

002837/20

Company Number: FC027788
Cayman Company Number: MC-191334

GS FUNDING EUROPE II LTD.

UNAUDITED ANNUAL REPORT

31 DECEMBER 2019



DIRECTORS' REPORT

The directors present their report and the unaudited financial statements for the year ended 31 December 2019.

1. Principal activities

GS Funding Europe II Ltd. (the company) is incorporated in the Cayman Islands as an exempted limited liability company.

The principal activity of 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 year ended 31 December 2019. Comparative information has been presented for the year ended 31 December 2018.

The directors consider profit before tax, total assets and total liabilities as the Company's key performance indicators.

The results for the year are shown in the profit and loss account on page 4. Profit before taxation for the year ended 31 December 2019 was US\$1,716 (31 December 2018: US\$539.6 million).

The company had total assets of US\$10,665.3 million as at 31 December 2019 (31 December 2018: US\$10,665.3 million) and total liabilities of US\$1.1 million as at 31 December 2019 (31 December 2018: US\$1.0 million).

3. Future outlook

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

Since the balance sheet date there has been a global outbreak of a coronavirus disease (COVID-19) which has caused widespread disruption to financial markets and normal patterns of business activity across the world. At the date of signing the company had not incurred any material financial impact associated to COVID-19 however, in view of its evolving nature it is not currently possible to estimate any potential future financial effects of COVID-19 on the company.

4. Dividends

The directors do not recommend the payment of a dividend in respect of the year (31 December 2018: interim dividend of US\$525.0 million).

5. Exchange rate

The British pound / U.S. dollar exchange rate at the balance sheet date was £ / US\$ 1.3265 (31 December 2018: £ / US\$ 1.2743). The average rate for the year was £ / US\$ 1.2792 (31 December 2018: £ / US\$ 1.3297).

DIRECTORS' REPORT (continued)**6. Financial risk management**

The company's financial risk management objectives and policies, as well as its risk exposures, are described in note 15 to the financial statements.

7. Directors

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

Name	Resigned	Appointed
O. J. Bingham	6 November 2020	
V. Chima		
P. N. Curle		
W. T. Gasson	6 November 2020	
S. B. Scobie	29 January 2020	
Balvir Dhesi		6 November 2020

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

8. Statement of directors' responsibilities

The directors are responsible for preparing the non-statutory financial statements for each 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. The directors must not approve the non-statutory financial statements unless they are satisfied that they have been prepared, in all material respects, in accordance with United Kingdom Generally Accepted Accounting Practice. In preparing these non-statutory financial statements, the directors have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepared 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 which enable them to ensure that the non-statutory financial statements comply with the Companies Act 2006 as applicable to overseas companies. 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.

9. Post balance sheet events

Subsequent to the year end, on 31 January 2020 the following post balance sheet events occurred:

- The company received dividends totalling US\$500.0 million from GS Funding Europe V Ltd; and
- The directors declared and paid an interim dividend of US\$375.1 million to GS Funding Europe I Ltd and an interim dividend of US\$124.9 million to GS Funding Europe VI Ltd.

DIRECTORS' REPORT (continued)

10. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 19 November 2020.

ON BEHALF OF THE BOARD



Director
V. Chima

GS FUNDING EUROPE II LTD.

PROFIT AND LOSS ACCOUNT**for the year ended 31 December 2019**

		Year ended 31 December 2019 (Unaudited) US\$'000	Year ended 31 December 2018 (Unaudited) US\$'000
	Note		
Income from shares in group undertakings	4	-	312,800
Interest receivable and similar income	5	-	226,712
Administrative income	6	2	87
OPERATING PROFIT AND PROFIT BEFORE TAXATION		2	539,599
Tax on profit	8	-	(28,736)
PROFIT FOR THE FINANCIAL YEAR		2	510,863

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

The company has no recognised gains and losses other than those included in the profit and loss account for the years 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 II LTD.

BALANCE SHEET

as at 31 December 2019

		31 December 2019 (Unaudited) US\$'000	31 December 2018 (Unaudited) US\$'000
	Note		
FIXED ASSETS			
Investments	9	10,664,149	10,664,149
CURRENT ASSETS			
Debtors: Amounts falling due within one year	10	1,167	1,122
		1,167	1,122
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(1,061)	(1,017)
NET CURRENT ASSETS		107	105
NET ASSETS		10,664,256	10,664,254
CAPITAL AND RESERVES			
Called up share capital	13	53	53
Share premium account		10,663,714	10,663,714
Profit and loss account		489	487
TOTAL SHAREHOLDERS' FUNDS		10,664,256	10,664,254

The financial statements were approved by the Board of Directors on 19 November 2020 and signed on its behalf by:



Director
V. Chima

The accompanying notes are an integral part of these financial statements.
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GS FUNDING EUROPE II LTD.

STATEMENT OF CHANGES IN EQUITY**for the year ended 31 December 2019**

		Called up share capital	Share premium account	Profit and loss account	Total shareholders' funds
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Note	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2018		65	13,077,553	14,624	13,092,242
Profit for the financial year		-	-	510,863	510,863
Dividends paid	12.	-	-	(525,000)	(525,000)
Shares repurchased	13	(12)	(2,413,839)	-	(2,413,851)
Balance at 31 December 2018		53	10,663,714	487	10,664,254
Profit for the financial year		-	-	2	2
Balance at 31 December 2019		53	10,663,714	489	10,664,256

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

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

1. GENERAL INFORMATION

The company is an exempted limited liability company and is incorporated in the Cayman Islands.

The immediate parent undertaking is GS Funding Europe I Ltd, a company incorporated in the Cayman Islands.

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/investor-relations/.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

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

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(d), 10(f), 16, 38A, 38B-D, 40A-D and 111;
- (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 GS 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.

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

2. ACCOUNTING POLICIES (continued)

b. Dividends

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

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

d. 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.

e. 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 if the company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but does not retain control. Financial liabilities are derecognised only when they are extinguished (i.e. when the obligation specified in the contract is discharged or cancelled or expires).

ii. Classification and measurement

Financial assets comprise all of the company's current assets.

The company 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.

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019**2. ACCOUNTING POLICIES (continued)****f. 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 at 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 timing 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, estimates or assumptions made that had a significant effect on amounts recognised in the financial statements.

4. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Year ended 31 December 2019 (Unaudited) US\$'000	Year ended 31 December 2018 (Unaudited) US\$'000
Income from shares in group undertakings (see note 9)	-	312,800

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2019 (Unaudited) US\$'000	Year ended 31 December 2018 (Unaudited) US\$'000
Interest on loans to group undertakings	-	226,712

GS FUNDING EUROPE II LTD.

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

6. ADMINISTRATIVE INCOME

	Year ended 31 December 2019 (Unaudited) US\$'000	Year ended 31 December 2018 (Unaudited) US\$'000
Foreign exchange gains	<u>2</u>	<u>87</u>

7. STAFF COSTS

As in the prior year, 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.

8. TAX ON PROFIT

	Year ended 31 December 2019 (Unaudited) US\$'000	Year ended 31 December 2018 (Unaudited) US\$'000
Current tax:		
U.K. corporation tax	-	28,736
Total tax on profit	<u>-</u>	<u>28,736</u>

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 year of 19.00% (2018: 19.00%) to the profit before taxation:

	Year ended 31 December 2019 (Unaudited) US\$'000	Year ended 31 December 2018 (Unaudited) US\$'000
Profit before taxation	<u>2</u>	<u>539,599</u>
Profit on ordinary activities multiplied by the weighted average rate in the U.K. of 19.00% (2018: 19.00%)	-	102,524
Permanent differences	-	(59,432)
Tax losses received from group undertakings for nil consideration	-	(14,356)
Total tax on profit	<u>-</u>	<u>28,736</u>

GS FUNDING EUROPE II LTD.

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

9. FIXED ASSET INVESTMENTS

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

	Cost and net book value (Unaudited) US\$'000
At 1 January 2018	8,000,000
Disposals	(8,000,000)
Additions	10,664,149
At 31 December 2018 and 31 December 2019	10,664,149

During the prior year, GS Funding Europe IV Limited, the company's subsidiary, cancelled and extinguished 8,000,000,000 issued ordinary shares of US\$1 each and in lieu distributed to the company the entire issued share capital of GS Funding Europe V Limited, a group undertaking.

On 11 December 2018, the company's subsidiary, GS Funding Europe V Limited, issued 2,664,149,474 ordinary shares of US\$1 each.

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

Registered office address at:

¹ Plumtree Court, 25 Shoe Lane, London, EC4A 4AU, United Kingdom

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2019 (Unaudited) US\$'000	31 December 2018 (Unaudited) US\$'000
Amounts due from group undertakings	1,167	1,122

Amounts due from group undertakings in the current and prior year includes US\$1.1 million in cash balances held on account by a fellow group undertaking.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2019 (Unaudited) US\$'000	31 December 2018 (Unaudited) US\$'000
Corporation tax payable	1,061	-
Group relief payable	-	1,017
	1,061	1,017

GS FUNDING EUROPE II LTD.

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

12. DIVIDENDS PAID

	31 December 2019 (Unaudited) US\$'000	31 December 2018 (Unaudited) US\$'000
Interim dividends paid	-	525,000

During the prior year, the company paid interim dividends to GS Funding Europe VI Ltd and GS Funding Europe I Ltd. as the holders of the ordinary and redeemable ordinary shares issued by the company, in aggregate amounts of US\$203.8 million and US\$321.2 million respectively.

13. CALLED UP SHARE CAPITAL

At 31 December 2019 and 31 December 2018 called up share capital comprised:

	31 December 2019 (Unaudited) No.	31 December 2019 (Unaudited) US\$	31 December 2018 (Unaudited) No.	31 December 2018 (Unaudited) US\$
<u>Allotted, called up and fully paid</u>				
Ordinary shares of US\$0.01 each	1,327,388	13,274	1,327,388	13,274
Redeemable ordinary shares of US\$0.01 each	3,985,926	39,859	3,985,926	39,859
		<u>53,133</u>		<u>53,133</u>

On 7 December 2018, the company repurchased 1,202,679 ordinary shares of US\$0.01 each for a total consideration of US\$2,413.9 million.

Ordinary shares and redeemable ordinary shares rank pari passu in the event of winding up and in respect of dividend and voting rights. The redeemable ordinary shares may be redeemed by the company at its option at any time.

14. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments and contingencies outstanding at the year end (31 December 2018: US\$nil).

15. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The company monitors its capital on an ongoing basis. The company's objective is to be prudently capitalised in terms of the amount and composition of its equity base 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.

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

15. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (continued)

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 risks for the company are interest rate risk and currency risk.

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

Currency risk results from exposures to changes in spot prices, forward prices and volatilities of currencies.

The company's functional currency is the U.S. dollar. At 31 December 2019, the company had no material net exposures to other currencies.

The company manages its interest rate and currency risk as part of GS group's risk management policy, by establishing economic hedges, in a group affiliate, as appropriate to the circumstances of the company.

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 2019 and 31 December 2018. The company's credit exposures are described further below:

Debtors. The company is exposed to credit risk from its amount due from group undertakings, for which the credit risk is considered minimal. As at 31 December 2019, the company had no debtors past due or impaired (31 December 2018: 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.

16. FINANCIAL ASSETS

a. Financial assets and financial liabilities by category

All financial assets are categorised as loans and receivables in the current and prior years. The company had no financial liabilities as at 31 December 2019 (31 December 2018: US\$nil).

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

The company has US\$1.2 million (31 December 2018: US\$1.1 million) of current financial assets and US\$1.1 million (31 December 2018: US\$1.1 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\$nil (31 December 2018: US\$nil) financial assets due after more than one year that are not measured at fair value.

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

17. POST BALANCE SHEET EVENTS

Since the balance sheet date there has been a global outbreak of a coronavirus disease (COVID-19) which has caused widespread disruption to financial markets and normal patterns of business activity across the world. At the date of signing the company had not incurred any material financial impact associated to COVID-19 however, in view of its evolving nature it is not currently possible to estimate any potential future financial effects of COVID-19 on the company.

Subsequent to the year end, on 31 January 2020 the following post balance sheet events occurred:

- The company received dividends totalling US\$500.0 million from GS Funding Europe V Ltd; and
- The directors declared and paid an interim dividend of US\$375.1 million to GS Funding Europe I Ltd and an interim dividend of US\$124.9 million to GS Funding Europe VI Ltd.