



Goldman Sachs Group UK Limited

Asset
Encumbrance
Disclosure

For the period ended November 30, 2018

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Pillar 3 Disclosures: Asset Encumbrance**Introduction****Overview**

The Goldman Sachs Group, Inc. (Group Inc. or parent company), a Delaware corporation, together with its consolidated subsidiaries (collectively, the firm), 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. Goldman Sachs Group UK Limited (GSGUKL) is a wholly owned subsidiary of Group Inc.. When we use the terms “Goldman Sachs” and “the firm”, we mean Group Inc. and its consolidated subsidiaries and when we use the terms “GSGUK”, “we”, “us” and “our”, we mean GSGUKL and its consolidated subsidiaries.

GSGUK is supervised on a consolidated basis by the Prudential Regulation Authority (PRA). Certain subsidiaries of GSGUK are regulated by the Financial Conduct Authority (FCA) and the PRA.

Asset encumbrance refers to the pledging or use of an asset as a means to secure, collateralise or credit-enhance any on-balance-sheet or off-balance-sheet transaction from which it cannot be freely withdrawn. The majority of our encumbrance is driven by secured financing activities, which include transactions in repo, securities lending,

facilitation of short positions (customer and firm) and collateral swaps. The remaining encumbrance is driven by derivatives trading. A portion of GSGUK’s assets are encumbered in currencies other than US Dollars. Asset encumbrance is an integral part of GSGUK’s liquidity, funding and collateral management process.

The tables in this section identify components of our encumbered and unencumbered assets for the period ended November 30, 2018. All numbers in the tables are based on U.K. Generally Accepted Accounting Practices (U.K. GAAP) and median values are computed over the preceding 4 quarterly data points. This disclosure is being made in accordance with the format outlined in Commission Delegated Regulation (EU) 2017/2295 supplementing regulation (EU) No 575/2013 on the disclosure of encumbered and unencumbered assets.

Table 1: Encumbered and Unencumbered Assets

<i>\$ in millions</i>	Carrying Amount of Encumbered Assets	Fair Value of Encumbered Assets	Carrying Amount of Unencumbered assets	Fair Value of Unencumbered Assets
Assets of the Reporting Institution ¹	\$ 105,979	N/a²	\$852,147	N/a²

Table 2: Components of Encumbered and Unencumbered Assets

<i>\$ in millions</i>	Carrying Amount of Encumbered Assets	Fair Value of Encumbered Assets	Carrying Amount of Unencumbered assets	Fair Value of Unencumbered Assets
Equity Instruments³	\$ 28,373	\$ N/a²	\$ 10,405	\$ N/a²
Debt Securities³	25,825	25,825	11,301	11,301
of which: covered bonds	2,119	2,119	26	26
of which: asset-backed securities	-	-	-	-
of which: issued by general governments	16,027	16,027	6,831	6,831
of which: issued by financial corporations	3,811	3,811	2,050	2,050
of which: issued by non-financial corporations	2,840	2,840	2,373	2,373
Other Assets	53,696⁴	N/a²	830,577⁵	N/a²

- The figures in Table 2 are a subset of Assets of the Reporting Institution in Table 1
- Cells are marked N/a to indicate those components which are not reportable under EBA Guidelines
- Fair value is the same as carrying value for Debt Securities
- Encumbered Other Assets includes cash encumbered for derivatives margin and on-balance-sheet cash that has been segregated under the FCA’s Client Assets Sourcebook (CASS)
- The majority of unencumbered Other Assets relate to derivative instruments

Pillar 3 Disclosures: Asset Encumbrance

The firm receives securities collateral in respect of securities purchased under agreement to resell, secured borrowings, margin loans and derivatives. The tables below break down securities collateral received into the portion which has been treated as encumbered and the portion which is available for encumbrance.

Table 3: Collateral Received

<i>\$ in millions</i>	Fair Value of Encumbered Collateral Received or Own Debt Securities Issued	Fair Value of Collateral Received or Own Debt Securities Issued Available for Encumbrance
Collateral Received by the Reporting Institution^{1,2}	\$ 430,419	\$ 67,438

Table 4: Components of Collateral Received

<i>\$ in millions</i>	Fair Value of Encumbered Collateral Received or Own Debt Securities Issued	Fair Value of Collateral Received or Own Debt Securities Issued Available for Encumbrance
Loans on Demand	-	-
Equity Instruments	\$ 157,318	\$ 9,054
Debt Securities	273,699	55,245
of which: covered bonds	124	77
of which: asset-backed securities	-	-
of which: issued by general governments	254,113	48,239
of which: issued by financial corporations	8,988	3,055
of which: issued by non-financial corporations	10,029	3,762
Loans and advances other than loans on demand	174	-
Other Collateral Received	469	415
Own Debt Securities Issued other than Own Covered Bonds or ABSs	-	-
Own Covered Bonds and Asset-Backed Securities issued and not yet pledged	N/a³	-
Total Assets, Collateral received and Own Debt Securities Issued	533,831	N/a³

- The figures shown in Table 4 are a subset of Collateral Received by the Reporting Institution in Table 3
- Collateral Received by the Reporting Institution does not include cash collateral which is included as an on-balance-sheet asset in Tables 1 and 2
- Cells are marked N/a to indicate those components which are not reportable under EBA Guidelines

The table below shows the extent to which liabilities have been matched to encumbered assets.

Table 5: Sources of Encumbrance

<i>\$ in millions</i>	Matching Liabilities, Contingent Liabilities or Securities Lent	Assets, Collateral Received and Own Debt Securities Issued other than Covered Bonds and ABSs Encumbered
Carrying amount of selected financial liabilities¹	\$ 654,112	\$ 275,723
Other Sources of Encumbrance	252,563	258,388

- There may be a mismatch between liabilities and encumbered assets and collateral received driven by the GAAP presentation of derivatives

Commentary

We view GSGUK's level of asset encumbrance as being higher than the level of asset encumbrance implied in the preceding tables due to differences in GAAP presentation of derivatives and encumbrance methodology. In this disclosure, derivative instruments are reported in accordance with U.K. GAAP. In addition, total assets include collateralised lending where the receivable is reported as a balance sheet asset in Tables 1 and 2 and the underlying collateral received is reported in Tables 3 and 4 resulting in double counting of these assets.

GSGUK primarily adopts standard collateral agreements and collateralises based on industry standard contractual agreements (mostly Credit Support Annexes (CSA) and Global Master Repurchase Agreements (GMRAs)). The rights and obligations on collateral posted to counterparties for derivatives are dependent on the counterparty and the nature and jurisdiction of the CSA. Derivative liabilities are collateralised primarily using G10 currencies and government bonds.

Cautionary Note on Forward-Looking Statements

We have included or incorporated by reference in these disclosures, and from time to time our management may make, statements that may constitute "forward-looking statements." Forward-looking statements are not historical facts, but instead represent only our beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside our control. These statements include statements other than historical information or statements of current condition.

It is possible that our actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Important factors that could cause our actual results and financial condition to differ from those indicated in the forward-looking statements include, among others, those discussed under "Risk Factors" in Part I, Item 1A in the firm's 2018 Form 10-K.