Company number: 440142

GOLDMAN SACHS BANK (EUROPE) PLC

REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS

31 December 2008

CONTENTS	*PAGE(S)*

DIRECTORS AND OTHER INFORMATION

Directors
Peter Sutherland (Chairman)
William Badia (Resigned 15 January 2009)
David Buckley
Stephen Davies
Robert Keogh (Appointed 18 January 2008)
Dermot McDonogh
Patrick Mulvihill*
Amol Naik
James O’Dwyer*
Cornelius O'Sullivan* (Appointed 17 October 2008)
Richard O’Toole*
Brian Strahan* (Appointed 17 October 2008)
David Went*

* *Independent Directors*

Independent Auditors
PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Secretary
William Elliott

Solicitors
Matheson Ormsby Prentice
70 Sir John Rogerson’s Quay
Dublin 1
Ireland

Registered Office
Hardwicke House
Upper Hatch Street
Dublin 2
Ireland

Registered No
440142

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the period from 1 December 2007 to 31 December 2008.

1. Principal activities

Goldman Sachs Bank (Europe) plc ('the Bank') is involved in international banking activities through the provision of commercial banking products to the Goldman Sachs Group, Inc.'s broad customer base, providing advice to and trading with that customer base and transacting in the wholesale financial markets. The Bank is involved in deposit taking activities, loan origination, secondary dealing in bank loans, derivative trading, investment banking advisory services, hedge fund administration services, private wealth management advisory services and related activities. The Bank is regulated by the Financial Regulator.

During the period the accounting reference date was changed to 31 December. The accounts have been prepared for the 57 week period ending 31 December 2008.

2. Review of business and future developments

The profit and loss account for the period is set out on page 9. Profit after tax was US$31,561 thousand for the period (period ended 30 November 2007: US$118 thousand loss). The Bank has total assets of US$8,081 million (30 November 2007: US$60 million). The growth in profit after tax and total assets reflects growth in the Bank's activities in the period.

During the period, the Bank issued an additional 145,154,412 ordinary shares of US$1 each, received US$65,000,000 as a capital contribution and US$135,000,000 in the form of subordinated debt. The purpose of these funding measures was to enable the Bank to undertake increased banking activities.

On 1 December 2007, the hedge fund administration business, previously carried out by Goldman Sachs Administration Services Company Limited ('GSAS'), was transferred into the Bank. The net asset value of the company at the time of transfer was $25.1 million.

The Bank is part of The Goldman Sachs Group, Inc.. On 21 September 2008, The Goldman Sachs Group, Inc. became a bank holding company regulated by the Board of Governors of the Federal Reserves System under the U.S. Bank Holding Company Act of 1956.

Business environment

As a bank, our businesses are materially affected by conditions in the financial markets and general economic conditions. A favourable business environment is typically characterised by, amongst other factors, transparent, liquid and efficient capital markets, low inflation, high business and investor confidence and strong business earnings. During the first half of 2008, global economic growth slowed as a number of countries entered a recession. Despite the weakness in certain major economies, growth in most emerging markets remained solid, which contributed to increased inflation. However, during the second half of 2008, the downturn in global economic growth became broad-based, which coincided with significant weakness and sharply reduced liquidity across global financial markets.

Strategy

The Goldman Sachs Group, Inc. is a bank holding company and a leading global investment banking, securities and investment management firm that provides a wide-range of services worldwide to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals.

As part of the Goldman Sachs Group, Inc., the Bank seeks to be a leading participant in the global financial markets in which it participates.

REPORT OF THE DIRECTORS (CONTINUED)

2. Review of business and future developments (continued)

Principal risks and uncertainties

The Bank faces a variety of risks that are substantial and inherent in its businesses including economic and market conditions, liquidity, credit risk and competition. The key business risks affecting the Bank are set out below.

Economic and market conditions

Our businesses are materially affected by conditions in the global financial markets and economic conditions generally, and these conditions may change suddenly and dramatically. Unfavourable or uncertain economic and market conditions have adversely affected, and may in the future adversely affect, our business and profitability.

Liquidity

Liquidity is essential to our businesses. Our liquidity could be impaired by an inability to access secured or unsecured debt markets, an inability to sell assets or unforeseen outflows of cash or collateral. This situation may arise due to circumstances that we may be unable to control, such as a general market disruption or an operational problem that affects third parties or us or even by the perception amongst market participants that we are experiencing greater liquidity risk. Furthermore, our ability to sell assets may be impaired if other market participants are seeking to sell similar assets at the same time as is likely to occur in a liquidity or other market crisis. In addition, financial institutions with which we interact may exercise set-off rights or the right to require additional collateral, including in difficult market conditions, which could further impair our access to liquidity.

Credit quality

The amount and duration of our credit exposures has been increased over the period, as has the breadth and size of the entities to which we have credit exposures. We are exposed to the risk that third parties that owe us money, securities or other assets will not perform their obligations. These parties may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons. We are also subject to the risk that our rights against third parties may not be enforceable in all circumstances. In addition, deterioration in the credit quality of third parties whose securities or obligations we hold could result in losses or adversely affect our ability to use those securities or obligations for liquidity purposes. Although we regularly review credit exposures to specific clients and counterparties and to specific industries, countries and regions that we believe may present credit concerns, default risk may arise from events or circumstances that are difficult to detect or foresee. In addition, concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, which in turn could adversely affect the Bank.

Risk management

We seek to monitor and control our risk exposure through a risk and control framework encompassing a variety of separate, but complementary, financial, credit, operational, compliance and legal reporting systems, internal controls, management review process and other mechanisms. Whilst we employ a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgements that accompany their application cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. Thus, we may, in the course of our activities, incur losses. In addition, refer to note 28 of the financial statements.

Future outlook

The directors consider that the period end financial position of the company was satisfactory. No significant change in the Bank's principal activity is expected.

REPORT OF THE DIRECTORS (CONTINUED)

3. Dividends

The directors do not recommend the payment of an ordinary dividend in respect of the period ended 31 December 2008 (period ended 30 November 2007: US$nil).

4. Directors

The Directors of the Bank during the period and as at the date of this report, together with dates of appointment and resignation where applicable, are:

Name	Nationality	Appointed	Resigned
P. Sutherland (Chairman)	Irish		
W. Badia	American		15 January 2009
D. Buckley	British		
S. Davies	British		
R. Keogh	Irish	18 January 2008	
D. McDonogh	Irish		
P. Mulvihill	Irish		
A. Naik	American		
J. O’Dwyer	Irish		
C. O’Sullivan	Irish	17 October 2008	
R. O’Toole	Irish		
B. Strathan	Irish	17 October 2008	
D. Went	Irish		

5. Directors’ responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with standards generally accepted in Ireland and Irish Statute comprising the Companies Acts, 1963 to 2006 and the European Communities (Credit Institutions: Accounts) Regulations, 1992.

Irish company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state that the financial statements comply with standards generally accepted in Ireland;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Bank and enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Act, 1963 to 2006 and the European Communities (Credit Institutions: Accounts) Regulations, 1992. They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company’s website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The measures taken by the Directors to secure compliance with the Bank's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at Goldman Sachs Bank (Europe) plc, Hardwicke House, Upper Hatch Street, Dublin 2, Ireland.

REPORT OF THE DIRECTORS (CONTINUED)

6. Directors' and Secretary's interests

Directors' emoluments are detailed in note 9. Apart from those share interests described in note 26, at no time during the period was the Bank or any affiliated companies a party to any arrangements to enable the directors or the secretary of the Bank to acquire benefits by means of acquisition of shares in the Bank or any other affiliates. No contracts of significance in relation to the Bank's business to which the Bank or any of its affiliate companies was a party and in which a director or the secretary of the Bank had a material interest, whether directly or indirectly, existed at the end of the period or at any time during the period.

7. Independent Auditors

The auditors, PricewaterhouseCoopers, will continue in office in accordance with Section 160(2) of the Companies Act, 1963.

8. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 26 March 2009.

BY ORDER OF THE BOARD

Robert Keogh **Director**	**Dermot McDonogh** **Director**	**Amol Naik** **Director**	**William Elliott** **Secretary**

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
Ireland
I.D.E. Box No. 137
Telephone +353 (0) 1 792 6000
Facsimile +353 (0) 1 792 6200
www.pwc.com/ie

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GOLDMAN SACHS BANK (EUROPE) PLC

We have audited the financial statements on pages 9 to 28. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies on pages 11 to 13.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable Irish law and the accounting standards issued by the Accounting Standards Board and published by The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2006 and the European Communities (Credit Institutions: Accounts) Regulations 1992. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the company has kept proper books of account;
- whether the directors' report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the company to convene an extraordinary general meeting; such a financial situation may exist if the net assets of the company, as stated in the balance sheet, are not more than half of its called-up share capital.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2006.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report on pages 3 to 6 is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet on page 10 are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2008 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin
31 March 2009

PROFIT AND LOSS ACCOUNT
For the period ended 31 December 2008

	Note	57 week period ended 31 December 2008 US$'000	29 week period ended 30 November 2007 US$'000
Interest receivable and similar income	4	280,123	60
Interest payable and similar charges	5	(249,144)	-
Net interest income		30,979	60
Fees and commission income	6	31,135	-
Net loss on financial instruments at fair value	7	(2,920)	-
TOTAL OPERATING INCOME	3	59,194	60
Operating expenses		(22,880)	(178)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	8	36,314	(118)
Tax on profit/(loss) on ordinary activities	12	(4,753)	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL PERIOD	24	31,561	(118)

The results of the Bank are derived from continuing operations in both the current and prior period.

The Bank has no recognised gains and losses during the current or prior period other than those disclosed above, and therefore, no separate statement of total recognised gains and losses has been presented.

Approved by the Board of Directors on 26 March 2009.

Robert Keogh	**Dermot McDonogh**	**Amol Naik**	**William Elliott**
Director	**Director**	**Director**	**Secretary**

The notes on pages 11 to 28 form an integral part of these financial statements.

BALANCE SHEET
As at 31 December 2008

	Note	31 December 2008 US$'000	30 November 2007 US$'000
FIXED ASSETS			
Tangible fixed assets	13	6,013	-
CURRENT ASSETS			
Cash and balances at central bank	14	157,648	56
Loans and advances to banks		142,374	60,055
Securities purchased under agreements to resell	16	7,523,640	-
Other financial assets at fair value	18	238,357	-
Other assets	15	12,873	7
		8,074,892	60,118
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Customer accounts	19	(6,512,903)	-
Securities sold under agreements to repurchase	22	(699,239)	-
Other financial liabilities at fair value	18	(279,349)	-
Other liabilities	20	(151,556)	(180)
		(7,643,047)	(180)
NET CURRENT ASSETS		431,845	59,938
TOTAL ASSETS LESS CURRENT LIABILITIES		437,858	59,938
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	21	(136,205)	-
		(136,205)	-
NET ASSETS		301,653	59,938
CAPITAL AND RESERVES			
Called up share capital	23,24	205,210	60,056
Capital reserve	24	65,000	-
Retained profit/(loss)	24	31,443	(118)
TOTAL SHAREHOLDERS’ FUNDS	24	301,653	59,938

Approved by the Board of Directors on 26 March 2009.

Robert Keogh	**Dermot McDonogh**	**Amol Naik**	**William Elliott**
Director	**Director**	**Director**	**Secretary**

The notes on pages 11 to 28 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

1. ACCOUNTING POLICIES

The significant accounting polices adopted by the Bank are as follows:

(a) **Basis of preparation:** The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish Statute comprising the Companies Acts, 1963 to 2006 and the European Communities (Credit Institutions: Accounts) Regulations, 1992. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

(b) **Historical cost convention:** The financial statements are prepared under the historical cost convention (modified as explained in note 1(e)).

(c) **Tangible fixed assets:** Tangible fixed assets are stated at cost less accumulated depreciation and provision for any impairment. Depreciation is provided on a straight-line basis over the estimated useful lives at the following annual rates:

	%
Fixtures, fittings and equipment	14.29

Leasehold improvements are depreciated over the shorter of the useful economic life of the asset or the remaining life of the lease when the asset is brought into use.

(d) **Presentation currency:** The financial statements are presented in US Dollars, denoted by the symbol US$, which is the Bank's presentation and functional currency.

(e) **Financial instruments at fair value:** Financial assets and liabilities at fair value comprise derivative assets and liabilities classified as held for trading and non-derivative assets and liabilities designated at fair value.

(i) **Repurchase and resale agreements:** Securities purchased under agreements to resell and securities sold under agreements to repurchase are recognised on a trade date basis, treated as collateralised financing transactions and are carried at fair value. Where the collateral is in the form of cash the transaction is recorded on trade date within securities sold under agreements to repurchase or within securities purchased under agreements to resell. If the collateral is in the form of securities the transaction is recorded within securities sold under agreements to repurchase or within securities purchased under agreements to resell when the collateral is subsequently sold.

(ii) **Other financial assets and liabilities at fair value:** The Bank has designated certain financial guarantees, loans and loan commitments at fair value through profit and loss in order to mitigate the accounting mismatch that would otherwise arise between the cost based measurement of such instruments and their derivative hedges.

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between knowledgeable, willing parties, other than in a forced or liquidation sale. In determining fair value, the Bank separates financial instruments into two categories: cash (i.e. non-derivative) trading instruments and derivative contracts.

1. *ACCOUNTING POLICIES (CONTINUED)*

(e) **Financial instruments at fair value (continued):** The Bank's derivative contracts consist of over-the-counter ('OTC') derivatives that are valued using valuation models. The Bank uses a variety of valuation models including the present value of known or estimated cash flows and option pricing models. The valuation models used to derive the fair values of the Bank's OTC derivatives require inputs including contractual terms, market prices, yield curves, credit curves, prepayment rates and credit correlations. The selection of a model to value an OTC derivative depends upon the contractual terms of, and specific risks inherent in, the instrument as well as the availability of pricing information in the market. The Bank generally uses similar models to value similar instruments. Where possible, the Bank verifies the values produced by its pricing models to market transactions.

For OTC derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs can generally be verified and model selection does not involve significant management judgement. For OTC derivatives that trade in less liquid markets with limited pricing information, the determination of fair value is inherently more difficult. Further, complex structures often involve multiple product types, requiring additional complex inputs such as correlations and volatilities. At the inception of an OTC derivative contract, the Bank values the contract at the model value if the Bank can verify all of the significant model inputs to observable market data and verify the model to market transactions.

Where the firm does not have corroborating market evidence to support significant model inputs and cannot verify the model to market transactions, management believes that transaction price is the best estimate of fair value at inception. Accordingly, when a pricing model is used to value such an instrument, the model is adjusted so that the model value at inception equals the transaction price.

'Day 1 P&L' is the term used to describe the difference between the initial transaction price and the fair value calculated by internal models. Day 1 P&L is released to profit and loss at the earlier of the fair value becoming observable using market parameters, or through reference to similar quoted products, and derecognition of the financial instruments.

When appropriate, valuations are adjusted to reflect various factors such as liquidity, bid / offer spreads and credit considerations. These adjustments are generally based on market evidence or predetermined policies. In certain circumstances, such as for highly illiquid positions, management's estimates are used to determine these adjustments.

The Bank believes that of its significant accounting policies and estimates, the above may involve a higher degree of judgement and complexity.

(f) **Operating leases:** Costs in respect of operating leases are charged on a straight-line basis over the lease term.

(g) **Offsetting financial instruments:** Financial assets and liabilities are offset and the net amount presented in the balance sheet where the bank:
(i) currently has a legally enforceable right to set off the recognised amounts; and
(ii) intends to settle on a net basis or to realise the asset and settle the liability simultaneously.
Where the conditions are not met, financial assets and liabilities are presented on a gross basis in the balance sheet.

(h) **Foreign currencies:** Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rates of exchange ruling at the Balance Sheet date. Transactions in currencies other than US dollars are converted at the rates of exchange prevailing at the dates the transactions occurred. Gains and losses arising from foreign currency transactions and on settlement of amounts receivable and payable in foreign currency are recognised in the Profit and Loss Account.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

1. ACCOUNTING POLICIES (CONTINUED)

(i) **Fee and commission income and operating expenditure:** Fee and commission income and operating expenditure are included in the Profit and Loss Account on an accruals basis.

(j) **Net result on financial instruments at fair value:** The operating results for the period include all profits/(losses) arising from the fair value instruments of the Bank, including profits and losses arising both on the purchase and sale of funded and unfunded commitments. Purchases and sales of commitments are accounted for on a trade date basis.

(k) **Taxation:** The charge for taxation is based on the profit for the period and takes into account current and deferred taxation.

(l) **Deferred taxation:** Deferred tax is provided on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are temporary differences between profits as computed for tax purposes and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes. Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted.

(m) **Dividends:** Final equity dividends (including dividends payable on preference shares deemed equity) are recognised in the period that they are approved by the shareholders. Interim equity dividends are recognised in the period that they are paid. Equity dividends are distributed directly from equity.

(n) **Pension cost:** The bank participates in a defined contribution plan. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

(o) **Share-based payments:** The Goldman Sachs Group, Inc. issues awards in the form of restricted stock units ('RSUs') to the Bank's employees for services rendered to the Bank. The cost of equity based transactions with employees is measured based on the fair value of the equity instruments at the grant date. Non-market based vesting conditions are not taken into account in measuring the fair value of awards, but are reflected by adjusting over time the number of equity awards that are expected to vest. Share-based awards that do not contain vesting conditions are expensed immediately. Share-based employee awards that require future service are amortised over the relevant service period.

The Goldman Sachs Group, Inc. settles equity awards through the delivery of ordinary shares in The Goldman Sachs Group, Inc.. The Goldman Sachs Group, Inc. pays cash dividend equivalents on outstanding restricted stock units. The Bank has also entered into a chargeback agreement with The Goldman Sachs Group, Inc. under which it is committed to pay the market value at grant date of those awards to the group at the time of delivery to its employees.

2. CASH FLOW STATEMENT

The Bank is a wholly owned subsidiary of The Goldman Sachs Group, Inc., and is therefore exempt from preparing a cash flow statement as required by FRS1 'Cash Flow Statements' as the ultimate parent undertaking's consolidated accounts are publicly available.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

3. *SEGMENTAL REPORTING*

The Bank's operating income is categorised into two principal segments: Asset Management and Securities Services and Trading and Principal Investments.

	57 week period ended 31 December 2008 US$'000	**29 week period ended 30 November 2007 US$'000**
Asset Management and Securities Services	31,135	-
Trading and Principal Investments	28,059	60
	59,194	**60**

- Asset management and Securities Services represents investment advisory services provided to high-net worth individuals and hedge fund administration services provided to collective investment schemes.

- Trading and principal investments represents proprietary trading and investments activity.

The Bank's net assets, attributable to these segments, are shown below:

	31 December 2008 US$'000	**30 November 2007 US$'000**
Asset Management and Securities Services	5,724	-
Trading and Principal Investments	265,596	-
Unallocated assets	30,333	59,938
	301,653	**59,938**

Geographic Analysis
Due to the highly integrated nature of international financial markets, the directors consider that the Bank operates in a single global market. As a result, no disclosure of segmental information relating to the geographical origin of results has been provided.

4. *INTEREST RECEIVABLE AND SIMILAR INCOME*

	57 week period ended 31 December 2008 US$'000	**29 week period ended 30 November 2007 US$'000**
Interest on loans to banks and customers	11,702	60
Interest on securities purchased under agreements to resell	268,421	-
	280,123	**60**

Of the above US$11,702 thousand relates to interest income on assets that are not at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

5. *INTEREST PAYABLE AND SIMILAR CHARGES*

	57 week period ended 31 December 2008 US$'000	29 week period ended 30 November 2007 US$'000
Interest on loans from banks and customers	140,933	-
Interest on loans from group undertakings	99,720	-
Interest on securities sold under agreements to repurchase	8,068	-
Interest on subordinated debt to parent undertaking	423	-
	249,144	**-**

Interest expense in the above table is due entirely on balances due within five years. Of the above US$241,076 thousand relates to interest expense on liabilities that are not at fair value through profit or loss.

6. *FEES AND COMMISSION INCOME*

Income represents fees earned for the provision of offshore administration services to collective investment schemes and advisory services provided to high-net worth individuals.

7. *NET LOSS ON FINANCIAL INSTRUMENTS AT FAIR VALUE*

Gains and losses on financial instruments at fair value represent net gains on derivatives held for trading of US$30,681 thousand and net losses on financial instruments designated at fair value of US$33,601 thousand.

8. *PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION*

	57 week period ended 31 December 2008 US$'000	29 week period ended 30 November 2007 US$'000
Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' remuneration - audit services	97	15
Depreciation on tangible fixed assets (see note 13)	822	-
Foreign exchange gain on revaluation	(828)	-
Management fees charged by group undertakings	5,326	-
Staff related costs (see note 10)	12,235	-
Operating Lease rentals:- land and buildings	1,299	-

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

9. DIRECTORS' EMOLUMENTS

	57 week period ended 31 December 2008 US$'000	**29 week period ended 30 November 2007 US$'000**
Aggregate emoluments		
- for services as director	445	163
- for other services	799	-
Company pension contributions to money purchase schemes	28	-
	1,272	**163**

10. STAFF COSTS

The average number of persons employed was:

	57 week period ended 31 December 2008 Number	**29 week period ended 30 November 2007 Number**
Trading and sales	3	-
Support, finance, operations and technology	52	-
	55	**-**

	57 week period ended 31 December 2008 US$'000	**29 week period ended 30 November 2007 US$'000**
Aggregate gross wages and salaries	10,745	-
Employer's pay related social insurance contributions	841	-
Employer's contributions to the defined contribution plan	649	-
Total direct costs of employment	**12,235**	**-**

Pension schemes
The bank operates a defined contribution plan under Irish regulations. The Bank contributes 10% of the higher of base salary or gross salary capped at Euro 126,974. The total contribution cost for the financial period is US$649,408 (2007: US$nil) and there is US$62,848 in respect of this cost that remains payable as at the balance sheet date.

11. SHARE-BASED PAYMENTS

Stock incentive plan
The Bank's ultimate parent company, The Goldman Sachs Group, Inc., sponsors a stock incentive plan, The Goldman Sachs Amended and Restated Stock Incentive Plan ('the Amended SIP'), which provides for grants of incentive stock options, non-qualified stock options, stock appreciation rights, dividend equivalent rights, restricted stock, restricted stock units, awards with performance conditions and other share-based awards.

11. *SHARE-BASED PAYMENTS (CONTINUED)*

Restricted stock units

The Goldman Sachs Group, Inc. issued restricted stock units to the Bank's employees under the Amended SIP, primarily in connection with year-end compensation and acquisitions. Restricted stock units are valued based on the closing price of the underlying shares at the date of grant. Period end restricted stock units generally vest as outlined in the applicable restricted stock unit agreements and deliver shortly after the third anniversary of the grant date. All employee-restricted stock unit agreements provide that vesting is accelerated in certain circumstances, such as upon retirement, death and extended absence. Of the total restricted stock units outstanding as at 31 December 2008 and 30 November 2007, (i) 14,751 units and 164 units, respectively, required future service as a condition to the delivery of the underlying shares of common stock and (ii) 7,360 and nil units, respectively, did not require future service. In all cases, delivery of the underlying shares of common stock is conditioned on the grantees satisfying certain vesting and other requirements outlined in the award agreements.

The activity related to these restricted stock units is set forth below:

	31 December 2008		**30 November 2007**	
	No. of RSUs		**No. of RSUs**	
	No future service requirement	**Future service requirement**	**No future service requirement**	**Future service requirement**
Outstanding at the beginning of the period	-	164	-	-
Granted during the period	-	8,763	-	164
Forfeited during the period	-	(10)	-	-
Delivered during the period	(174)	-	-	-
Transferred in / (out) during the period	707	12,661	-	-
Vested during the period	6,827	(6,827)	-	-
Outstanding at the end of the period	**7,360**	**14,751**	**-**	**164**

The weighted average fair value of the equity instruments granted during the period ended 31 December 2008 was US$80.44 (period ended 30 November 2007: US$226.64).

The Bank recorded expenses of US$2.2m for the period ended 31 December 2008 (period ended 30 November 2007: US$nil) related to the amortisation of equity awards. The corresponding credit to equity has been included in other liabilities as a result of the terms of the intercompany agreements with The Goldman Sachs Group, Inc..

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

12. *TAX CHARGE ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES*

(a) Analysis of charge for the period:

The charge for the taxation comprises:	**Period Ended 31 December 2008 US$'000**	**Period Ended 30 November 2007 US$'000**
Current Tax:		-
Corporation tax at 12.5%:	4,854	
Total current tax (see note 12(b))	**4,854**	**-**
Deferred tax:		
Other timing differences	(101)	-
Total deferred tax (see note 17)	**(101)**	**-**
Tax charge on profit on ordinary activities	**4,753**	**-**

(b) Factors affecting the tax charge for the current period:

The breakdown is explained below:

	Period Ended 31 December 2008 US$'000	**Period Ended 30 November 2007 US$'000**
Profit/(loss) on ordinary activities before tax	36,314	(118)
Profit/(loss) on ordinary activities multiplied by standard rate in Ireland (12.5%)	4,539	(15)
Expenses disallowed for the purposes of tax	158	-
Timing differences in respect of equity-based compensation	101	-
Accelerated capital allowances and other timing differences	71	-
Tax losses brought/carried forward	(15)	15
Current tax charge for the period	**4,854**	**-**

The timing differences in respect of equity-based compensation comprises the net tax effect of the amounts charged to the profit and loss account during the period and those amounts paid to the employees during the period.

(c) Factors that may affect future tax charges:
The standard rate of Irish corporation tax is 12.5% of profit before tax. The tax will be adjusted for disallowable expenses, capital allowances in excess of depreciation and deferred tax.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

13. TANGIBLE FIXED ASSETS

The movements in tangible fixed assets during the period were as follows:

	Leasehold improvements US$'000	Fixtures fittings & equipment US$'000	Total US$'000
COST			
At 30 November 2007	-	-	-
Additions	4,575	565	5,140
Asset transfer	1,842	692	2,534
Disposals	-	-	-
At 31 December 2008	6,417	1,257	7,674
ACCUMULATED DEPRECIATION			
At 30 November 2007	-	-	-
Charge for the period (see note 8)	627	195	822
Asset transfer	451	388	839
At 31 December 2008	1,078	583	1,661
NET BOOK VALUE			
At 30 November 2007	**-**	**-**	**-**
At 31 December 2008	**5,339**	**674**	**6,013**

14. CASH AND BALANCES AT CENTRAL BANK

Included within cash and balances at central bank is US$144,709 thousand representing the minimum reserve requirement for client deposits with the Central Bank (30 November 2007: US$nil) and US$12,939 thousand protection deposits placed under the European Communities Regulations (30 November 2007: US$56 thousand).

15. OTHER ASSETS

	31 December 2008 US$'000	30 November 2007 US$'000
Amounts due from group undertakings	7,505	-
Amounts due from customers	4,532	-
Deferred tax (see note 17)	95	-
Other assets	741	7
	12,873	**7**

All assets included in the above table are considered due within one year.

16. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

All resale agreements relate to group undertakings and are designated at fair value.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

17. DEFERRED TAX

	31 December 2008 US$'000	30 November 2007 US$'000
Deferred tax balance comprises		
Other timing differences	95	-
	95	**-**

The movements in the deferred tax balance were as follows:		
30 November 2007	-	
Transfer to the profit and loss account for the period	101	
Translation adjustments	(6)	
31 December 2008	**95**	

Other timing differences represent deferred tax in respect of equity based compensation.

The directors consider that future profits will be available against which the deferred tax asset can be recovered.

18. OTHER FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

Other financial assets at fair value through profit and loss comprise derivatives held for trading of US$34,472 thousand and assets designated at fair value of US$203,885 thousand. Other financial liabilities at fair value through profit and loss comprise derivatives held for trading of US$107,797 thousand and loan commitments designated at fair value of US$171,552 thousand.

19. CUSTOMER ACCOUNTS

	31 December 2008 US$'000	30 November 2007 US$'000
Customer accounts comprise the following repayable on demand and term deposits:		
Amounts due to group undertakings	1,902,670	-
Demand deposits	4,550,921	-
Term deposits	59,312	-
	6,512,903	**-**

20. OTHER LIABILITIES

	31 December 2008 US$'000	30 November 2007 US$'000
Accrual for service charges payable to parent / group undertakings	81	-
Amounts due to group undertakings	140,200	-
Corporation tax payable	3,237	-
Other accruals and deferred income	5,000	180
Other liabilities	3,038	-
	151,556	**180**

Amounts due to group undertakings include US$60,033 thousand (30 November 2007: US$nil) deposited with the company to collateralise fully the undrawn commitments which have been sub-participated.

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

	31 December 2008 US$'000	30 November 2007 US$'000
Accrual for service charges payable to parent / group undertakings (see note (a))	782	-
Subordinated debt	135,423	-
	136,205	**-**

(a) The accrual for management charges (see note 20) is in respect of RSUs and Long-Term Incentive Plans.

(b) Subordinated debt comprises loan capital from the ultimate parent undertaking of US$135,000,000 (30 November 2007: US$nil). This advance was drawn down on 19 November 2008 and is repayable five years and one day from the draw down date. Interest is payable on the loan at a margin over LIBOR. The rights of the lender are subordinated to the claims of the senior creditors.

22. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

There are no repurchase agreements relating to group undertakings. All amounts are designated at fair value.

23. SHARE CAPITAL

	31 December 2008		30 November 2007	
Authorised	**No.**	**Issue Currency '000**	**No.**	**Issue Currency '000**
Ordinary shares of US$ 1 each	5,000,000,000	$5,000,000	5,000,000,000	$5,000,000
Ordinary shares of € 1 each	5,000,000,000	€5,000,000	5,000,000,000	€5,000,000

	31 December 2008		30 November 2007	
Allotted, called up and fully paid	**No.**	**US$ '000**	**No.**	**US$ '000**
Ordinary shares of US$ 1 each	205,154,412	205,154	60,000,000	60,000
Ordinary shares of € 1 each	38,100	56	38,100	56
		205,210		**60,056**

On 11 March 2008, 25,154,412 ordinary shares of US$1 each were issue to Goldman Sachs Ireland Holdings Ltd. The total consideration received was US$25,154,412. These shares were issued in return for the net assets of Goldman Sachs Administration Services Company Ltd, which were transferred into the Bank effective 1 December 2007. The net asset value of Goldman Sachs Administration Services Company Ltd was US$25,154,412 on that date.

On 19 November 2008, 120,000,000 ordinary shares of US$1 each were issued to Goldman Sachs Ireland Holdings Ltd. These shares were issued in order to increase the Bank's regulatory capital to support ongoing business activities

Under the terms of the Bank's Articles of Association the Bank shall be at liberty at any time to give notice in writing to any holder of any shares of its desire to redeem the same or any of them for a consideration equivalent in value to the par value of the shares or such greater value as may be agreed between the Bank and such holders.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Called up share capital US$'000	Capital reserve US$'000	Profit and loss account US$'000	Total US$'000
At Incorporation	-	-	-	-
Retained profit/(loss) for the period	-	-	(118)	(118)
Shares issued	60,056	-	-	60,056
At 1 December 2007	**60,056**	-	**(118)**	**59,938**
Retained profit/(loss) for the period	-	-	31,561	31,561
Capital contribution	-	65,000	-	65,000
Shares issued (note 23)	145,154	-	-	145,154
At 31 December 2008	**205,210**	**65,000**	**31,443**	**301,653**

Capital reserve represents a capital contribution received in the period. The purpose of this contribution was to enable the Bank to undertake increased banking activities.

25. FINANCIAL COMMITMENTS AND CONTINGENCIES

(a) The Bank's financial commitments and contingencies outstanding at the period end arise from financial guarantees and loan commitments entered into in the ordinary course of business. Amounts sub-participated to group undertakings are not included as these companies have deposited cash with the company to collateralise the undrawn commitments fully (note 20).

	Period Ended 31 December 2008 US$'000	Period Ended 30 November 2007 US$'000
Financial guarantees	2,583,937	-
Undrawn loan commitments	1,852,669	
	4,436,606	**-**

In the event that the Bank is required to make payments under the financial guarantees, all costs are fully hedged with a related party.

(b) The Bank leases certain buildings on long-term leases. Under these leases, which are subject to renegotiation at various intervals specified in the leases, the company pays all insurance, maintenance and repairs of these properties. The rentals that the Bank is committed to pay in the next financial period are as follows:

	Period Ended 31 December 2008 US$'000	Period Ended 30 November 2007 US$'000
Maturity of lease:		
Over five years	1,087	**-**

26. DIRECTORS' SHARE INTERESTS

The number of shares held beneficially by directors and secretary of Goldman Sachs Bank (Europe) plc, in office at 31 December 2008, in the share capital of the Bank and The Goldman Sachs Group, Inc. companies at the start and at the end of the period was as follows:

		At 31 December 2008	At 30 November 2007*
Peter Sutherland (Chairman)	Voting Common Stock	15,032	14,736
William Badia	Voting Common Stock	5,792	7,689
David Buckley	Voting Common Stock	900	217
Stephen Davies	Voting Common Stock	2,606	1,375
Robert Keogh	Voting Common Stock	-	326
Dermot McDonogh	Voting Common Stock	-	-
Patrick Mulvihill	Voting Common Stock	2,273	-
Amol Naik	Voting Common Stock	730	339
James O'Dwyer	Voting Common Stock	-	-
Cornelius O'Sullivan	Voting Common Stock	-	-
Richard O'Toole	Voting Common Stock	1,299	333
Brian Strahan	Voting Common Stock	-	-
David Went	Voting Common Stock	-	-
William Elliott (Secretary)	Voting Common Stock	413	-

Shares of Goldman Sachs Group, Inc. closed at US$84.39 on 31 December 2008 (30 November 2007: US$226.64).

*Or the date of appointment if later.

27. RELATED PARTIES

The Bank's ultimate parent is The Goldman Sachs Group, Inc., of 85 Broad Street, New York, NY 10004, United States of America, a company incorporated in the United States of America. Group financial statements are available at the registered office of the parent company.

The Bank's immediate parent is Goldman Sachs Ireland Holdings Limited, which is owned by Goldman Sachs Ireland Group Limited (formerly Goldman Sachs Private Bank Limited), for which the smallest group's consolidated financial statements are prepared. Both companies are incorporated in Ireland.

Goldman Sachs Private Bank Limited was deregulated on 28 November 2008 and changed its named to Goldman Sachs Ireland Group Limited. It is owned by Goldman Sachs Global Holdings LLC and Goldman Sachs Private Bank Holdings LLC, both companies are incorporated in the United States of America.

Transactions with other companies within the group are not disclosed as the Bank has taken advantage of the exemption available under FRS 8 "Related Party Disclosures" on the basis that the consolidated financial statements of The Goldman Sachs Group, Inc. are publicly available.

There were no loans made to directors or employees during, or subsequent to, the reporting period.

There were no other related party transactions requiring disclosure.

28. *FINANCIAL RISK MANAGEMENT*

Normal trading activities expose the Bank to market, credit and liquidity risk. These risks, described below, are managed in accordance with established risk management policies and procedures.

The Goldman Sachs Group, Inc. manages market, credit and liquidity risk on a consistent basis firmwide. Consequently, the Bank, as part of a global group, adheres to global risk management policies and procedures.

We seek to monitor and control our risk exposure through a variety of separate, but complementary, financial, credit, operational, compliance and legal reporting systems. In addition, a number of global, regional and entity committees are responsible for monitoring risk exposures and for general oversight of our risk management process. These committees meet regularly and consist of senior members of both our revenue-producing units and departments that are independent of our revenue-producing units. In addition to the committees, functions that are independent of the revenue-producing units, such as Compliance, Finance, Legal, Internal Audit and Operations, perform global risk management functions, which include monitoring, analysing and evaluating risk.

(a) Market risk

The potential for changes in the market value of our trading and investing positions is referred to as market risk. Categories of market risk include exposures to interest rates, equity prices, and currency rates. A description of each market risk category is set forth below:

- interest rate risks primarily result from exposures to changes in the level, slope and curvature of the yield curve, funding spreads and credit spreads;

- currency rate risks result from exposures to changes in spot prices and forward prices of currencies.

Currency Risk
Currency rate risks result from exposures to changes in spot prices and forward prices of currency rates. Foreign exchange exposure is managed so as to keep the Bank's exposure to foreign exchange risk within limits set by management. The tables below show the Bank's transactional currency exposures (in the prior period there were no material foreign currency assets or liabilities).

	31 December 2008 Net foreign currency monetary assets / (liabilities) in $'000			
	EUR	**GBP**	**Other**	**Total**
US Dollar	(8,328)	(972)	66	(9,234)
Total	**(8,328)**	**(972)**	**66**	**(9,234)**

We seek to manage these firmwide risks through diversifying exposures, controlling position sizes and establishing hedges in derivatives. The ability to manage an exposure may, however, be limited by adverse changes in the liquidity of the security or the related hedge instrument and in the correlation of price movements between the security and the related hedge instrument.

Firmwide market risk limits are monitored on a daily basis by the Market Risk Department in the Finance Division and are reviewed regularly by the appropriate risk committee.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

In addition to applying business judgement, senior management use quantitative tools to manage our exposure to market risk as described below.

Risk limits based on a summary measure of market risk exposure referred to as Value-at-Risk (‘VaR’) which are updated and monitored on a daily basis. VaR represents the potential loss in value of the company’s trading positions due to adverse market movements over a defined time horizon with respect to a specified confidence level;

The Bank's Value at Risk (VaR) as at the end of the period was $4.5 million (30 November 2007: US$nil) with an average VaR over the period of $1.1million (29 week period ended 30 November 2007: US$nil). VaR is a measurement outlining the maximum likely loss expected over a one day time horizon using a 95% confidence level, hence there is a 5% probability of losing more than this level. Historical data is used to estimate our VaR whereby a greater weight is given to more recent historical observations allowing us to better reflect the current asset volatilities, which is updated/refreshed daily. Given its reliance on historical data to define market moves, VaR is most effective in estimating risk exposures in markets in which there are no sudden fundamental changes or extreme shifts in market conditions. An inherent limitation of VaR is that the distribution of past changes in market risk factors may not produce accurate predictions of future changes in market risk factors. Different VaR methodologies and distributional assumptions could produce a materially different VaR. Moreover, VaR calculated for a one-day time horizon does not fully capture the market risk of positions that cannot be easily liquidated or offset with hedges within one day.

(b) Credit risk

Credit risk represents the loss that we would incur if a counterparty or an issuer of securities or other instruments we hold fails to perform under its contractual obligations to us or upon a deterioration in the credit quality of third parties whose securities or obligations we hold.

Our exposure to credit risk principally arises through our trading, investing and financing activities. To reduce our credit exposures, we seek to enter into netting agreements with counterparties that permit us to offset receivables and payables with such counterparties. In addition, we attempt to further reduce credit risk with certain counterparties by:

- entering into agreements that enable us to obtain collateral from a counterparty or to terminate or reset the terms of the transactions after specified time periods or upon the occurrence of credit related events;

- through the use of credit derivatives and other structures and techniques.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Counterparty credit risk is managed by the Credit Department, which is independent of the revenue-producing departments, based on guidelines set by the Credit Committee. To measure and manage our credit exposure we use a variety of tools including credit limits which reference both current and potential exposure. We typically measure potential exposure based on projected worst case market movements over the life of the transactions. For collateralised transactions, we also evaluate potential exposure over a shorter collection period and give effect to the value of the collateral received. We further seek to measure credit exposure through the use of scenario analyses, stress tests and other quantitative tools. Our global credit management systems monitor current and potential credit exposure to individual counterparties and on an aggregate basis to counterparties and their affiliates. These systems also provide management, including the Firmwide Risk and Credit Policy Committees with information, regarding overall credit risk by product, industry sector, country and region.

The table below summarises the Bank's period end assets in to credit risk bands by reference to external credit risk ratings for the relevant counterparties:

	As at 31 December 2008 Carrying Value per Balance Sheet US$'000	**As at 30 November 2007 Carrying Value per Balance Sheet US$'000**
AAA	853,401	-
AA+/AA-	115,575	60,111
A+/A-	6,992,342	-
BBB+/BBB-	80,218	-
B+/B-	26,236	-
Not Rated	13,133	7
	8,080,905	**60,118**

As of year end, there were no financial assets past due or impaired.

Collateralised Transactions

The Bank receives financial instruments as collateral, primarily in connection with resale agreements, securities borrowed, derivative transactions and customer margin loans. Such financial instruments may include obligations of the U.S. government, federal agencies, sovereigns and corporations as well as equities and convertibles.

In many cases, the Bank is permitted to deliver or repledge these financial instruments in connection with entering into repurchase financings, collateralizing derivative transactions and meeting firm or customer settlement requirements. As of December 2008, the fair value of financial instruments received as collateral by the Bank that they were permitted to deliver or repledge was US$7.65 billion, of which the Bank delivered or repledged US$624.66 million. There were no recognised financial assets that have been delivered or pledged as collateral.

28. *FINANCIAL RISK MANAGEMENT (CONTINUED)*

(c) Liquidity risk

Liquidity is of critical importance to Bank. Accordingly, the Bank has in place a comprehensive set of liquidity and funding policies that are intended to maintain significant flexibility to address company and firmwide-specific as well as broader industry or market liquidity events. Our principal objective is to be able to fund the Bank and to enable our core business to continue to generate revenue under adverse circumstances.

Management has implemented a number of policies according to the following liquidity risk management framework:

- excess liquidity – maintain substantial excess liquidity to meet a broad range of potential cash outflows in a stressed environment including financing obligations;
- asset liability management – ensure that we fund our assets with the appropriate term of financing;
- conservative liability structure – access funding across a diverse range of markets, products and counterparties and emphasize less credit sensitive sources of funding; and
- crisis planning – ensure all funding and liquidity management is based on stress-scenario planning and feeds into our liquidity crisis plan.

The following table details the Bank's undiscounted cash flows of its financial liabilities by contractual maturity including interest that will accrue except where the Bank is entitled to repay the liability before its maturity. Derivative contracts included within other liabilities at fair value are presented at their fair value and disclosed as 'on demand'. The Bank considers this more accurately represents the liquidity risk arising from derivatives and is consistent with how those risks are managed.

As at 31 December 2008 (US$'000)

	Trading / On Demand	**Subject to notice***	**Not more than three months**	**More than three months but not more than one year**	**More than one year but not more than five years**	**Total**
Liabilities:						
Customer accounts	4,550,921	-	1,962,412	-	-	6,513,333
Other liabilities	86,441	54	65,034	27	782	152,338
Other liabilities at fair value	2,594,655	1,852,669	-	-	-	4,447,324
Securities sold under agreements to repurchase	-	-	699,445	-	-	699,445
Subordinated debt	-	-	-	423	146,429	146,852
Total	7,232,017	1,852,723	2,726,891	450	147,211	11,959,292

* Subject to notice reflects unfunded loan commitments with a 2 or 3 day notice period.

28. *FINANCIAL RISK MANAGEMENT (CONTINUED)*

(d) Loans and receivables designated at fair value

The maximum exposure to loss under loans designated at fair value through profit and loss at the period end was US$7,630 million comprising securities purchased under agreement to resell of US$7,524 million and other loans of US$106 million. The Bank has entered into credit derivatives in order to mitigate exposure under the other loans with a notional amount of US$ 293 million. The fair value of collateral held in respect of repurchase agreements is included in note 28 (b).

The change in the fair value of these loans during the period and cumulatively not caused by market risk was a loss of US$3,863 thousand. The related credit derivatives change in fair value during the period and cumulatively was a gain of US$3,477 thousand.

There were no assets designated at fair value in the prior period.

(e) Financial liabilities designated at fair value

For financial liabilities designated at fair value there was no change in the fair value during the period and cumulatively that was not attributable to market risk.

There were no liabilities designated at fair value in the prior period.

(f) Fair Value of Financial Instruments

For financial assets and liabilities not measured at fair value, the carrying amounts in the balance sheet are a reasonable approximation of fair value given the short term nature of these instruments, with the exception of the below:

	Carrying value US$'000	Approximate fair value US$'000
Long-term subordinated debt (see note 21)	135,423	114,253

The fair value of the subordinated debt has been estimated using observable credit spread prices for The Goldman Sachs Group, Inc.

The long term subordinated debt is due to be repaid in full within five years.

29. *APPROVAL OF FINANCIAL STATEMENTS*

The financial statements were approved by the Board of Directors on 26 March 2009.