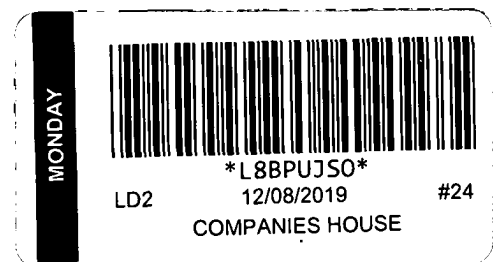


Company Number: 10491963

GS FUNDING EUROPE III LTD

ANNUAL REPORT

31 DECEMBER 2018



GS FUNDING EUROPE III LTD

STRATEGIC REPORT

The directors present their strategic report for the 52 week period ended 31 December 2018.

1. Introduction

The principal activity of GS Funding Europe III Ltd (the company) is to undertake investment business.

The company's ultimate parent undertaking and controlling entity is The Goldman Sachs Group, Inc. (Group Inc.). Group Inc. is a bank holding company and a financial holding company regulated by the Board of Governors of the Federal Reserve System. In relation to the company, 'group undertaking' means Group Inc. or any of its subsidiaries. Group Inc., together with its consolidated subsidiaries, form 'GS Group'. GS Group is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals.

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

2. Financial overview

The financial statements have been drawn up for the 52 week period ended 31 December 2018. Comparative information has been presented for the 58 week period ended 31 December 2017.

The results for the period are shown in the profit and loss account on page 6. Profit before taxation for the 52 week period ended 31 December 2018 was US\$122.8 million. Profit before taxation for the 58 week period ended 31 December 2017 was US\$33.3 million.

The company had total assets of US\$11,048.7 million as at 31 December 2018 (31 December 2017: US\$13,131.0 million).

3. Exchange rate

The British pound / U.S. dollar exchange rate at the balance sheet date was £ / US\$ 1.2743 (31 December 2017: £ / US\$1.3524). The average rate for the period was £ / US\$ 1.3297 (2017: £ / US\$1.3008).

4. Future outlook

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

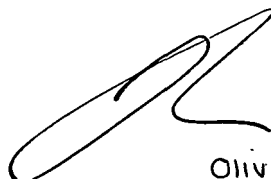
5. Principal risks and uncertainties

The directors consider that the most important components of the company's financial risk are market risk, credit risk and liquidity risk. The company, as part of a global group, adheres to global risk management policies and procedures. The company's financial risk management objectives and policies, as well as its risk exposures, are described in note 19 to the financial statements.

6. Date of authorisation of issue

The strategic report was authorised for issue by the Board of Directors on 9 August 2019.

ON BEHALF OF THE BOARD



Oliver Bingham

Director

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the 52 week period ended 31 December 2018.

1. Introduction

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

2. Dividends

The directors declared and paid an interim dividend of US\$123.9 million (2017: US\$61.6 million). The directors do not recommend the payment of a final dividend in respect of the period (2017: US\$nil).

3. Disclosure of information to auditors

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

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

4. Independent auditors

The auditors, PricewaterhouseCoopers LLP, were appointed in the current period and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

5. Directors

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

Name

V. Chima

O. J. Bingham

W. T. Gasson

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

6. Statement of directors' responsibilities

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

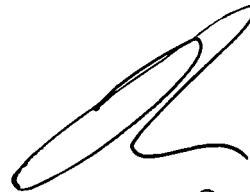
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare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

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statement comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

7. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 9 August 2019.

ON BEHALF OF THE BOARD



Oliver Bingham

Director

Independent auditors' report to the members of GS Funding Europe III Ltd

Report on the audit of the financial statements

Opinion

In our opinion, GS Funding Europe III Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 31 December 2018; the profit and loss account, the statement of changes in equity for the 52 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Independent auditors' report to the members of GS Funding Europe III Ltd

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

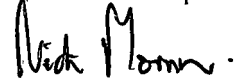
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Nick Morrison (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

9 August 2019

GS FUNDING EUROPE III LTD

PROFIT AND LOSS ACCOUNT

for the 52 week period ended 31 December 2018

		52 week period ended 31 December 2018	58 week period ended 31 December 2017
	Note	US\$'000	US\$'000
Income from shares in group undertakings	4	525,000	284,044
Interest receivable and similar income	5	-	13,925
Interest payable and similar expenses	6	(402,247)	(264,636)
PROFIT BEFORE TAXATION		122,753	33,333
Tax on profit	10	-	-
PROFIT FOR THE FINANCIAL PERIOD		122,753	33,333

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

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

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

GS FUNDING EUROPE III LTD

BALANCE SHEET

as at 31 December 2018

		31 December 2018	31 December 2017
	Note	US\$'000	US\$'000
FIXED ASSETS			
Investments	11	10,692,288	13,106,139
		<u>10,692,288</u>	<u>13,106,139</u>
CURRENT ASSETS			
Debtors: Amounts falling due within one year	12	356,427	25,332
		<u>356,427</u>	<u>25,332</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>(320,860)</u>	<u>(53,619)</u>
NET CURRENT ASSETS / (LIABILITIES)		<u>35,567</u>	<u>(28,287)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,727,855	13,077,852
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	<u>(9,597,735)</u>	<u>(9,487,010)</u>
NET ASSETS		<u>1,130,120</u>	<u>3,590,842</u>
CAPITAL AND RESERVES			
Called up share capital	16	1,159,554	3,619,129
Profit and loss account		<u>(29,434)</u>	<u>(28,287)</u>
TOTAL SHAREHOLDER'S FUNDS		<u>1,130,120</u>	<u>3,590,842</u>

The financial statements were approved by the Board of Directors on 9 August 2019 and signed on its behalf by:



Oliver Bingham

Director

The accompanying notes are an integral part of these financial statements.
Company number: 10491963

GS FUNDING EUROPE III LTD

STATEMENT OF CHANGES IN EQUITY

for the 52 week period ended 31 December 2018

		Called up share capital	Profit and loss account	Total shareholder's funds
	Note	US\$'000	US\$'000	US\$'000
Balance at 22 November 2016		-	-	-
Profit for the financial period		-	33,333	33,333
Proceeds from shares issued	16.	3,619,129	-	3,619,129
Dividends paid	15.	-	(61,620)	(61,620)
Balance at 31 December 2017		3,619,129	(28,287)	3,590,842
Profit for the financial period		-	122,753	122,753
Share capital reduction	16	(2,459,575)	-	(2,459,575)
Dividends paid	15	-	(123,900)	(123,900)
Balance at 31 December 2018		1,159,554	(29,434)	1,130,120

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

GS FUNDING EUROPE III LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018

1. GENERAL INFORMATION

The company is a private limited company and is incorporated and domiciled in England and Wales. The address of its registered office is Peterborough Court, 133 Fleet Street, London, EC4A 2BB, United Kingdom.

In the prior period the immediate parent undertaking was GS Financial Services II, LLC., a company incorporated and domiciled in the United States of America. On 9 May 2018, the parent undertakings changed to GS Financial Services II, LLC and MLT Investments Ltd., a company incorporated and domiciled in Mauritius.

The ultimate parent undertaking and the parent company of the smallest and largest group for which consolidated financial statements are prepared is The Goldman Sachs Group, Inc., a company incorporated in the United States of America. Copies of its consolidated financial statements can be obtained from Investor Relations, 200 West Street, New York, NY 10282, United States of America, or at www.goldmansachs.com/shareholders/.

2. ACCOUNTING POLICIES

a. Basis of Preparation

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

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

(i) IFRS 2 'Share-based Payment' paragraph 45(b) and 46 to 52. These disclosures are provided in the consolidated financial statements of Group Inc.;

(ii) IAS 1 'Presentation of Financial Statements' paragraph 38 to present comparative information in respect of IAS 1 'Presentation of Financial Statements' paragraph 79(a)(iv);

(iii) IAS 1 'Presentation of Financial Statements' paragraphs 10(f), 16 and 40A-D;

(iv) IAS 7 'Statement of Cash Flows';

(v) IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31;

(vi) IAS 24 'Related Party Disclosures' paragraph 17; and

(vii) IAS 24 'Related Party Disclosures' requirements to disclose transactions with companies also wholly owned within the group.

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

GS FUNDING EUROPE III LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018

2. ACCOUNTING POLICIES (continued)

b. Dividends

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

c. Changes in accounting policies

From 1 January 2018 the company adopted IFRS 9 'Financial Instruments' as issued by the IASB in July 2014.

As permitted by the transitional provisions of IFRS 9, the company elected not to restate comparative figures. The consequential amendments to IFRS 7 disclosures have only been applied in the current year.

The adoption of IFRS 9 has resulted in changes in the company's accounting policies for classification and measurement of financial assets and liabilities, and impairment of financial assets – refer to notes 2f for further details.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the company.

(i) Classification and measurement

The company performed a detailed analysis of its business models for managing financial assets and, where required, subsequent analysis of cash flow characteristics on individual financial assets.

There were no changes to the carrying amount of financial assets as a result of the adoption of IFRS 9. At 1 January 2018, the company had US\$25.3 million of financial assets classified as loans and receivables under IAS 39. These financial assets were reclassified as measured at amortised cost under IFRS 9.

There were no changes to the classification and measurement of financial liabilities.

(ii) Impairment

The company has developed and tested an impairment model that complies with the key requirements of IFRS 9. The results calculated by the model were not material and therefore the company has not recorded any credit losses as a result of adopting IFRS 9.

d. Foreign currencies

The company's financial statements are presented in U.S. dollars, which is also the company's functional currency.

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

e. Fixed asset investments

Fixed asset investments comprises investments in subsidiary undertakings and is stated at cost less provision for any impairment. Dividends receivable are recognised when the right to receive payment has been established.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018

2. ACCOUNTING POLICIES (continued)

f. Financial assets and financial liabilities

(i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or if the company transfers the financial asset and the transfer qualifies for derecognition. A transferred financial asset qualifies for derecognition if the company transfers substantially all the risks and rewards of ownership of the financial asset or does not retain control. Financial liabilities are derecognised only when they are extinguished (i.e. when the obligation specified in the contract is discharged or cancelled or expires).

(ii) Classification and measurement

Financial assets comprise all of the company's current assets and financial liabilities comprise all of the company's creditors.

From 1 January 2018 the company has adopted IFRS 9 and classifies financial assets into financial assets measured at amortised cost on the basis of both the company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. The company's business model is to hold the assets to collect contractual cash flows and the cash flows represent solely payments of principal and interest. If these conditions were not met, the financial assets would be mandatorily measured at fair value through profit or loss.

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

Prior to 1 January 2018, the company classified its financial assets as loans and receivables. Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. Such financial assets were initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method. All finance income was recognised in the profit and loss account.

Financial liabilities measured at amortised cost are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method (see above). Finance costs, including discounts allowed on issue, are recorded in interest payable and similar expenses.

GS FUNDING EUROPE III LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018

2. ACCOUNTING POLICIES (continued)

g. Current and deferred tax

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

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

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	52 week period ended 31 December 2018 US\$'000	58 week period ended 31 December 2017 US\$'000
Income from shares in group undertakings	<u>525,000</u>	<u>284,044</u>

During the current period, the company received dividends totalling US\$525.0 million from GS Funding Europe VI Ltd.

In the prior period, the company received a dividend of US\$179.1 million from GS Funding Europe and a dividend of US\$105.0 million from GS Funding Europe II Ltd.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 week period ended 31 December 2018 US\$'000	58 week period ended 31 December 2017 US\$'000
Interest on loan to group undertaking	<u>-</u>	<u>13,925</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	52 week period ended 31 December 2018 US\$'000	58 week period ended 31 December 2017 US\$'000
Interest on loans from group undertakings (see note 14)	<u>402,247</u>	<u>264,636</u>

GS FUNDING EUROPE III LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018

7. AUDITORS' REMUNERATION

The auditors' remuneration for the period of £8,000 (US\$10,638) (2017: £8,000 (US\$10,406)) has been borne by a fellow group undertaking.

8. STAFF COSTS

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

9. DIRECTORS' EMOLUMENTS

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

10. TAX ON PROFIT

	52 week period ended 31 December 2018 US\$'000	58 week period ended 31 December 2017 US\$'000
Current tax:		
U.K. corporation tax	-	-
Total tax on profit	-	-

The table below presents a reconciliation between tax on profit and the amount calculated by applying the weighted average rate of U.K. corporation tax applicable to the company for the period of 19% (2017: 19.32%) to the profit before taxation:

	52 week period ended 31 December 2018 US\$'000	58 week period ended 31 December 2017 US\$'000
Profit before taxation	122,753	33,333
Profit multiplied by weighted average rate in the U.K. of 19% (2017: 19.32%):	23,323	6,440
Permanent differences	(99,750)	(54,876)
Tax losses surrendered to group undertakings for nil consideration	76,427	48,436
Total tax on profit	-	-

GS FUNDING EUROPE III LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018

11. FIXED ASSET INVESTMENTS

Fixed asset investments, which are unlisted and stated at cost less provision for any impairment, comprise investments in subsidiary undertakings:

	Cost and net book value US\$'000
At 22 November 2016	-
Additions	13,106,139
At 31 December 2017	13,106,139
Disposals	(2,413,851)
At 31 December 2018	10,692,288

On 5 June 2018, the company sold its entire investment in GS Funding Europe and GS Funding Europe II Ltd to GS Funding Europe VI Ltd. As consideration, the company received 13,106,138,778 ordinary shares of US\$1 each in GS Funding Europe VI Ltd. There was no movement in the carrying value of fixed asset investments as a result of the sale.

On 7 December 2018, the company received US\$2,413,850,526 in respect of a cancellation of 2,413,850,526 ordinary shares of US\$1 each by GS Funding Europe VI Ltd.

The subsidiaries, over which the company exercises control via ordinary shares held directly by the company at the period end, are:

Name of company	Nature of business	Proportion of nominal value held	Class of shares held
GS Funding Europe VI Ltd ¹	Investment company	100%	Ordinary shares

The subsidiaries, over which the company exercises control via ordinary shares held by subsidiary undertakings at the period end, are:

Name of company	Nature of business	Proportion of nominal value held	Class of shares held
GS Funding Europe ¹	Investment company	100%	Ordinary shares
		100%	Mandatorily redeemable shares
GS Funding Europe I Ltd. ²	Investment company	100%	Ordinary shares
		100%	Redeemable ordinary shares
GS Funding Europe II Ltd. ²	Investment company	100%	Ordinary shares
GS Funding Europe V Limited ¹	Investment company	100%	Ordinary shares

Registered office address at:

¹Peterborough Court, 133 Fleet Street, London, EC4A 2BB, United Kingdom

²P.O. Box 309, Uglan House, South Church Street, George Town, KY1-1104, Cayman Islands

GS FUNDING EUROPE III LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2018	31 December 2017
	US\$'000	US\$'000
Amounts due from group undertakings	356,427	25,332

Amounts due from group undertakings of US\$356.4 million (31 December 2017: US\$25.1 million) relate to cash balances held on account by a fellow group undertaking.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2018	31 December 2017
	US\$'000	US\$'000
Amounts due to group undertakings	320,860	29,337
Withholding tax payable	-	24,282
	320,860	53,619

Amounts due to group undertakings of US\$320.9 million (31 December 2017: US\$29.3 million) relates to interest payable on loans from fellow group undertakings (see note 14).

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

	31 December 2018	31 December 2017
	US\$'000	US\$'000
Long-term loans due to group undertaking	4,455,060	4,409,010
Long-term subordinated loan due to group undertaking	5,142,675	5,078,000
	9,597,735	9,487,010

Long-term loans due to group undertaking includes a loan of US\$3,742.4 million advanced by Goldman Sachs LLC, a fellow group undertaking, under the terms of a new loan agreement dated 20 March 2018. The loan is unsecured and carries interest at a variable margin over the U.S. Federal Reserve's federal funds rate. The loan is repayable at the earlier of 5 years from when the lender demands repayment or 31 January 2037.

In addition, long-term loans due to group undertaking includes a loan of US\$712.7 million advanced by GS UK Funding Limited Partnership, a fellow group undertaking, under the terms of a new loan agreement dated 20 March 2018. The loan is unsecured and carries interest at a variable margin over the U.S. Federal Reserve's federal funds rate. The loan is repayable at the earlier of 5 years from when the lender demands repayment or 31 January 2037.

Long-term subordinated loan due to group undertakings includes a loan of US\$5,142.7 million advanced by Goldman Sachs LLC, a fellow group undertaking, under the terms of a new subordinated loan agreement dated 20 March 2018. The loan is unsecured and carries interest at a variable margin over the U.S. Federal Reserve's federal funds rate. The loan is repayable at the earlier of 5 years from when the lender demands repayment or 1 June 2037.

Long-term loan due to group undertaking in the prior period included a loan of US\$4,409.0 million advanced by GS Financial Services II, LLC, the company's immediate parent undertaking, under the terms of a loan agreement dated 31 January 2017. During the period, the loan was settled in full together with accrued interest.

In addition, long-term subordinated loan due to group undertakings in the prior period included a loan of US\$5,078.0 million advanced by GS Financial Services II, LLC, under the terms of a subordinated loan agreement dated 1 June 2017. During the period, the loan was settled in full together with accrued interest.

GS FUNDING EUROPE III LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018

15. DIVIDENDS PAID

	31 December 2018 US\$'000	31 December 2017 US\$'000
Interim dividend paid	123,900	61,620

16. CALLED UP SHARE CAPITAL

At 31 December 2018 and 31 December 2017 share capital comprised:

	31 December 2018		31 December 2017	
	No.	US\$'000	No.	US\$'000
<u>Allotted, issued and fully paid</u>				
Ordinary Shares of US\$ 1 each	1,159,553,727	1,159,554	3,619,128,546	3,619,129
		1,159,554		3,619,129

On 7 December 2018, the company cancelled 1,943,064,107 ordinary shares of US\$1 each held by GS Financial Services II, LLC and 516,510,712 ordinary shares of US\$1 each held by MLT Investments Ltd for a total of US\$2,459,574,819.

17. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments or contingencies outstanding at year end (31 December 2017: US\$ nil).

18. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The company monitors its capital on an ongoing basis. The company's objective is to be prudently capitalised in terms of the amount and composition of its equity base compared to the company's risk exposures. The appropriate level and composition of equity capital is determined by considering multiple factors including the business environment, conditions in the financial markets and assessments of potential future losses due to adverse changes in market environments.

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

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

a. Market risk

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

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

If interest rates had been 0.5 percent higher/lower and all other variables were held constant, the company's profit for the period ended 31 December 2018 would have been US\$48.0 million lower/higher (2017: US\$47.3million). This has been determined assuming that the company's interest rate risk at balance sheet date was constant for the whole period.

The company manages its interest rate risk as part of GS Group's risk management policy.

GS FUNDING EUROPE III LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018

18. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (continued)

b. Credit risk

Credit risk represents the potential for loss due to the default or deterioration in credit quality of a counterparty. Credit risk is managed by reviewing the credit quality of the counterparties and reviewing, if applicable, the underlying collateral against which the financial assets are secured. The company's maximum exposure to credit risk is equivalent to the carrying value of its financial assets as at 31 December 2018 and 31 December 2017. The company is exposed to credit risk from its amounts due from group undertakings, for which the credit risk is considered minimal. As at 31 December 2018, the company had no debtors past due (31 December 2017: Nil).

c. Liquidity risk

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

19. FINANCIAL ASSETS

a. Financial assets and financial liabilities by category

All financial assets are categorised as financial assets at amortised cost in the current year and loans and receivables in prior year. All financial liabilities are categorised as liabilities held at amortised cost in the current and prior periods.

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

The company has US\$356.4 million (31 December 2017: US\$25.3 million) of current financial assets and US\$320.9 million (31 December 2017: US\$53.6 million) of current financial liabilities that are not measured at fair value. Given the short-term nature of these instruments, their carrying amounts in the balance sheet are a reasonable approximation of fair value.

The company has US\$9,597.7 million (31 December 2017: US\$9,487.0 million) of financial liabilities due after more than one year that are not measured at fair value and predominantly relate to long-term intercompany borrowings. The interest rate associated with such borrowings is variable in nature and approximates prevailing market interest rates for instruments with similar terms and characteristics. As such, the carrying amount in the balance sheet is a reasonable approximation of fair value.

GS FUNDING EUROPE III LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018

19. FINANCIAL ASSETS (continued)

c. Maturity of financial liabilities

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

	31 December 2018					
	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Financial liabilities						
Creditors: amounts falling due within one year	-	-	320,860	-	-	320,860
Creditors: amounts falling due after more than one year	-	-	-	11,607,193	-	11,607,193
Total	-	-	320,860	11,607,193	-	11,928,053

	31 December 2017					
	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Financial liabilities						
Creditors: amounts falling due after more than one year	-	-	29,337	-	-	29,337
Creditors: amounts falling due after more than one year	-	-	-	11,218,062	-	11,218,062
Total	-	-	29,337	11,218,062	-	11,247,399