly found liability as a "control person" for activities of entities in which financial institutions or funds controlled by financial institutions have an investment, but which they do not actively manage. In addition, regulators and courts continue to seek to establish "fiduciary" obligations to

counterparties to which no such duty had been assumed to exist. To the extent that such efforts are successful, the cost of, and liabilities associated with, engaging in brokerage, clearing, market-making, prime brokerage, investing and other similar activities could increase significantly. To the extent that GSI has fiduciary obligations in connection with acting as a financial adviser, investment adviser or in other roles for individual, institutional, sovereign or investment fund clients, any breach, or even an alleged breach, of such obligations could have materially negative legal, regulatory and reputational consequences.

(iii) **Risks relating to Brexit**

In March 2017, the U.K. notified the European Council of its decision to leave the E.U. There is considerable uncertainty as to the regulatory framework that will govern transactions and business undertaken by GSI in the E.U., both in the near term and the long term. As a result, GSI faces numerous risks that could adversely affect the conduct of its businesses, its profitability and liquidity. In addition, as a result of GSI establishing third country branches in anticipation of Brexit, it will be subject to additional regulation and supervision in those jurisdictions.

GSI is incorporated and headquartered in the U.K., and currently benefits from non-discriminatory access to E.U. clients and infrastructure based on E.U. treaties and E.U. legislation, including arrangements for cross-border “passporting” and the establishment of E.U. branches. Because the Withdrawal Agreement has not been ratified by the U.K. and E.U. Parliaments, it is uncertain whether GSI will continue to benefit from the existing access arrangements for financial services following March 29, 2019, the date on which the U.K. is scheduled to leave the E.U. Further, even if the Withdrawal Agreement is ratified, there is uncertainty regarding the terms of the long-term trading relationship between the E.U. and the U.K., including the terms of access to each other’s financial markets.

In the event of a hard Brexit scenario, certain client relationships and activities currently undertaken by GSI may be transitioned to other E.U. subsidiaries of GSG, which may result in a decline in GSI’s net revenues and profitability, and could adversely affect its businesses and liquidity.

In addition, Brexit has created an uncertain political and economic environment in the U.K., and may create such environments in other E.U. member states. Political and economic uncertainty has in the past led to, and the outcome of Brexit could lead to, declines in market liquidity and activity levels, volatile market conditions, a contraction of available credit, changes in interest rates or exchange rates, weaker economic growth and reduced business confidence all of which could adversely impact GSI’s business.

(iv) **Risks relating to market volatility**

GSI’s businesses have been and may be adversely affected by declining asset values. This is particularly true for those businesses in which GSI has net “long” positions, receives fees based on the value of assets managed, or receives or posts collateral. Many of GSI’s businesses have net “long” positions in debt securities, loans, derivatives, mortgages, equities (including private equity) and most other asset classes. These include positions taken when GSI acts as a principal to facilitate clients’ activities, including exchange-based market-making activities, or commits large amounts of capital to maintain positions in interest rate and credit products, as well as through currencies, commodities, equities and mortgage-related activities. In addition, GSI invests in similar asset classes. Substantially all of GSI’s investing and market-making positions are marked-to-market on a daily basis and declines in asset values directly and immediately impact earnings, unless exposures have been effectively hedged.

In certain circumstances (particularly in the case of credit products and private equities or other securities that are not freely tradable or lack established and liquid trading markets), it may not be possible or economic to hedge such exposures and to the extent that this is done the hedge may be ineffective or may greatly reduce GSI's ability to profit from increases in the values of the assets. Sudden declines and significant volatility in the prices of assets may substantially curtail or eliminate the trading markets for certain assets, which may make it difficult to sell, hedge or value such assets. The inability to sell or effectively hedge assets reduces the ability to limit losses in such positions and the difficulty in valuing assets may negatively affect GSI's capital, liquidity or leverage ratios, increase its funding costs and generally require maintaining additional capital.

In GSI's exchange-based market-making activities, GSI is obligated by stock exchange rules to maintain an orderly market, including by purchasing securities in a declining market. In markets where asset values are declining and in volatile markets, this results in losses and an increased need for liquidity.

Collateral is posted to support obligations of GSI and received to support the obligations of clients and counterparties in connection with client execution businesses. When the value of the assets posted as collateral or the credit ratings of the party posting collateral decline, the party posting the collateral may need to provide additional collateral or, if possible, reduce its trading position. An example of such a situation is a "margin call" in connection with a brokerage account. Therefore, declines in the value of asset classes used as collateral mean that either the cost of funding positions is increased or the size of positions is decreased. If GSI is the party providing collateral, this can increase costs and reduce profitability and if GSI is the party receiving collateral, this can also reduce profitability by reducing the level of business done with clients and counterparties. In addition, volatile or less liquid markets increase the difficulty of valuing assets which can lead to costly and time-consuming disputes over asset values and the level of required collateral, as well as increased credit risk to the recipient of the collateral due to delays in receiving adequate collateral. In cases where GSI forecloses on collateral, sudden declines in the value or liquidity of such collateral may, despite credit monitoring, over-collateralisation, the ability to call for additional collateral or the ability to force repayment of the underlying obligation, result in significant losses to GSI, especially where there is a single type of collateral supporting the obligation. In addition, GSI may be subject to claims that the foreclosure was not permitted under the legal documents, was conducted in an improper manner or caused a client or counterparty to go out of business.

(v) **Risks relating to liquidity**

Liquidity is essential to GSI's businesses. It is of critical importance to GSI, as most of the failures of financial institutions have occurred in large part due to insufficient liquidity. GSI's liquidity could be impaired by an inability to access secured and/or unsecured debt markets, an inability to access funds from GSG or other affiliates, an inability to sell assets or redeem investments or unforeseen outflows of cash or collateral. This situation may arise due to circumstances that GSI may be unable to control, such as a general market disruption or an operational problem that affects third parties or GSI or its affiliates or even by the perception amongst market participants that GSI, or other market participants, are experiencing greater liquidity risk.

GSI employs structured products to benefit its clients and hedge its own risks. The financial instruments that GSI holds and the contracts to which it is a party are often complex, and these complex structured products often do not have readily available markets to access in times of liquidity stress. GSI's investing activities may lead to

situations where the holdings from these activities represent a significant portion of specific markets, which could restrict liquidity for GSI's positions.

Further, GSI's ability to sell assets may be impaired if there is not generally a liquid market for such assets, as well as in circumstances where other market participants are seeking to sell similar assets at the same time, as is likely to occur in a liquidity or other market crisis or in response to changes to rules or regulations. In addition, financial institutions with which GSI interacts may exercise set-off rights or the right to require additional collateral, including in difficult market conditions, which could further impair GSI's liquidity.

GSI is an indirect, wholly-owned operating subsidiary of GSG and depends on GSG for capital and funding. The credit ratings of GSI and those of GSG are important to GSI's liquidity. A reduction in GSI's and/or GSG's credit ratings could adversely affect GSI's liquidity and competitive position, increase borrowing costs, limit access to the capital markets or funding from GSG or trigger obligations under certain provisions in some trading and collateralised financing contracts. Under these provisions, counterparties could be permitted to terminate contracts with GSI or GSG or require additional collateral. Termination of trading and collateralised financing contracts could cause losses and impair liquidity by requiring GSG or GSI to find other sources of financing or to make significant cash payments or securities movements.

GSI's and GSG's cost of obtaining long-term unsecured funding is directly related to both the credit spreads of GSI and GSG. Increases in the credit spreads of GSI and/or GSG can significantly increase the cost of this funding. Changes in credit spreads are continuous, market-driven, and subject at times to unpredictable and highly volatile movements. The credit spreads of GSI and/or GSG are also influenced by market perceptions of its and/or GSG's creditworthiness. In addition, the credit spreads of GSI and/or GSG may be influenced by movements in the costs to purchasers of credit default swaps referenced to GSG's long-term debt. The market for credit default swaps has proven to be extremely volatile and at times has lacked a high degree of transparency or liquidity.

Regulatory changes relating to liquidity may also negatively impact GSI's results of operations and competitive position. Recently, numerous regulations have been adopted or proposed to introduce more stringent liquidity requirements for large financial institutions. These regulations address, among other matters, liquidity stress testing, minimum liquidity requirements, wholesale funding, restrictions on short-term debt and structured notes issued by top-tier holding companies and prohibitions on parent guarantees that are subject to certain cross-defaults. New and prospective liquidity-related regulations may overlap with, and be impacted by, other regulatory changes, including rules relating to minimum long-term debt requirements and TLAC, capital, leverage and resolution and recovery frameworks applicable to large financial institutions. Given the overlapping and complex interactions among these new and prospective regulations, they may have unintended cumulative effects, and their full impact will remain uncertain, while regulatory reforms are being adopted and market practices develop in response to such reforms.

(vi) **Risks relating to resolution and recovery planning**

The circumstances in which a resolution authority would exercise its "bail-in" powers to recapitalise a failing entity by writing down its unsecured debt or converting it into equity are uncertain. If these powers were to be exercised (or if there was a suggestion that they could be exercised) in respect of GSI, such exercise would likely have a material adverse effect on the value of debt investments in GSI, including a potential loss of some or all of such investments.



(vii) **Risks relating to credit markets**

Widening credit spreads for GSI or GSG, as well as significant declines in the availability of credit, have in the past adversely affected GSI's ability to borrow on a secured and unsecured basis and may do so in the future. GSI obtains the majority of its unsecured funding from GSG, which funds itself on an unsecured basis by issuing long-term debt, by accepting deposits at its bank subsidiaries, by issuing hybrid financial instruments, or by obtaining bank loans or lines of credit. GSI seeks to finance many of its assets on a secured basis. Any disruptions in the credit markets may make it harder and more expensive to obtain funding for businesses. If GSI's available funding is limited or GSI is forced to fund operations at a higher cost, these conditions may require curtailment of business activities and increase the cost of funding, both of which could reduce profitability, particularly in businesses that involve investing and market making.

Clients engaging in mergers, acquisitions and other types of strategic transactions often rely on access to the secured and unsecured credit markets to finance their transactions. A lack of available credit or an increased cost of credit can adversely affect the size, volume and timing of clients' merger and acquisition transactions, particularly large transactions, and adversely affect GSI's financial advisory and underwriting businesses.

GSI's credit businesses have been and may in the future be negatively affected by a lack of liquidity in credit markets. A lack of liquidity reduces price transparency, increases price volatility and decreases transaction volumes and size, all of which can increase transaction risk or decrease the profitability of such businesses.

(viii) **Risks relating to concentration of risk**

Concentration of risk increases the potential for significant losses in market-making, underwriting, and investing activities. The number and size of such transactions may affect GSI's results of operations in a given period. Moreover, because of concentration of risk, GSI may suffer losses even when economic and market conditions are generally favourable for competitors. Disruptions in the credit markets can make it difficult to hedge these credit exposures effectively or economically.

In the ordinary course of business, GSI may be subject to a concentration of credit risk to a particular counterparty, borrower, issuer, including sovereign issuers, or geographic area or group of related countries, such as the E.U. A failure or downgrade of, or default by, such entities could negatively impact GSI's businesses, perhaps materially, and the systems by which GSI sets limits and monitors the level of its credit exposure to individual entities, industries and countries may not function as anticipated. Regulatory reforms, including the European Market Infrastructure Regulation and the Dodd-Frank Wall Street Reform and Consumer Protection Act have led to increased centralisation of trading activity through particular clearing houses, central agents or exchanges, which has significantly increased GSI's concentration of risk with respect to these entities. While GSI's activities expose it to many different industries, counterparties and countries, GSI routinely executes a high volume of transactions with counterparties engaged in financial services activities, including brokers and dealers, commercial banks, clearing houses and exchanges. This has resulted in significant credit concentration with respect to these counterparties.

(ix) **Risks relating to credit quality**

GSI is exposed to the risk that third parties who owe money, securities or other assets will not perform their obligations. These parties may default on their obligations to GSI due to bankruptcy, lack of liquidity, operational failure or other reasons. A failure of a significant market participant, or even concerns about a default by such an institution,

could lead to significant liquidity problems, losses or defaults by other institutions, which in turn could adversely affect GSI.

GSI is also subject to the risk that its rights against third parties may not be enforceable in all circumstances. In addition, deterioration in the credit quality of third parties whose securities or obligations are held by GSI, including a deterioration in the value of collateral posted by third parties to secure their obligations to GSI under derivatives contracts and loan agreements, could result in losses and/or adversely affect GSI's ability to rehypothecate or otherwise use those securities or obligations for liquidity purposes.

A significant downgrade in the credit ratings of GSI's counterparties could also have a negative impact on GSI's results. While in many cases GSI is permitted to require additional collateral from counterparties that experience financial difficulty, disputes may arise as to the amount of collateral GSI is entitled to receive and the value of pledged assets. The termination of contracts and the foreclosure on collateral may subject GSI to claims for the improper exercise of its rights. Default rates, downgrades and disputes with counterparties as to the valuation of collateral increase significantly in times of market stress, increased volatility and illiquidity.

(x) **Risks relating to composition of client base**

GSI's client base is not the same as that of its major competitors. GSI's businesses may have a higher or lower percentage of clients in certain industries or markets than some or all of its competitors. Therefore, unfavourable industry developments or market conditions affecting certain industries or markets may result in GSI's businesses underperforming relative to similar businesses of a competitor if its businesses have a higher concentration of clients in such industries or markets. For example, GSI's market-making businesses have a higher percentage of clients with actively managed assets than its competitors and such clients could be disproportionately affected during periods of low volatility.

Correspondingly, favourable or simply less adverse developments or market conditions involving industries or markets in a business where GSI has a lower concentration of clients in such industry or market may also result in GSI underperforming relative to a similar business of a competitor that has a higher concentration of clients in such industry or market. For example, GSI has a smaller corporate client base in its market-making businesses than many of its peers and therefore GSI's competitors may benefit more from increased activity by corporate clients.

(xi) **Risks relating to derivative transactions**

GSI is party to a large number of derivative transactions, including credit derivatives. Many of these derivative instruments are individually negotiated and non-standardised, which can make exiting, transferring or settling positions difficult. Many credit derivatives require that GSI deliver to the counterparty the underlying security, loan or other obligation in order to receive payment. In a number of cases, GSI does not hold the underlying security, loan or other obligation and may not be able to obtain the underlying security, loan or other obligation. This could cause GSI to forfeit the payments due under these contracts or result in settlement delays with the attendant credit and operational risk as well as increased costs to GSI.

As a signatory to the International Swaps and Derivatives Association Universal Resolution Stay Protocol (ISDA Universal Protocol) and the International Swaps and Derivatives Association 2018 U.S. Resolution Stay Protocol (collectively, ISDA Protocols), GSI may not be able to exercise termination rights and other remedies against counterparties and, as this new regime has not yet been tested, GSI may suffer risks or

losses that it would not have expected to suffer if it could immediately close out transactions upon a termination event. Various non-U.S. regulators have also proposed regulations contemplated by the ISDA Universal Protocol, which might result in additional limitations on GSI's ability to exercise remedies against counterparties. The impact of the ISDA Protocols and these rules and regulations will depend on the development of market practices and structures, and their extension to repurchase agreements and other instruments that are not derivative contracts.

Derivative contracts and other transactions entered into with third parties are not always confirmed by the counterparties or settled on a timely basis. While the transaction remains unconfirmed or during any delay in settlement, GSI is subject to heightened credit and operational risk and in the event of a default may find it more difficult to enforce its rights.

In addition, as new complex derivative products are created, covering a wider array of underlying credit and other instruments, disputes about the terms of the underlying contracts could arise, which could impair GSI's ability to effectively manage its risk exposures from these products and subject it to increased costs. The provisions of legislation requiring central clearing of credit derivatives and other OTC derivatives, or a market shift toward standardised derivatives, could reduce the risk associated with such transactions, but under certain circumstances could also limit GSI's ability to develop derivatives that best suit the needs of clients and to hedge its own risks, and could adversely affect GSI's profitability and increase credit exposure to central clearing platforms.

(xii) **Risks relating to operational infrastructure**

GSI's businesses are highly dependent on its ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex, and occur at high volumes and frequencies, across numerous and diverse markets in many currencies. These transactions, as well as information technology services provided to clients, often must adhere to client-specific guidelines, as well as legal and regulatory standards.

Many rules and regulations worldwide govern GSI's obligations to execute transactions and report such transactions and other information to regulators, exchanges and investors. Compliance with these legal and reporting requirements can be challenging, and GSI has been, and may in the future be, subject to regulatory fines and penalties for failing to follow these rules or to report timely, accurate and complete information in accordance with such rules. As such requirements expand, compliance with these rules and regulations has become more challenging.

The use of computing devices and phones is critical to the work done by GSI's employees and the operation of GSI's systems and businesses and those of its clients and third-party service providers and vendors. Fundamental security flaws in computer chips found in many types of these computing devices and phones have been reported in the past and may be discovered in the future. Addressing this and similar issues could be costly and affect the performance of these businesses and systems, and operational risks may be incurred in applying fixes and there may still be residual security risks.

Additionally, although the prevalence and scope of applications of distributed ledger technology and similar technologies is growing, the technology is also nascent and may be vulnerable to cyber attacks or have other inherent weaknesses. GSI may be, or may become, exposed to risks related to distributed ledger technology through GSI's facilitation of clients' activities involving financial products linked to distributed ledger technology, such as blockchain or cryptocurrencies, GSI's investments in firms that seek

to develop platforms based on distributed ledger technology, and the use of distributed ledger technology by third-party vendors, clients, counterparties, clearing houses and other financial intermediaries.

In addition, GSI faces the risk of operational failure or significant operational delay, termination or capacity constraints of any of the clearing agents, exchanges, clearing houses or other financial intermediaries that it uses to facilitate securities and derivatives transactions, and as interconnectivity with clients grows, GSI will increasingly face the risk of operational failure or significant operational delay with respect to clients' systems.

Despite the resiliency plans and facilities that are in place, GSI's ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports its businesses and the communities in which GSI is located. This may include a disruption involving electrical, satellite, undersea cable or other communications, internet, transportation or other services facilities used by GSI, its employees or third parties with which GSI conducts business, including cloud service providers. These disruptions may occur as a result of events that affect only GSI's buildings or systems or those of such third parties, or as a result of events with a broader impact globally, regionally or in the cities where those buildings or systems are located, including, but not limited to, natural disasters, war, civil unrest, terrorism, economic or political developments, pandemics and weather events.

In addition, although GSI seeks to diversify its third-party vendors to increase its resiliency, GSI is also exposed to the risk that a disruption or other information technology event at a common service provider to GSI's vendors could impede their ability to provide products or services to GSI. GSI may not be able to effectively monitor or mitigate operational risks relating to its vendors' use of common service providers.

(xiii) **Risks relating to cyber security**

GSI is regularly the target of attempted cyber attacks, including denial-of-service attacks, and must continuously monitor and develop its systems to protect its technology infrastructure and data from misappropriation or corruption. The increasing migration of GSI's communication and other platforms from company provided devices to employee-owned devices presents additional risks of cyber attacks. In addition, due to the interconnectivity with third-party vendors (and their respective service providers), central agents, exchanges, clearing houses and other financial institutions, GSI could be adversely impacted if any of them is subject to a successful cyber attack or other information security event. These effects could include the loss of access to information or services from the third party subject to the cyber attack or other information security event, which could, in turn, interrupt certain of GSI's businesses.

Despite GSI's efforts to ensure the integrity of its systems and information, it may not be able to anticipate, detect or implement effective preventive measures against all cyber threats, especially because the techniques used are increasingly sophisticated, change frequently and are often not recognised until launched. Cyber attacks can originate from a variety of sources, including third parties who are affiliated with or sponsored by foreign governments or are involved with organised crime or terrorist organisations. Third parties may also attempt to place individuals within GSI or induce employees, clients or other users of GSI's systems to disclose sensitive information or provide access to GSI's data or that of its clients, and these types of risks may be difficult to detect or prevent.

Although GSI takes protective measures and endeavours to modify them as circumstances warrant, its computer systems, software and networks may be vulnerable

to unauthorised access, misuse, computer viruses or other malicious code, cyber attacks on GSI's vendors and other events that could have a security impact. Due to the complexity and interconnectedness of GSI's systems, the process of enhancing protective measures can itself create a risk of systems disruptions and security issues.

If one or more of such events occur, this potentially could jeopardise GSI or its clients' or counterparties' confidential and other information processed and stored in, and transmitted through, GSI's computer systems and networks, or otherwise cause interruptions or malfunctions in GSI's, its clients', its counterparties' or third parties' operations, which could impact their ability to transact with GSI or otherwise result in legal or regulatory action, significant losses or reputational damage.

In addition, such an event could persist for an extended period of time before being detected, and, following detection, it could take considerable time for GSI to obtain full and reliable information about the extent, amount and type of information compromised. During the course of an investigation, GSI may not know the full impact of the event and how to remediate it, and actions, decisions and mistakes that are taken or made may further increase the negative effects of the event on GSI's business, results of operations and reputation.

The increased use of mobile and cloud technologies can heighten these and other operational risks. GSI expects to expend significant additional resources on an ongoing basis to modify protective measures and to investigate and remediate vulnerabilities or other exposures, but these measures may be ineffective and GSI may be subject to legal or regulatory action, and financial losses that are either not insured against or not fully covered through any insurance it maintains. Certain aspects of the security of such technologies are unpredictable or beyond GSI's control, and the failure by mobile technology and cloud service providers to adequately safeguard their systems and prevent cyber attacks could disrupt GSI's operations and result in misappropriation, corruption or loss of confidential and other information. In addition, there is a risk that encryption and other protective measures, despite their sophistication, may be defeated, particularly to the extent that new computing technologies vastly increase the speed and computing power available.

GSI routinely transmits and receives personal, confidential and proprietary information by email and other electronic means. GSI has discussed and worked with clients, vendors, service providers, counterparties and other third parties to develop secure transmission capabilities and protect against cyber attacks, but does not have, and may be unable to put in place, secure capabilities with all of its clients, vendors, service providers, counterparties and other third parties and it may not be able to ensure that these third parties have appropriate controls in place to protect the confidentiality of the information. An interception, misuse or mishandling of personal, confidential or proprietary information being sent to or received from a client, vendor, service provider, counterparty or other third party could result in legal liability, regulatory action and reputational harm.

(xiv) **Risks relating to risk management**

GSI seeks to monitor and control its risk exposure through a risk and control framework encompassing a variety of separate, but complementary financial, credit, operational, compliance and legal reporting systems, internal controls, management review processes and other mechanisms. GSI's risk management process seeks to balance its ability to profit from market-making positions and underwriting activities with its exposure to potential losses. Whilst GSI employs a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgements that accompany their application cannot anticipate every economic and financial outcome or the specifics and

timing of such outcomes. Thus, GSI may, in the course of its activities, incur losses. Market conditions in recent years have involved unprecedented dislocations and highlight the limitations inherent in using historical data to manage risk.

The models that GSI uses to assess and control its risk exposures reflect assumptions about the degrees of correlation or lack thereof among prices of various asset classes or other market indicators. In times of market stress or other unforeseen circumstances, such as those that occurred during 2008 and early 2009, and to some extent since 2011, previously uncorrelated indicators may become correlated, or conversely previously correlated indicators may move in different directions. These types of market movements have at times limited the effectiveness of GSI's hedging strategies and have caused it to incur significant losses, and they may do so in the future. These changes in correlation can be exacerbated where other market participants are using risk or trading models with assumptions or algorithms that are similar to GSI's. In these and other cases, it may be difficult to reduce GSI's risk positions due to the activity of other market participants or widespread market dislocations, including circumstances where asset values are declining significantly or no market exists for certain assets.

In addition, the use of models in connection with risk management and numerous other critical activities presents risks that such models may be ineffective, either because of poor design or ineffective testing, improper or flawed inputs, as well as unpermitted access to such models resulting in unapproved or malicious changes to the model or its inputs.

To the extent that GSI has positions through its market-making or origination activities or it makes investments directly through its investing activities, including private equity, that do not have an established liquid trading market or are otherwise subject to restrictions on sale or hedging, GSI may not be able to reduce its positions and therefore reduce its risk associated with such positions. In addition, to the extent permitted by applicable law and regulation, GSI invests its own capital in private equity, credit, real estate and hedge funds that it manages and limitations on its ability to withdraw some or all of its investments in these funds, whether for legal, reputational or other reasons, may make it more difficult for GSI to control the risk exposures relating to these investments.

Prudent risk management, as well as regulatory restrictions, may cause GSI to limit its exposure to counterparties, geographic areas or markets, which may limit its business opportunities and increase the cost of funding or hedging activities.

(xv) **Risks relating to new business initiatives**

GSI faces enhanced risks as new business initiatives lead it to transact with a broader array of clients and counterparties and expose it to new asset classes and new markets. A number of GSI's recent and planned business initiatives and expansions of existing businesses may bring it into contact, directly or indirectly, with individuals and entities that are not within GSI's traditional client and counterparty base and expose it to new asset classes and new markets. For example, GSI continues to transact business and invest in new regions, including a wide range of emerging and growth markets.

New business initiatives expose GSI to new and enhanced risks, including risks associated with dealing with governmental entities, reputational concerns arising from dealing with less sophisticated clients, counterparties and investors, greater regulatory scrutiny of these activities, increased credit-related, market, sovereign and operational risks, risks arising from accidents or acts of terrorism, and reputational concerns with the manner in which certain assets are being operated or held or in which GSI interacts with these counterparties. Legal, regulatory and reputational risks may also exist in connection with activities and transactions involving new products or markets where

there is regulatory uncertainty or where there are different or conflicting regulations depending on the regulator or the jurisdiction involved, particularly where transactions in such products may involve multiple jurisdictions.

(xvi) **Risks relating to operating in multiple jurisdictions**

In conducting GSI's businesses and maintaining and supporting its global operations, GSI is subject to risks of possible nationalisation, expropriation, price controls, capital controls, exchange controls and other restrictive governmental actions, as well as the outbreak of hostilities or acts of terrorism. For example, sanctions have been imposed by the U.S. and E.U. on certain individuals and companies in Russia. In many countries, the laws and regulations applicable to the securities and financial services industries and many of the transactions in which GSI is involved are uncertain and evolving, and it may be difficult to determine the exact requirements of local laws in every market. Any determination by local regulators that GSI has not acted in compliance with the application of local laws in a particular market or a failure to develop effective working relationships with local regulators could have a significant and negative effect not only on GSI's businesses in that market but also on its reputation generally. Further, in some jurisdictions a failure to comply with laws and regulations may subject GSI and its personnel not only to civil actions but also criminal actions. GSI is also subject to the enhanced risk that transactions it structures might not be legally enforceable in all cases.

While business and other practices throughout the world differ, GSI is subject in its operations worldwide to rules and regulations relating to corrupt and illegal payments, hiring practices and money laundering, as well as laws relating to doing business with certain individuals, groups and countries, such as the U.S. Foreign Corrupt Practices Act, the USA PATRIOT Act of 2001 and the U.K. Bribery Act. While GSI has invested and continues to invest significant resources in training and in compliance monitoring, the geographical diversity of its operations, employees, clients and customers, as well as the vendors and other third parties that GSI deals with, greatly increases the risk that GSI may be found in violation of such rules or regulations and any such violation could subject it to significant penalties or adversely affect its reputation.

In addition, there have been a number of highly publicised cases around the world, involving actual or alleged fraud or other misconduct by employees in the financial services industry in recent years, and GSI runs the risk that employee misconduct could occur. This misconduct may include intentional efforts to ignore or circumvent applicable policies, rules or procedures. This misconduct has included and may include in the future the theft of proprietary information, including proprietary software. It is not always possible to deter or prevent employee misconduct and the precautions taken to prevent and detect this activity have not been and may not be effective in all cases.

(xvii) **Risks relating to conflicts of interest**

A failure to appropriately identify and address potential conflicts of interest could adversely affect GSI's businesses. Due to the broad scope of GS Group's businesses and client base, GSI regularly addresses potential conflicts of interest, including situations where services to a particular client or GS Group's own investments or other interests conflict, or are perceived to conflict, with the interests of another client, as well as situations where one or more of its businesses have access to material non-public information that may not be shared with other businesses within GS Group and situations where it may be a creditor of an entity with which GS Group also has an advisory or other relationship.

Extensive procedures and controls are in place that are designed to identify and address conflicts of interest, including those designed to prevent the improper sharing of

information among businesses. However, appropriately identifying and dealing with conflicts of interest is complex and difficult, and GSI's reputation, which is one of its most important assets, could be damaged and the willingness of clients to enter into transactions with GSI may be affected if it fails, or appears to fail, to identify, disclose and deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could give rise to litigation or regulatory enforcement actions.

(xviii) **Risks relating to competition**

To the extent GSI expands into new business areas and new geographic regions, it will face competitors with more experience and more established relationships with clients, regulators and industry participants in the relevant market, which could adversely affect its ability to expand. Governments and regulators have recently adopted regulations, imposed taxes, adopted compensation restrictions or otherwise put forward various proposals that have or may impact GSI's ability to conduct certain of its businesses in a cost-effective manner or at all in certain or all jurisdictions, including proposals relating to restrictions on the type of activities in which financial institutions are permitted to engage. These or other similar rules, many of which do not apply to all GSI's competitors, could impact its ability to compete effectively.

Pricing and other competitive pressures in GSI's businesses have continued to increase, particularly in situations where some competitors may seek to increase market share by reducing prices. For example, in connection with investment banking and other assignments, in response to competitive pressure GSI has experienced, GSI has extended and priced credit at levels that may not always fully compensate it for the risks taken.

The financial services industry is highly interrelated in that a significant volume of transactions occur among a limited number of members of that industry. Many transactions are syndicated to other financial institutions and financial institutions are often counterparties in transactions. This has led to claims by other market participants and regulators that such institutions have colluded in order to manipulate markets or market prices, including allegations that antitrust laws have been violated. While GSI has extensive procedures and controls that are designed to identify and prevent such activities, allegations of such activities, particularly by regulators, can have a negative reputational impact and can subject GSI to large fines and settlements, and potentially significant penalties, including treble damages.

(xix) **Risks relating to changes in underliers**

Certain of GSI's businesses and its funding may be adversely affected by changes in the reference rates, currencies, indices, baskets, exchange-traded funds (ETFs) or other financial metrics (the underlier) to which the products offered by GSI or funding raised by GSI are linked, in particular by changes in or the discontinuance of IBORs.

All of GSI's floating rate funding pays interest by reference to rates, such as LIBOR or the U.S. Federal Reserve's Federal Funds Rate. In addition, many of the products that GSI owns or that it offers, such as structured notes, warrants, swaps or security-based swaps, pay interest or determine the principal amount to be paid at maturity or in the event of default by reference to rates or by reference to another underlier. In the event that the composition of the underlier is significantly changed, by reference to rules governing such underlier or otherwise, the underlier ceases to exist (for example, in the event that LIBOR is discontinued, a country withdraws from the Euro or links its currency to or delinks its currency from another currency or benchmark, or an index or ETF sponsor materially alters the composition of an index or ETF) or the underlier ceases to be recognised as an acceptable market benchmark, GSI may experience pricing volatility, loss of market share in certain products, adverse tax or accounting impacts,



compliance, legal and operational costs and risks associated with client disclosures, as well as systems disruption, model disruption and other business continuity issues. In addition, uncertainty relating to IBORs could result in increased capital requirements for GSI given potential low transaction volumes, a lack of liquidity or limited observability for exposures linked to IBORs or any emerging successor rates and operational incidents associated with changes in and the discontinuance of IBORs.

There is considerable uncertainty as to how the financial services industry will address the discontinuance of designated rates in contracts and financial instruments or such designated rates ceasing to be acceptable reference rates. This uncertainty could ultimately result in client disputes and litigation surrounding the proper interpretation of GSI's IBOR-based contracts and financial instruments.

Further, the discontinuation of an IBOR, changes in an IBOR or changes in market acceptance of any IBOR as a reference rate may also adversely affect the yield on loans or securities held by GSI, amounts paid on securities GSI has issued, amounts received and paid on derivative instruments GSI has entered into, the value of such loans, securities or derivative instruments, the trading market for securities, the terms of new loans being made using different or modified reference rates, GSI's ability to effectively use derivative instruments to manage risk, or the availability or cost of GSI's floating-rate funding and its exposure to fluctuations in interest rates.

(xx) **Risks relating to personnel**

GSI's businesses may be adversely affected if it is unable to hire and retain qualified employees. GSI's performance is largely dependent on the talents and efforts of highly skilled people; therefore, GSI's continued ability to compete effectively in its businesses, to manage its businesses effectively and to expand into new businesses and geographic areas depends on its ability to attract new talented and diverse employees and to retain and motivate existing employees. Factors that affect GSI's ability to attract and retain such employees include the level and composition of compensation and benefits, and a reputation as a successful business with a culture of fairly hiring, training and promoting qualified employees. As a significant portion of the compensation that GSI pays to its employees is paid in the form of year-end discretionary compensation, a significant portion of which is in the form of deferred equity-related awards, declines in the GS Group's profitability, or in the outlook for its future profitability, as well as regulatory limitations on compensation levels and terms, can negatively impact GSI's ability to hire and retain highly qualified employees.

Competition from within the financial services industry and from businesses outside the financial services industry, including the technology industry, for qualified employees has often been intense. Recently, GSI has experienced increased competition in hiring and retaining employees to address the demands of new regulatory requirements and GSI's technology initiatives. This is also the case in emerging and growth markets, where GSI is often competing for qualified employees with entities that have a significantly greater presence or more extensive experience in the region.

Changes in law or regulation in jurisdictions in which GSI's operations are located that affect taxes on GSI's employees' income, or the amount or composition of compensation, may also adversely affect GSI's ability to hire and retain qualified employees in those jurisdictions.

GSI's compensation practices are subject to review by, and the standards of, the PRA and the FCA. As a large financial institution, GSI is subject to limitations on compensation practices (which may or may not affect competitors) by the PRA and the FCA and other regulators worldwide. These limitations, including any imposed by or as

a result of future legislation or regulation, may require GSI to alter compensation practices in ways that could adversely affect its ability to attract and retain talented employees.

(xxi) **Risks relating to legal liability**

Substantial civil or criminal liability or significant regulatory action against GSI could have material adverse financial effects or cause significant reputational harm, which in turn could seriously harm business prospects. GSI faces significant legal risks in its businesses, and the volume of claims and amount of damages and penalties claimed in litigation and regulatory proceedings against financial institutions remain high. GSI is, from time to time, subject to a number of other investigations and reviews by, and in some cases has received requests for documents and information from, various governmental and regulatory bodies and self-regulatory organisations relating to various aspects of GSI's businesses and operations. From experience, legal claims by customers and clients increase in a market downturn and employment-related claims increase following periods of headcount reduction. Additionally, governmental entities have been and are plaintiffs in certain of the legal proceedings in which GSI is involved, and it may face future civil or criminal actions or claims by the same or other governmental entities, as well as follow-on civil litigation that is often commenced after regulatory settlements.

Significant settlements by several large financial institutions with governmental entities have been publicly announced. The trend of large settlements with governmental entities may adversely affect the outcomes for other financial institutions in similar actions, especially where governmental officials have announced that the large settlements will be used as the basis or a template for other settlements. The uncertain regulatory enforcement environment makes it difficult to estimate probable losses, which can lead to substantial disparities between legal reserves and subsequent actual settlements or penalties.

GSI is subject to laws and regulations worldwide, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, relating to corrupt and illegal payments to, and hiring practices with regard to, government officials and others. Violations of these or similar laws and regulations could result in significant monetary penalties, severe restrictions on GSI's activities and damage to its reputation.

Resolution of a criminal matter involving GSI or its employees could lead to increased exposure to civil litigation, could adversely affect GSI's reputation, could result in penalties or limitations on GSI's ability to conduct its activities generally or in certain circumstances and could have other negative effects.

(xxii) **Risks relating to unforeseen or catastrophic events**

The occurrence of unforeseen or catastrophic events, including the emergence of a pandemic, or other widespread health emergency (or concerns over the possibility of such an emergency), terrorist attacks, extreme terrestrial or solar weather events or other natural disasters, could create economic and financial disruptions, and could lead to operational difficulties (including travel limitations) that could impair GSI's ability to manage its businesses and result in losses.

**3. Amendments to the section entitled "Documents Incorporated by Reference"**

The information in the section entitled "Documents Incorporated by Reference" of each Prospectus shall be amended and supplemented as follows:

- (a) by inserting additional sub-paragraphs (viii) and (ix) on (i) page 38 of the Callable Coupon Plus Real Estate 2029 Prospectus, (ii) page 36 of the Coupon Plus MSCI World ESG Note 2029 Prospectus and (iii) page 37

of the Auto-Callable MSCI World ESG Note 2027 Prospectus, as follows:

- "(viii) the Annual Report for the fiscal year ended November 30, 2018 of GSI ("**GSI's 2018 Annual Report**") containing, in Part II, the Directors' Report and Audited Financial Statements of GSI for the period ended November 30, 2018 ("**GSI's 2018 Financial Statements**"); and
  - (ix) the report on the Regulatory Ratios of Goldman Sachs International for the fiscal quarter ended 28 February 2019 ("**GSI's Regulatory Ratios, 28 February 2019**")."; and
- (b) by inserting the following information under the sub-heading "Information incorporated by reference" on:
- (i) page 38 of the Callable Coupon Plus Real Estate 2029 Prospectus, (ii) page 36 of the Coupon Plus MSCI World ESG Note 2029 Prospectus and (iii) page 37 of the Auto-Callable MSCI World ESG Note 2027 Prospectus:

<b>Information incorporated by reference</b>	<b>Page reference</b>
----------------------------------------------	-----------------------

*From GSI's Regulatory Ratios, 28 February 2019*

Introduction	Page 1
Regulatory Ratios	Page 1

*From GSI's 2018 Annual Report*

Management Report/ Strategic Report	Pages 2 to 41
Report of the Directors	Pages 42 to 43
Balance Sheet	Page 50
Profit and Loss Account	Page 49
Statement of Cash Flows	Page 52
Notes to the Financial Statements	Pages 53 to 94
Independent Auditors' Report	Pages 44 to 48

- (c) by deleting the following information from the sub-section entitled "*From the Base Prospectus*" under the sub-heading "Information incorporated by reference" on (i) page 38 of the Callable Coupon Plus Real Estate 2029 Prospectus, (ii) page 36 of the Coupon Plus MSCI World ESG Note 2029 Prospectus and (iii) page 37 of the Auto-Callable MSCI World ESG Note 2027 Prospectus:

<b>Information incorporated by reference</b>	<b>Page reference</b>
----------------------------------------------	-----------------------

Risk Factors	
2. <i>Risks relating to GSI</i>	Pages 57 to 71

**4. Amendments to the section entitled "General Information"**

The information in the section entitled "General information" of each Prospectus shall be amended and supplemented as follows:

- (a) by deleting the information under sub-heading 2 ("Financial Statements") on (i) page 64 of the Callable

Coupon Plus Real Estate 2029 Prospectus, (ii) page 61 of the Coupon Plus MSCI World ESG Note 2029 Prospectus and (iii) page 62 of the Auto-Callable MSCI World ESG Note 2027 Prospectus, and replacing it with the following:

"The statutory financial statements of GSI for the periods ended 30 November 2018 and 31 December 2017 have been audited without qualification by PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, of 7 More London Riverside, London, SE1 2RT in accordance with the laws of England. PricewaterhouseCoopers LLP is a registered member of the Institute of Chartered Accountants in England and Wales."

- (b) by deleting the information appearing in the first and second paragraphs under sub-heading 3 ("No significant change and no material adverse change") on: (i) page 64 of the Callable Coupon Plus Real Estate 2029 Prospectus, (ii) page 61 of the Coupon Plus MSCI World ESG Note 2029 Prospectus and (iii) page 62 of the Auto-Callable MSCI World ESG Note 2027 Prospectus, and replacing it with the following:

"There has been no significant change in the financial or trading position of GSI since 30 November 2018.

There has been no material adverse change in the prospects of GSI since 30 November 2018."

- (c) by deleting the information under sub-heading 4 ("Legal Proceedings") on (i) page 64 of the Callable Coupon Plus Real Estate 2029 Prospectus, (ii) page 61 of the Coupon Plus MSCI World ESG Note 2029 Prospectus and (iii) page 62 of the Auto-Callable MSCI World ESG Note 2027 Prospectus, and replacing it with the following:

"Save as disclosed in (ii) "Legal Proceedings" of Note 26 to GSI's 2018 Financial Statements (pages 77 to 79) of GSI's 2018 Annual Report and (ii) "Legal Proceedings" of Note 26 to GSI's 2017 Financial Statements (pages 69 to 70) of GSI's 2017 Annual Report, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which GSI is aware) during the 12 months before the date of this Prospectus which may have, or have had in the recent past, significant effects on GSI."

- (d) by deleting the information appearing under sub-heading 12 ("Selected Financial Information") on: (i) pages 66 to 67 of the Callable Coupon Plus Real Estate 2029 Prospectus, (ii) pages 63 to 64 of the Coupon Plus MSCI World ESG Note 2029 Prospectus and (iii) pages 64 to 65 of the Auto-Callable MSCI World ESG Note 2027 Prospectus, and replacing it with the following:

"The selected financial information set out below has been extracted from (i) GSI's 2018 Financial Statements and (ii) GSI's 2017 Financial Statements, which have been audited by PricewaterhouseCoopers LLP and on which PricewaterhouseCoopers LLP issued an unqualified audit report.

GSI's 2018 Financial Statements and GSI's 2017 Financial Statements have been prepared in accordance with FRS 101. The financial information presented below should be read in conjunction with the financial statements included in such documents, the notes thereto and report thereon.

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

	<b>As at and for the year ended</b>	
<i>(in USD millions)</i>	<b>30 November 2018</b>	<b>31 December 2017</b>
Operating Profit	3,259	2,389
Profit on ordinary activities before taxation	3,030	2,091
Profit for the financial period	2,198	1,557

	<b>As at</b>	
<i>(in USD millions)</i>	<b>30 November 2018</b>	<b>31 December 2017</b>
Fixed Assets	315	210
Current Assets	886,652	939,683
Total Shareholders' Funds	33,917	31,701"

### **Responsibility**

GSI accepts responsibility for the information given in this Prospectus Supplement and confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus Supplement is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect its import.

### **Interpretation**

To the extent that there is any inconsistency between (a) any statement in this Prospectus Supplement and (b) any other statement in or incorporated by reference into each Prospectus, the statements in (a) above will prevail.

References to the Prospectus shall hereafter mean the relevant Prospectus as supplemented by this Prospectus Supplement.

### **U.S. notice**

This Prospectus Supplement is not for use in, and may not be delivered to or inside, the United States.

---

The date of this Prospectus Supplement is 27 March 2019

## SCHEDULE

### LIST OF PROSPECTUSES

1. The prospectus dated February 8, 2019 relating to the issue of up to EUR 50,000,000 Ten-Year EUR Callable Coupon Plus Participation Notes on the Euronext® Reitsmarket GRESB Global Sustainable Index, due April 12, 2029 (referred to by the Distributor as "Goldman Sachs International (UK) Callable Coupon Plus Real Estate 2029") (ISIN: XS1901785284) (the "**Callable Coupon Plus Real Estate 2029 Prospectus**").
2. The prospectus dated January 24, 2019 relating to the issue of up to EUR 20,000,000 Ten-Year EUR Participation Notes on the MSCI World ESG Yield Select Variance Index, due April 10, 2029 (referred to by the Distributor as "Goldman Sachs International (UK) Coupon Plus MSCI World ESG Note 2029") (ISIN: XS1901816931) (the "**Coupon Plus MSCI World ESG Note 2029 Prospectus**").
3. The prospectus dated January 23, 2019 relating to the Issue of up to EUR 20,000,000 Eight-Year Two-Month EUR Autocallable Participation Notes on the MSCI World ESG Yield Select Variance Index, due June 10, 2027 (referred to by the Distributor as "Goldman Sachs International (UK) Auto-Callable MSCI World ESG Note 2027") (ISIN: XS1901817079), as so supplemented by a prospectus supplement dated 29 January 2019 (the "**AutoCallable MSCI World ESG Note 2027 Prospectus**").