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# ***Short-Form Audit Report***

Goldman, Sachs & Co. Wertpapier GmbH  
Frankfurt am Main

Annual Financial Statements for the Period Ending  
December 31, 2018 and the Management Report for the Financial  
Year 2018

INDEPENDENT AUDITOR'S REPORT

(Translation - the German text is authoritative)





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

## Management Report for the Financial Year 2018

### A. Business and General Conditions

Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main (hereinafter referred to as "GSWP" or "Company") has been established for the purpose of issuing securities, particularly warrants. As well as warrants, the Company also issues certificates and structured bonds. The securities issued by GSWP are sold to Goldman Sachs International, London (hereinafter referred to as "GSI"). For issuances in Germany Goldman Sachs Bank Europe SE (formerly known as Goldman Sachs AG), Frankfurt am Main (hereinafter referred to as "GSBE") acts as the issuing and paying agent and is responsible for the settlement of all products issued by GSWP and held in custody by Clearstream Banking Frankfurt. GSI assumes responsibility for the Luxembourg program with the depositary Citibank N.A. (non-UK), Ireland and for the Swiss program.

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

GSWP arranges hedging transactions with GSI to hedge against any market risk. This places the Company in the position to meet its obligations in accordance with the securities issued.

During the financial year, GSWP issued a total of 402,981 securities (prior year: 268,339), an increase of 50%. The new issues consist of share warrants, index warrants, mini future warrants, turbo warrants, FX warrants and commodity warrants as well as discount certificates, bonus certificates and other certificates and structured bonds.

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

### B. Control system

GSWP is integrated into the global control system of the Goldman Sachs Group, Inc. ("GS Group") and performs its business operations in close cooperation particularly with the affiliated companies GSBE and GSI. The issuance volume of the Company is controlled by the GS Group. The Company intends to offer a wide range of issuable payment profiles or combinations of underlyings. All planned issuances are required to be in compliance with all regulations.

### C. Results of Operations

The net income for the year 2018 amounts to EUR 830k (prior year: EUR 653k) increasing by 27% compared to prior year. This results from the increased issuance volume which is due to higher demand and in line with prior year's expectation. The Company is reimbursed by GSI for the expenses which arise from the issue of warrants, certificates and structured bonds, plus a markup of 5%. Interest income and interest paid, exclusively incurred as part of the issuance activity, are transferred without a mark up to GSI or reimbursed by GSI.

The net income from reimbursements and expenses related to issuances amount to EUR 1,108k (prior year: EUR 750k).

Other interest and similar income amounted to EUR 58,242k (prior year: EUR 72,711k). For the most part it relates to interest income on overnight placements with GSI. For the reporting period the decrease mainly resulted from a decreased average amount placed overnight.

Interest and similar expenses amounted to EUR 29,593k (prior year EUR 23,038). These mainly relate to interest expense on the collateral received from GSI. As of 31 December 2018 the cash collateral received from GSI amounted to EUR 1,502m (prior year: EUR 706m).

Furthermore during the financial year there was interest income due to negative interest rates on cash collateral received amounting to EUR 359k (prior year: EUR 605k). This interest effect is shown separately in the profit and loss statement as positive interest on cash collateral. Additionally there was interest expenses due to negative interest on cash placements of EUR 60k (prior year: EUR 95k) during the financial year. This interest effect is shown separately in the profit and loss statement as negative interest on cash placement.

Interest income of EUR 58,238k, interest expenses of EUR 29,593k, negative interest on cash placement of EUR 60k and positive interest on cash collateral of EUR 359k, which have been directly incurred as part of the Company's issuance activity are paid without a markup to GSI respectively reimbursed by GSI. In the financial year the net amount decreased from EUR 50,120k to EUR 28,892k. This decrease results from the decreased average level of collateral received from GSI during the year. The net amount is included in other operating expenses.

As the company does not employ personnel, no personnel expenses are incurred.

Expenses for trade tax were EUR 196k in the financial year (prior year: EUR 150k) and EUR 193k for corporation income tax and solidarity surcharge (prior year: EUR 148k). The expenses for income taxes for the reporting period 2017 were reduced by EUR 20k due to tax refunds relating to the prior year.

Taking into consideration all the circumstances described above, the financial year closed with a positive result.

## D. Net assets and Financial Position

The balance sheet total of GSWP as of 31 December 2018 amounted to EUR 7,398m, and thus increased by EUR 932m compared to the 31 December 2017 balance sheet date; an increase of 14%. The increase is mainly due to increased received collateral amounting to EUR 1,502m (prior year: EUR 706m). The liabilities against affiliated companies increased by EUR 879m to EUR 1,585m (prior year: EUR 706m) which mainly relates to cash collateral received from GSI.

Receivables from affiliated companies increased by EUR 882m. Received cash collateral and free liquidity are placed overnight with GSI.

Cash at banks decreased compared to the prior year by EUR 204k to EUR 989k.

Other accruals of EUR 101k for the audit of the annual financial statement (prior year: EUR 104k), for legal costs of EUR 166k (prior year EUR 314k) and EUR 50k for tax advisory expenses (prior year: EUR 24k) were reported. In addition, there are tax accruals for 2018 for corporation income tax and solidarity charge EUR 86k and trade tax EUR 70k.

The outstanding issued warrants amounting to EUR 5,804m (prior year: EUR 5,754m) are reported under the item other liabilities and represents 78% of the total of the equity and liabilities at the end of the financial year. There are other assets of the same amount, as GSWP uses the proceeds it receives from the issuance to enter into offsetting hedging transactions.

Capital and reserves amounts to EUR 5,335k (prior year: EUR 4,505k) with the increase due to the net income in 2018 of EUR 830k.

Cash flows from operating activities have increased to EUR 2,257k (prior year: EUR -301k). The received premiums from the issuances of securities were used to cover the premium for the respective hedge transactions in the same currency.

Liquidity is secured due to the business structure, cash at banks as well as the Company's integration in the GS Group. Liquidity shortages are not expected. Additionally, GSWP has the option to refinance itself at any given time through the GS Group. The overnight placements and cash collateral received are not subject to fixed interest rates.

## E. Forecast, Opportunity and Risk Report

### a. Forecast and Opportunity Report

GSWP's results continue to be significantly determined by the agreements regarding reimbursements.

Management is targeting a strong increase in the issuance activity which would result in a higher profit for 2019. This is due to increased client demand in warrants and structured products, particularly in the German market as well as additional distribution channel by GSI. Furthermore it is expected that in a volatile market there will be a multitude of follow-up issuances in the area of turbo warrants, mini-futures and bonus certificates. In addition, it is planned to expand the offer in the sections of warrants and structured products. Previously implemented enhancements to the issuance process allow the issuance of new warrants and certificates to be almost fully automated. Issuance activity in the Netherlands is expected to remain at the current level, as here securities do not have a pre-determined maturity date by default, and it is assumed there will not be a great need for follow-up issuances.

GSWP's management is part of the firmwide considerations on the UK's exit from the European Union. The firm has considered the impact of multiple scenarios, ultimately this is not expected to have direct impact on the business model of the entity as GSWP could continue to engage with affiliates as it does today.

### b. Risk Report

Complete hedging against all market risk is an essential component of GSWP's risk strategy and risk management. Therefore, GSWP had and has no market risk positions from the warrants, certificates and structured bonds issued, as they are hedged by offsetting micro hedging transactions with GSI. The transactions and the respective hedging transactions are executed at exactly the same time and have specific characteristics to hedge all market risk. The hedging transactions will be adjusted to increases or redemptions of existing tranches of the warrants, certificates and structured bonds issued.

All products issued including the necessary information with regard to quantity, issue price, securities identification number are managed in a data base (sub ledger). New issues, returns, investments held to maturity and other changes to the issue volume are settled via a front office system which transfers the data to the sub ledger continuously. All cash flows from the issued products and their micro hedging transactions are mostly reconciled and calculated automatically upon maturity. Most payments are automatically generated from GSWP's sub-ledger. If manual payments are required they are made in accordance with the four-eye principle, i.e. the employee who inputs the payment and the employee who approves the payment are two different individuals. In addition, reconciliations are done daily between the paying agent and Clearstream. Likewise, the accounts relevant to bookkeeping and settlement are subject to daily reconciliation by the Operations division. GSWP is integrated in the GS Group's global risk management and therefore takes part in the daily firm-wide automated reconciliation process. The Operations division receives, among other things, daily reconciliation reports in order to clear open positions in a timely manner. The Finance division also performs reconciliation between products issued and the offsetting hedging transactions to ensure accuracy of data in the general ledger.

The functions of the Finance and the Operations divisions are performed by employees of GSBE and affiliated companies. The quantitative and qualitative staffing in these divisions is adequate. Depending on their respective area of responsibility, the employees have the required knowledge and experience.

All involved divisions must take on the requirements of the Sarbanes-Oxley Act (SOX) on a quarterly basis. According to Article 404, the effectiveness of the internal control systems must be evaluated and the risks and their controls must be assessed. The internal audit division of GS Group is responsible for the periodic review to determine whether the duties of the divisions are properly exercised.

No further interest rate risk exists as the company's interest-bearing receivables and liabilities are all due overnight and therefore no fixed interest rate exists.

Most default risks (settlement risks) arise on hedging transactions with GSI. As of 23 January 2019 GSI's external ratings for long-term debt were A+ with stable outlook (Standard & Poor's), A1 with negative

outlook (Moody's) as well as A with stable outlook (Fitch). The issuances of GSWP are guaranteed by GS Group. GS Group's external ratings for the long-term debts as of 23 January 2019 are BBB+ with stable outlook (Standard & Poor's), A3 with stable outlook (Moody's), A with stable outlook (Fitch), A (high) with stable outlook (DBRS) as well as A with stable outlook (R&I). The counterparty default risk is considered to be low.

Liquidity risks and risks from cash flow fluctuations are not discernible due to the Company's integration in GS Group.

Comprehensive reconciliation procedures are performed to reduce the level of operational risks. Final terms and all required documents for issuance are mostly generated automatically. External lawyers are involved in the preparation of securities prospectuses if required. Documents and details of issuances are distributed automatically to market participants, stock exchanges, clearing systems and the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). Furthermore, GSWP is included in the Group's risk management for operational risks. GSWP has no IT systems of its own. The Company uses the systems and standard software of GS Group. Operational risks in processes and IT systems are therefore largely covered by emergency plans of affiliated companies.

Compared to last year there were no significant changes of risks. From today's point of view there are no reasonable risks recognized that could endanger the future existence.

Frankfurt am Main, 21st February 2019

*Goldman, Sachs & Co. Wertpapier GmbH  
The Management*

**Annual Financial Statements for the  
Period Ending December 31, 2018**







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

### Profit and Loss Statement for the Period 1 January 2018 to 31 December 2018 compared to the period 1 January 2017 to 31 December 2017

	2018 EUR	2017 EUR
1. Income from reimbursements	23,267,390.04	15,786,270.70
2. Expenses related to issuances	-22,159,419.09	-15,036,258.65
3. Other operating income from currency translation EUR 54,455.70 (prior year: EUR 116,240.06)	54,455.70	118,255.65
4. Other operating expenses	-28,891,638.18	-50,120,178.65
5. Other interest and similar income from affiliated companies EUR 58,238,188.37 (prior year: EUR 72,710,621.48)	58,242,417.71	72,711,274.36
6. Interest and similar expenses from affiliated companies EUR 29,592,811.35 (prior year: EUR 23,036,181.59)	-29,592,811.35	-23,038,111.51
7. Negative Interest on cash placement from affiliated companies EUR 60,019.47 (prior year: EUR 95,382.37)	-60,019.47	-95,382.37
8. Positive Interest on received cash collateral from affiliated companies EUR 358,761.16 (prior year: EUR 605,313.45)	358,761.16	605,313.45
9. Income taxes	-389,205.93	-278,361.25
10. Income after taxes / Net income for the year	829,930.59	652,821.73



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

## Notes to the Financial Statements for the Financial Year 2018

### A. General Information

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

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

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

### B. Accounting and Valuation Methods

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

Potential obligations from the issuances that are recognized under the item other liabilities amount to EUR 5,804m (prior year: EUR 5,754m) and are hedged by OTC transactions. These are "Perfect Hedges" for which all value determining factors between the underlying and hedging transactions are identical.

Due to the 1:1 hedging strategy, the Company formed valuation units. The valuation units are accounted for using the hedge accounting method, which means that the accumulated changes in the values of the underlying transactions are defined and compared to the accumulated changes in the values of the hedging transactions. The level of the hedged risk is EUR 220m (prior year: EUR 820m) and equals to the accumulated increase in the market value of the issuances from the beginning of the hedging relationship, this increase and offsetting change in the hedging transactions is not recognized in the income statement.

The issuances and the hedging transactions concluded by the Company are mostly denominated in EUR. Issuances and hedging transactions were also done in USD, CHF, GBP, CAD, AUD and EGP.

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

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

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

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

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

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

### 1. Receivables from affiliated companies

Receivables from affiliated companies include cash collateral of EUR 1,502m (prior year: EUR 706m) as well as free liquidity of EUR 6m (prior year: EUR 3m) which are placed overnight with GSI. Receivables from affiliated companies also include cash collateral of EUR 87m (prior year: EUR 0m) provided to GSI.

### 2. Other assets

Other assets are mainly comprised of OTC option premiums paid in the amount of EUR 5,804m (prior year: EUR 5,754m). On balance sheet date the book values were as follows:

	Book values (in millions EUR)			Total
	OTC options for warrants	OTC options for certificates	OTC options for structured bonds	
Shares	258	1,941	275	2,474
Commodities	19	24	0	43
Future	323	146	0	469
Indices	315	2,204	13	2,532
Other	11	123	92	226
Exchange rates	34	26	0	60
<b>Total</b>	<b>960</b>	<b>4,464</b>	<b>380</b>	<b>5,804</b>

### 3. Statement of Changes in Equity

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

#### 4. Accruals

Tax accruals have been created for corporation tax and solidarity surcharge for the year 2018 of EUR 86k and for trade tax for the year 2018 of EUR 70k. For the year 2017 tax accruals have been created for corporation tax and solidarity surcharge of EUR 41k and for trade tax for the year 2017 of EUR 24k.

Other accruals have been created mainly for expenses for the audit of the Company's annual financial statements in the amount of EUR 101k (prior year: EUR 104k), legal advisory services in the amount of EUR 166k (prior year: EUR 314k) and tax consulting expenses in the amount of EUR 50k (prior year: EUR 24k).

#### 5. Liabilities against affiliated companies

Liabilities against affiliated companies include mainly received cash collateral of EUR 1,502m (prior year: EUR 706m) in order to hedge against the risk of default as well as a loan from Goldman Sachs Group, Inc. of EUR 81m (prior year: EUR 0m).

#### 6. Other liabilities

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

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

	Number	Issuance Volume (in millions EUR)	< 1 year	1 – 5 years	> 5 years
<b>Warrants</b>					
Shares	8,984	258	257	1	0
Commodities	584	19	19	0	0
Futures	464	323	322	1	0
Indices	7,935	315	308	7	0
Other warrants	2	11	10	1	0
Exchange rates	727	34	34	0	0
<b>Total warrants</b>	<b>18,696</b>	<b>960</b>	<b>950</b>	<b>10</b>	<b>0</b>

	Number	Issuance Volume (in millions EUR)	< 1 year	1 – 5 years	> 5 years
<b>Certificates</b>					
Shares	1,277	1941	903	1010	28
Commodities	10	24	24	0	0
Futures	21	146	144	1	1
Indices	1,588	2204	1331	754	119
Other certificates	18	123	106	17	0
Exchange rates	2	26	26	0	0
<b>Total certificates</b>	<b>2,916</b>	<b>4,464</b>	<b>2,534</b>	<b>1,782</b>	<b>148</b>
<b>Structured bonds</b>					
Shares	641	275	228	47	0
Futures	3	0	0	0	0
Indices	2	13	12	1	0
Other bonds	11	92	68	24	0
Exchange rates	0	0	0	0	0
<b>Total structured bonds</b>	<b>657</b>	<b>380</b>	<b>308</b>	<b>72</b>	<b>0</b>
<b>Total</b>	<b>22,269</b>	<b>5,804</b>	<b>3,792</b>	<b>1,864</b>	<b>148</b>

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

### 1. Income from reimbursements

This item refers to reimbursements of expenses, plus a markup of 5%, which the Company incurred as a result of its issuance activity. The reimbursements are provided by GSI.

### 2. Expenses related to issuances

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

### 3. Other operating income

Other operating income refers mainly to gains from currency translation of EUR 54k (prior year: EUR 116k).

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

Interest income and interest expenses which have directly incurred as part of the Company's issuance activity are paid without a markup to an affiliated company or reimbursed by an affiliated company. For the financial year the reimbursed amount was EUR 28,892k (prior year: EUR 50,120k), that is included in other operating expenses.

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

Other interest and similar income mainly refers to interest income on overnight placements with GSI of EUR 58,238k (prior year: 72,711k).

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

Interest and similar expenses mainly refers to interest expense from cash collateral received of EUR 29,574k (prior year: EUR 23,036k).

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

During the year 2018 the company incurred EUR 60k (prior year: EUR 95k) negative interest on cash placement. As a result, the income statement has been adjusted to show this effect in the line item negative interest on cash placement.

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

Due to negative interest rates the Company generated interest income on cash collateral received of EUR 359k (prior year: EUR 605k). As a result, the income statement has been amended to show this interest effect separately.

#### **9. Income taxes**

The item income taxes refers to corporation income tax and solidarity surcharge for the financial year in the amount of EUR 193k (prior year: EUR 148k) and trade tax for the current financial year in the amount of EUR 196k (prior year: EUR 150k). In the prior year the expenses for income taxes were reduced by EUR 20k due to tax refunds relating to prior periods.

#### **10. Profit distribution**

The net income for the financial year 2018 is EUR 829,930.59, which will be transferred to the revenue reserve.

### **E. Cash Flow Statement**

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

For the most part, the cash flow from operating activities refers to payment transactions (cash inflow and outflow) related to the Company's issuance activity. There was no cash flow provided by/used for investing and financing activities during the financial year.

Cash funds consist of cash at banks of EUR 989k and placement of the free liquidity of EUR 5,803k with affiliated companies.

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### F. Report on subsequent events

No events of particular importance have occurred after 31 December 2018.

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

### G. Other Disclosures

#### 1. Management

Michael Schmitz, Managing Director	Employee of the Goldman Sachs International branch Frankfurt
Dr. Jörg Kukies, Managing Director	Employee of the Goldman Sachs International branch Frankfurt (until 19. March 2018)

Management is employed by other entities of the GS Group and receives no remuneration directly from the company.

#### 2. Audit Committee

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

#### 3. Consolidated Financial Statements

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

#### 4. Employees

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

#### 5. Total Auditor's Fee

The total auditor's fee for the financial year 2018 amounts to EUR 85k (prior year: EUR 87k). It refers exclusively to audit services.

## H. Affirmation of the legal representatives

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

Frankfurt am Main, 21<sup>st</sup> February 2019

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Michael Schmitz



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

**Statement of Changes in Equity  
for the Period from 31 December 2017 through 31 December 2018**

	Issued share capital in EUR	Prior year retained earnings in EUR	Net income for the year in EUR	Total equity in EUR
As of 31 December 2017	51,129.19	3,800,833.97	652,821.73	4,504,784.89
Allocations (+) / withdrawals (-)	-	652,821.73	-652,821.73	0.00
Net income for the year	-	-	829,930.59	829,930.59
As of 31 December 2018	51,129.19	4,453,655.70	829,930.59	5,334,715.48



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

**Cash Flow Statement for the Period  
1 January 2018 to 31 December 2018  
compared to the period 1 January 2017 to 31 December 2017**

	2018	2017
	EUR	EUR
1. Net income for the year	829,930.59	652,821.73
2. + / - Increase / decrease in accruals	13,628.44	297,722.56
3. - / + Increase / decrease in other assets; principally related to premiums paid for OTC-Options	-49,815,539.22	-468,881,922.68
4. - / + Increase / decrease in other receivables which are not related to investment or financing activities	-879,452,343.42	50,020,337.61
5. + / - Increase / decrease in other liabilities; principally related to premiums received for issued warrants, certificates and structured bonds	50,742,406.56	468,405,432.97
6. + / - Increase / decrease in other payables which are not related to investment or financing activities	879,938,441.45	-50,795,077.90
7. = Cash flows from operating activities	2,256,524.40	-300,685.71
8. + Cash flows from investing activities	0.00	0.00
9. + Cash flows from financing activities	0.00	0.00
10. = Change in cash funds from cash relevant transactions	2,256,524.40	-300,685.71
11. + Cash funds at the beginning of the period	4,536,004.88	4,836,690.59
12. = Cash funds at the end of the period	6,792,529.28	4,536,004.88



## INDEPENDENT AUDITOR'S REPORT

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

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

#### *Audit Opinions*

We have audited the annual financial statements of Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main, which comprise the balance sheet as at December 31, 2018 and the statement of profit and loss for the financial year from January 1, 2018 to December 31, 2018, the cash flow statement, the statement of changes in equity and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main, for the financial year from January 1, 2018 to December 31, 2018.

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2018 and of its financial performance for the financial year from January 1, 2018 to December 31, 2018 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

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

#### *Basis for the Audit Opinions*

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

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

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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1, 2018 to December 31, 2018. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

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

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

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

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

Hereinafter we present the key audit matter:

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

- ① The annual financial statements of the company show liabilities from the issuance of financial instruments amounting to m€ 5,804 presented under the balance sheet item "**other liabilities**". The balance sheet item "**other assets**" shows paid option premiums for hedging transactions for the issuances amounting to m€ 5,804. Each item has a share of 78 % of the balance sheet total.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

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

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

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

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

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

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

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

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

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

We were elected as auditor by the shareholder's meeting on November 2, 2018. We were engaged by the executive directors on December 13, 2018. We have been the auditor of the Goldman, Sachs & Co. Wertpapier GmbH, Frankfurt am Main, without interruption since the financial year 1991.

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

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

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

Frankfurt am Main, 22 February 2019

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

sgd. Stefan Palm  
Wirtschaftsprüfer  
(German Public Auditor)

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

