



## Goldman Sachs Bank USA

\$1,347,000

### Motif Capital National Defense 7 ER Index-Linked Certificates of Deposit due 2023

**The CDs do not bear interest.** The amount that you will be paid on your CDs on the stated maturity date (October 26, 2023) is based on the performance of the Motif Capital National Defense 7 ER Index as measured from the trade date (October 19, 2018) to and including the determination date (October 19, 2023). The return on your CDs will be positive if the final level on the determination date is *greater than* the initial level of the index of 134.90 and will reflect the upside participation rate of 205%. **If the final level is equal to or less than the initial level, you will receive the face amount of your CDs at maturity.**

The index tracks the U.S. exchange-listed common equity of public companies that derive at least 10% of their revenue from defense-related sales, principally of weapons systems (and related technologies, equipment and services), to U.S. and foreign governments. Each company must be in one of the following sub-industry classifications: aerospace & defense, construction & engineering, construction machinery & heavy trucks, IT consulting & other services, electronic equipment & instruments or communications equipment. A company must include in its annual filing with the SEC a specified keyword related to the key initiatives and mission area categories identified annually by the U.S. Department of Defense or a specific reference to the U.S. Department of Defense. A company must also meet certain minimum market capitalization, price, average daily trading volume and historical information thresholds. See "The Index" on page S-41 for more information.

The index measures the extent to which the stocks and any money market position (described below) outperform 3-month USD LIBOR plus 0.75% per annum (accruing daily). **If the index fails to outperform 3-month USD LIBOR plus 0.75% per annum (accruing daily) you will receive no return on your investment. LIBOR is being modified, see page S-22.**

The index rebalances annually and the weights of the stocks are based on the percentage of each stock's revenue derived from defense-related sales, subject to minimum and maximum index weight constraints of 0.1% and 10% or less of the index.

However, with respect to each index business day, if the realized volatility of the stocks for a 20 index business day look-back period exceeds 7%, the index will be rebalanced for that day by ratably reallocating all or a portion of the exposure to the stocks in the index to the money market position in an amount sufficient to reduce the realized volatility for such period to 7%. Realized volatility is the degree of variation in the daily closing prices of the aggregate of the stocks included in the index during the applicable 20 index business day look-back period. The money market position reflects the returns accruing on a hypothetical cash investment in a notional money market account denominated in U.S. dollars that accrues interest at the notional interest rate, which is equal to 3-month USD LIBOR. **The index may allocate its entire exposure to the money market position, the return on which will always be less than the sum of the return on 3-month USD LIBOR plus 0.75% per annum (accruing daily).**

**The greater the percentage of the index allocated to the money market position, the higher the return that will be required on the stocks in order to have a return on your investment. Historically, a very significant portion (up to approximately 92%) of the index consistently has been allocated to the money market position.**

To determine your payment at maturity, we will calculate the index return, which is the percentage increase or decrease in the final level from the initial level. For each \$1,000 face amount of your CDs you will receive an amount in cash equal to \$1,000 plus the supplemental amount, if any. The supplemental amount will equal:

- if the index return is *positive* (the final level is *greater than* the initial level), the *product* of \$1,000 *times* the upside participation rate *times* the index return; or
- if the index return is *zero* or *negative* (the final level is *equal to* or *less than* the initial level), \$0.

**You should read the disclosure herein to better understand the terms and risks of your investment, including our credit risk. See page S-12.**

***The estimated value of your CDs at the time the terms of your CDs are set on the trade date is equal to approximately \$951 per \$1,000 face amount. For a discussion of the estimated value and the price at which Goldman Sachs & Co. LLC would initially buy or sell your CDs, if it makes a market in the CDs, see the following page.***

**Original issue date:** October 26, 2018

**Original issue price and net proceeds to the issuer:** 100% of the face amount<sup>1</sup>

<sup>1</sup> We will be paying a structuring fee of 0.8% and a marketing fee of 0.41%, in each case, of the face amount, in connection with the CDs. See "Supplemental Plan of Distribution" on page S-73.

**The CDs evidence deposit liabilities of Goldman Sachs Bank USA and are not obligations of or guaranteed by The Goldman Sachs Group, Inc. or any other entity. Goldman Sachs Bank USA is a Member of the Federal Deposit Insurance Corporation. Subject to the limits of and to the extent set forth in the Federal Deposit Insurance Act and the regulations and interpretations of the FDIC, some of which are described herein, the CDs are covered, with respect to the face amount and any FDIC-insured supplemental amount, by federal deposit insurance, up to a maximum limit of \$250,000 per depositor or \$250,000 per participant in the case of certain retirement accounts.**

**Disclosure Statement Supplement No. 1,701 dated October 19, 2018.**

Goldman Sachs Bank USA may use this disclosure statement supplement in the initial sale of the CDs. In addition, Goldman Sachs & Co. LLC or any other affiliate of Goldman Sachs Bank USA may use this disclosure statement supplement in a market-making transaction in a CD after its initial sale. **If the CDs are purchased from Goldman Sachs & Co. LLC or any other affiliate of Goldman Sachs Bank USA, this disclosure statement supplement is being used in a market-making transaction, unless the purchaser is informed otherwise in the confirmation of sale.**

We may decide to sell additional CDs after the date of this disclosure statement supplement, at issue prices and with placement fees and net proceeds that differ from the amounts set forth above.

**The CDs are covered, with respect to the face amount and any FDIC-insured supplemental amount, by federal deposit insurance, within the limits and to the extent set forth in the Federal Deposit Insurance Act and the rules, regulations and interpretations of the Federal Deposit Insurance Corporation (FDIC), some of which are described in this disclosure statement supplement (as of the date of this disclosure statement supplement, up to a maximum limit of \$250,000 per depositor or \$250,000 per participant in the case of certain retirement accounts). These maximum limits are the total federal deposit insurance protection available for your CDs, together with any other deposit accounts you may hold at Goldman Sachs Bank USA in the same right and insurable capacity. In addition, the FDIC has taken the position that the supplemental amount is not insured by the FDIC until it has been finally ascertained and accrued on the determination date.**

**By your purchase of a CD, you are deemed to represent to us and any dealer through which you purchase the CD that your deposits with Goldman Sachs Bank USA, including the CDs, when aggregated in accordance with FDIC regulations, are within the \$250,000 FDIC insurance limit for each insurable capacity. For purposes of early withdrawal upon your death or adjudication of incompetence, we will limit the combined aggregate principal amount of (i) these CDs and (ii) any other CDs of Goldman Sachs Bank USA subject to this withdrawal limit to the FDIC insurance coverage amount applicable to each insurable capacity in which such CDs are held. Please contact us or the applicable dealer if you have any questions concerning the application of the limit on early withdrawal to your CDs.**

**FDIC insurance may not cover the CDs if a regulatory or statutory change renders the CDs ineligible for FDIC insurance coverage. Further, if Goldman Sachs Bank USA's status as an insured depository institution is terminated or suspended by the FDIC (including as a result of our actions) or is terminated by us, during the period of temporary insurance following the termination or suspension the FDIC insurance may not cover any amounts in excess of the face amount of the CDs. Also, FDIC insurance does not cover any losses attributable to the sale of your CDs prior to maturity and any secondary market premium paid by you above the face amount of the CDs is not insured by the FDIC. Thus, the amount of any CD that will be insured by the FDIC may be less than the full amount that would otherwise be payable on the CD at maturity. For more information about some of the limits of FDIC insurance that apply to the CDs and the ranking of the CDs relative to other obligations of Goldman Sachs Bank USA, see "Status of Certificates of Deposit" on page 6 of the accompanying disclosure statement and "Additional Risk Factors Specific to Your Certificates of Deposit" on page S-12 of this disclosure statement supplement. The information contained in this disclosure statement supplement, including any statements with respect to the rules, regulations and interpretations of the FDIC, is current only as of the date of this disclosure statement supplement.**

**The CDs have not been nor will they be registered under the Securities Act of 1933. Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of the CDs or passed upon the accuracy or adequacy of this disclosure statement supplement or the accompanying disclosure statement, which have not been filed with the SEC. Any representation to the contrary is a criminal offense.**

#### **Estimated Value of Your CDs**

*The estimated value of your CDs at the time the terms of your CDs are set on the trade date (as determined by reference to pricing models used by Goldman Sachs & Co. LLC (GS&Co.) and taking into account our credit spreads) is equal to approximately \$951 per \$1,000 face amount, which is less than the original issue price. The value of your CDs at any time will reflect many factors and cannot be predicted; however, the price (not including GS&Co.'s customary bid and ask spreads) at which GS&Co. would initially buy or sell CDs (if it makes a market, which it is not obligated to do) and the value that GS&Co. will initially use for account statements and otherwise is equal to approximately the estimated value of your CDs at the time of pricing, plus an additional amount (initially equal to \$36 per \$1,000 face amount).*

*Prior to October 19, 2019, the price (not including GS&Co.'s customary bid and ask spreads) at which GS&Co. would buy or sell your CDs (if it makes a market, which it is not obligated to do) will equal approximately the sum of (a) the then-current estimated value of your CDs (as determined by reference to GS&Co.'s pricing models) plus (b) any remaining additional amount (the additional amount will decline to zero on a straight-line basis from the time of pricing through October 18, 2019). On and after October 19, 2019, the price (not including GS&Co.'s customary bid and ask spreads) at which GS&Co. would buy or sell your CDs (if it makes a market) will equal approximately the then current estimated value of your CDs determined by reference to such pricing models.*

### **About Your CDs**

This disclosure statement supplement constitutes a supplement to the document listed below and should be read in conjunction with such document:

- Disclosure statement dated May 17, 2018 (available at <http://www.goldmansachs.com/disclaimer/gsbankusa/gs-bank-usa-disclosure-statement-may-17-2018.pdf>)

The information in this disclosure statement supplement supersedes any conflicting information in the document listed above. In addition, some of the terms or features described in the listed document may not apply to your CDs.

## SUMMARY INFORMATION

We refer to the certificates of deposit we are offering by this disclosure statement supplement as the “offered CDs” or the “CDs”. Each of the offered CDs, including your CDs, has the terms described below. Please note that in this disclosure statement supplement, references to “Goldman Sachs Bank USA”, “we”, “our” and “us” refer only to Goldman Sachs Bank USA.

You should read this disclosure statement supplement together with the disclosure statement dated May 17, 2018, of Goldman Sachs Bank USA, which we refer to herein as the “accompanying disclosure statement”. The accompanying disclosure statement is available at <http://www.goldmansachs.com/disclaimer/gsbankusa/gs-bank-usa-disclosure-statement-may-17-2018.pdf> or may be obtained from us or your broker.

### Key Terms

**Issuer:** Goldman Sachs Bank USA

**Index:** Motif Capital National Defense 7 ER Index (Bloomberg symbol, “MCDER Index”), as published by the index sponsor (including any index calculation agent acting on the index sponsor’s behalf); see “The Index” on page S-41

**Index calculation agent:** Solactive AG

**Index sponsor:** Motif Capital Management, Inc.

**Face amount:** \$1,347,000 in the aggregate for all the offered CDs, issued in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof

**Payment amount:** on the stated maturity date we will pay you, for each \$1,000 face amount of your CDs, an amount in cash equal to the *sum* of \$1,000 *plus* the supplemental amount

**Supplemental amount:** for each \$1,000 face amount of the CDs:

- if the final index level is *greater than* the initial index level, the *product* of \$1,000 *times* the upside participation rate *times* the index return; or
- if the final index level is *equal to* or *less than* the initial index level, \$0.

**Initial index level:** 134.90

**Closing level of the index:** as described under “Specific Terms of Your Certificates of Deposit — Special Calculation Provisions — Closing Level of the Index” on page S-33

**Final index level:** the closing level of the index on the determination date, except in the limited circumstances described under “Specific Terms of Your Certificates of Deposit — Consequences of a Non-Trading Day” on page S-31 and subject to adjustment as provided under “Specific Terms of Your Certificates of Deposit — Discontinuance or Modification of the Index” on page S-31

**Index return:** the *quotient* of (i) the final index level *minus* the initial index level *divided* by (ii) the initial index level, expressed as a positive or negative percentage

**Upside participation rate:** 205%

**Supplemental discussion of U.S. federal income tax consequences:** The CDs will be treated as debt instruments subject to the special rules governing contingent payment debt instruments for U.S. federal income tax purposes. Under this treatment, it is the opinion of Sidley Austin LLP that if you are a U.S. individual or taxable entity, you generally should be required to pay taxes on ordinary income from the CDs over their term based on the comparable yield for the CDs. In addition, any gain you may recognize on the sale, exchange, redemption or maturity of the CDs will be taxed as ordinary interest income.

**Trade date:** October 19, 2018

**Original issue date (settlement date):** October 26, 2018

**Stated maturity date:** October 26, 2023, subject to adjustment as described under “Specific Terms of Your Certificates of Deposit — Payment on Stated Maturity Date — Stated Maturity Date” on page S-31

**Determination date:** October 19, 2023, subject to adjustment as described under “Specific Terms of Your Certificates of Deposit — Payment on Stated Maturity Date — Determination Date” on page S-31

**Mandatory redemption:** if our status as an insured depository institution is terminated by the FDIC or us or as a result of our actions, or if a regulatory or statutory change renders the CDs ineligible for FDIC insurance coverage, to the extent permitted by law and regulation, we will redeem your CDs then outstanding on the applicable mandatory redemption date, unless they mature prior to such date, as described under “Specific Terms of Your Certificates of Deposit — Mandatory Redemption” on page S-32; your CDs are not otherwise subject to redemption at our option

**Mandatory redemption date:** as described under “Specific Terms of Your Certificates of Deposit—Mandatory Redemption” on page S-32

**Mandatory redemption amount:** as described under “Specific Terms of Your Certificates of Deposit — Special Calculation Provisions — Mandatory Redemption Amount” on page S-34

**Optional redemption in the event of death or adjudication of incompetence:** as described under “Specific Terms of Your Certificates of Deposit — Optional Redemption in the Event of Death or Adjudication of Incompetence” on page S-32. Your CDs are not otherwise subject to repayment at your option. If you sell your CDs in a secondary market transaction prior to maturity, you may receive significantly less than the face amount, as described under “Q&A — What Will I Receive If I Sell the CDs Prior to the Stated Maturity Date?” below

**Redemption date:** means the date on which CDs are redeemed following a mandatory redemption or an optional redemption in the event of death or adjudication of incompetence, as applicable

**CD calculation agent:** Goldman Sachs & Co. LLC (“GS&Co.”)

**Business day:** as described under “Specific Terms of Your Certificates of Deposit — Special Calculation Provisions — Business Day” on page S-33

**Trading day:** as described under “Specific Terms of Your Certificates of Deposit — Special Calculation Provisions — Trading Day” on page S-33

**No interest:** the offered CDs do not bear interest

**No listing:** the offered CDs will not be listed on any securities exchange or interdealer market quotation system

**CUSIP no.:** 38148RM67

**ISIN:** US38148RM671

**Legal ownership and payment:** the CDs will be issued in master certificate form and payment will be made in accordance with the applicable procedures of the depository, as discussed under “Legal Ownership and Payment” on page 41 of the accompanying disclosure statement

**ERISA:** as described under “Employee Retirement Income Security Act” on page S-72

### **Purchase Limitation**

By your purchase of a CD, you are deemed to represent to us and any dealer through which you purchase the CD that your deposits with Goldman Sachs Bank USA, including the CDs, when aggregated in accordance with FDIC regulations, are within the \$250,000 FDIC insurance limit for each insurable capacity.

## **Q&A**

### **How do the CDs Work?**

On the stated maturity date (October 26, 2023), we will pay you for each \$1,000 face amount of your CDs, an amount in cash equal to the *sum* of \$1,000 *plus* the supplemental amount. The supplemental amount for each \$1,000 face amount of your CDs may be zero and will be based on the performance of the Motif Capital National Defense 7 ER Index, as measured from the trade date (October 19, 2018) to and including the determination date (October 19, 2023).

To determine your payment at maturity, we will calculate the percentage increase or decrease in the final index level on the determination date from the initial index level of 134.90, which we refer to as the index return. The supplemental amount will equal:

- if the final index level is *greater than* the initial index level, the *product* of \$1,000 *times* the upside participation rate *times* the index return; or
- if the final index level is *equal to* or *less than* the initial index level, \$0.

Unlike conventional CDs, which may compound interest when they bear a simple interest rate, there is no compounding of any kind during the term of the CDs.

### **Are the CDs Insured by the Federal Deposit Insurance Corporation (“FDIC”) and How Will the CDs Rank Against Other Obligations of Goldman Sachs Bank USA?**

The CDs evidence deposit liabilities of Goldman Sachs Bank USA, which are covered by FDIC insurance, up to the maximum limits set by the Federal Deposit Insurance Act (“FDIA”) and the corresponding rules, regulations and interpretations of the FDIC, some of which are described herein. In general, deposits are subject to a maximum FDIC insurance limit of \$250,000 per depositor, or \$250,000 per participant in the case of certain retirement accounts. These maximum limits are the total federal deposit insurance protection available for funds in your CDs, together with any other deposit accounts you may hold at Goldman Sachs Bank USA in the same right and capacity. In addition, the availability of FDIC insurance to an owner of a beneficial interest in a CD represented by a master certificate may be dependent upon, among other things, whether such interest and any intermediary interests are accurately and adequately disclosed on the records of the depository, participants of the depository and persons that hold interests through participants. The records of Goldman Sachs Bank USA will reflect that certain intermediaries hold the CDs. These intermediaries may hold the CDs for the benefit of their customers or for other intermediaries who in turn hold those interests for the benefit of others. Each intermediary in the chain of ownership must properly reflect the capacity in which funds are held and the identity of its customers in order for the FDIC to determine that federal deposit insurance is available to the ultimate depositor on a pass-through basis. In addition, the FDIC has taken the position that the supplemental amount is not insured by the FDIC until it is finally ascertained and accrued on the determination date. Also, FDIC insurance may not cover the CDs if a regulatory or statutory change renders the CDs ineligible for FDIC insurance coverage. Further, if Goldman Sachs Bank USA’s status as an insured depository institution is terminated or suspended by the FDIC (including as a result of our actions) or is terminated by us, during the period of temporary insurance following the termination or suspension the FDIC insurance may not cover any amounts in excess of the face amount of the CDs. In addition, the FDIC has taken the position that any secondary market premium paid by you above the face amount of the CDs is not insured by the FDIC. Under the FDIA, insured depositors are paid from the Deposit Insurance Fund up to the applicable limits in the event of a liquidation or other resolution of Goldman Sachs Bank USA. The claims of holders of uninsured deposit liabilities of Goldman Sachs Bank USA (and the claims of the FDIC, as the subrogee of holders of insured deposits), although subordinated in rights to the claims of a receiver of Goldman Sachs Bank USA for administrative expenses, are entitled to priority over the claims of general unsecured creditors of Goldman Sachs Bank USA (and of secured creditors to the extent the amount of the secured creditor’s claims exceeds the value of its collateral). In addition, the CDs will rank *pari passu* with all other deposit liabilities of Goldman Sachs Bank USA, except that the CDs will be subordinate to deposits that are required by law to be secured and subject to any statutory preference. Any amounts owed on the CDs in excess of, or not otherwise eligible for, FDIC insurance will be subject to the creditworthiness of Goldman Sachs Bank USA.

However, the ultimate determination of the insurability and priority of the CDs would be made by the FDIC in response to claims of depositors. For more information, see “Status of Certificates of Deposit” on page 6 of the accompanying disclosure statement and “Additional Risk Factors Specific to Your Certificates of Deposit” on page S-12.

### **Who Should or Should Not Consider an Investment in the CDs?**

The CDs are intended for investors who seek exposure to the performance of the Motif Capital National Defense 7 ER Index and who are seeking FDIC-insured instruments. In order to evaluate whether to invest in the CDs, you should carefully consider and understand the features of the CDs, the index and how the CDs would perform in various situations. The CDs have a different payout structure from, and do not compound interest as is common in, more traditional certificates of deposit. The CDs would be appropriate for investors who believe that the performance of the index as measured from the trade date to and including the determination date would exceed the performance of a traditional interest-bearing CD of equivalent maturity and are willing to forgo any return on their investment if that is not the case.

The overall return on your investment in the CDs may be less than you would have earned by investing in a non-indexed bank deposit or debt security that bears interest at a prevailing market rate. Therefore, the CDs may not be a suitable investment for you if you prefer the lower risk of fixed income investments with comparable maturities issued by financial institutions with comparable credit that pay interest payments at prevailing market rates.

In addition, the CDs are designed for investors who are willing to hold them to maturity and should not be purchased if you plan to sell them in the secondary market.

By your purchase of a CD, you are deemed to represent to us and any dealer through which you purchase the CD that your deposits with Goldman Sachs Bank USA, including the CDs, when aggregated in accordance with FDIC regulations, are within the \$250,000 FDIC insurance limit for each insurable capacity.

### **What Will I Receive If I Sell the CDs Prior to the Stated Maturity Date?**

If you sell your CDs prior to the stated maturity date, you will receive the market price for your CDs. The market price for your CDs may be influenced by many factors, such as the level of the index, the volatility of the index, the time remaining until maturity and dealer discount. For more information on the estimated value of your CDs, see “Additional Risk Factors Specific to Your Certificates of Deposit — The Estimated Value of Your CDs At the Time the Terms of Your CDs Are Set On the Trade Date (as Determined By Reference to Pricing Models Used By GS&Co.) Is Less Than the Original Issue Price Of Your CDs” on page S-12 of this disclosure statement supplement. You may also be charged a commission in connection with a secondary market transaction. Depending on the impact of these factors, you may receive significantly less than the face amount of your CDs in any sale of your CDs before the stated maturity date. As a result, you should not purchase the CDs unless you plan to hold them to maturity.

### **Who Publishes the Index and What Does It Measure?**

The Motif Capital National Defense 7 ER Index tracks the U.S. exchange-listed common equity securities (including American Depositary Receipts) of certain companies concentrated in six sub-industries within the industrials and information technology sectors (aerospace & defense, construction & engineering, construction machinery & heavy trucks, IT consulting & other services, electronic equipment & instruments and communications equipment) that may benefit from increased defense-related spending by the United States and foreign governments (the “national defense theme”). The index is calculated by measuring the extent to which (a) (i) such U.S. exchange listed common equity securities and (ii) in certain circumstances, a money market position outperform (b) the sum of (i) the return on a notional cash deposit at a notional interest rate of 3-month USD LIBOR plus (ii) 0.75% per annum (accruing daily). The money market position reflects a hypothetical cash investment in a notional money market account denominated in U.S. dollars that accrues interest at the notional interest rate, which is equal to 3-month USD LIBOR. The level of the index is calculated and published by Solactive AG. The index is sponsored by Motif Capital Management, Inc. Additional information about the index may be obtained from the index calculation agent’s website at [solactive.com/?s=motif&index=DE000SLA2WC9](http://solactive.com/?s=motif&index=DE000SLA2WC9). We are not incorporating by reference

the website or any material it includes in this disclosure statement supplement. For further information, please see “The Index” on page S-41.

### **What About Taxes?**

Some of the U.S. federal income tax consequences of an investment in your CDs are summarized below, but we urge you to read the more detailed discussion in “Supplemental Discussion of United States Federal Income Tax Consequences” on page S-67. The CDs will be treated as debt instruments subject to special rules governing contingent payment debt instruments for U.S. federal income tax purposes. If you are a U.S. individual or a taxable entity, you generally will be required to pay taxes on ordinary income from the CDs over their term based on the comparable yield for the CDs, even though you will not receive any payments from us until maturity. This comparable yield is determined solely to calculate the amount on which you will be taxed prior to maturity and is neither a prediction nor a guarantee of what the actual yield will be. In addition, any gain you may recognize on the sale, exchange, redemption or maturity of the CDs will be taxed as ordinary interest income. If you are a secondary purchaser of the CDs, the tax consequences to you may be different.

Please see “Supplemental Discussion of United States Federal Income Tax Consequences” below for a more detailed discussion. Please also consult your tax advisor concerning the U.S. federal income tax and any other applicable tax consequences to you of owning your CDs in your particular circumstances.



## **TRUTH IN SAVINGS DISCLOSURES**

### **For the Initial Issuance and Sale of the Certificates of Deposit**

#### **Minimum Balance to Acquire a CD**

Each CD is issued in a minimum denomination of \$1,000 and integral multiples of \$1,000 in excess thereof. If you acquire the CDs as part of the initial offering of CDs or directly from Goldman Sachs Bank USA, you will be required to pay 100% of the face amount of such CDs. If you acquire the CDs on the secondary market through a third party (including without limitation through GS&Co.), you may be required to pay a secondary market premium in addition to 100% of the face amount of the CDs, *plus* any applicable service charges imposed by the third party.

#### **Maturity Date**

The CDs are scheduled to mature on October 26, 2023 (the “stated maturity date”), subject to adjustment if such day is not a business day or the determination date is postponed, as described under “Specific Terms of Your Certificates of Deposit — Payment on Stated Maturity Date — Stated Maturity Date” and “— Determination Date” on page S-31 and “Specific Terms of Your Certificates of Deposit — Special Calculation Provisions — Business Day” on page S-33.

#### **No Renewal and No Interest**

The CDs will not renew on the stated maturity date. No interest will be paid on the CDs, whether before or after the stated maturity date. Unless we redeem your CDs as described under “— Mandatory Redemption” or under “— Optional Redemption in the Event of Death or Adjudication of Incompetence” below, the amount we will pay on the stated maturity date for your CDs is an amount in cash equal to the face amount of the CDs *plus* the supplemental amount, as described in more detail in this disclosure statement supplement. Payment will be made to the holders of the CDs in accordance with the applicable procedures of the depository. See also “Legal Ownership and Payment” on page 41 of the accompanying disclosure statement.

#### **Supplemental Amount**

You will be entitled to receive a supplemental amount in addition to the face amount of your CDs on the stated maturity date, as described in this disclosure statement supplement.

Please see “Summary Information — Key Terms” on page S-4 for important information about how the supplemental amount payable on the stated maturity date (in addition to the face amount of the CDs) will be determined, including information about the initial index level, the final index level, the upside participation rate, the determination date and the index return. Please also see “Specific Terms of Your Certificates of Deposit — Payment on Stated Maturity Date — Supplemental Amount” and “— Determination Date” on pages S-30 and S-31, respectively for more information regarding the supplemental amount and the determination date.

No supplemental amount will be paid if there is a mandatory redemption or any early redemption due to death or adjudication of incompetence. See “— Mandatory Redemption” and “— Optional Redemption in the Event of Death or Adjudication of Incompetence” below.

#### **Mandatory Redemption**

If our status as an insured depository institution is terminated by the FDIC or us or as a result of our actions or if regulatory or statutory changes in the future render the CDs ineligible for FDIC insurance, to the extent permitted by applicable law and regulation, we will redeem your CDs then outstanding on the applicable mandatory redemption date as described under “Specific Terms of Your Certificates of Deposit — Mandatory Redemption” on page S-32. This commitment to redeem your CDs may not be enforceable under certain circumstances, such as if the FDIC has been appointed our receiver or conservator. The mandatory redemption amount for your CDs then outstanding on the applicable mandatory redemption date will not be less than the face amount of your CDs then outstanding. However, there will be no mandatory redemption if the mandatory redemption date occurs on or after the stated maturity date. The mandatory redemption amount for your CDs then outstanding on the applicable mandatory redemption date will be determined as described under “Specific Terms of Your Certificates of Deposit — Special Calculation

Provisions— Mandatory Redemption Amount” on page S-34, but in any event will not be less than the face amount of your CDs then outstanding.

### **Optional Redemption in the Event of Death or Adjudication of Incompetence**

In the event of your death or adjudication of incompetence, your authorized representative will have the option to request a redemption of your CDs as described under “Description of Certificates of Deposit We May Offer — Redemption — Redemption Upon Death or Adjudication of Incompetence” in the accompanying disclosure statement, which we refer to as the “estate feature”.

By your purchase of a CD, you are deemed to represent to us and any dealer through which you purchase the CD that your deposits with Goldman Sachs Bank USA, including the CDs, when aggregated in accordance with FDIC regulations, are within the \$250,000 FDIC insurance limit for each insurable capacity. For purposes of early withdrawal pursuant to the estate feature, we will limit the combined aggregate principal amount of (i) these CDs and (ii) any other CDs of Goldman Sachs Bank USA subject to this withdrawal limit to the FDIC insurance coverage amount applicable to each insurable capacity in which such CDs are held.

A joint owner of a joint account with a beneficial owner who has died or been adjudicated incompetent will be entitled to redeem a CD only if such joint owner was a member of the same household with the deceased or incompetent beneficial owner at the time of such beneficial owner's death or declaration of legal incompetency, or if such joint owner is related to the deceased or incompetent beneficial owner, including by blood, marriage or adoption. Any other joint account holder shall have no right to the estate feature. A joint owner so entitled to redeem a CD shall hold all of the rights to take actions with respect to such CD that are granted to an authorized representative under the Disclosure Statement with respect to the estate feature.

In addition, as discussed in the accompanying disclosure statement, written verification acceptable to us will be required to permit early withdrawal pursuant to the estate feature and all questions regarding the eligibility or validity of any exercise of the estate feature will be determined by us in our sole discretion, which determination will be final and binding on all parties. Furthermore, we may waive any applicable limitations with respect to a particular deceased or incompetent beneficial owner, but that does not require us to make the same or similar waivers with respect to any other deceased or incompetent beneficial owner.

Subject to all of the foregoing, if your authorized representative chooses to redeem your CDs, on the redemption date your authorized representative will receive only the face amount of your CDs. No supplemental amount will be paid in connection with any such early redemption.

Depending on market conditions, the value of the CDs in the secondary market may be greater than the amount your authorized representative would receive on the date of such early redemption. Accordingly, your authorized representative should contact your broker to determine the secondary market price of the CDs, and the amount of fees or commissions that would be payable in a secondary market transaction, and should carefully consider whether to sell the CDs to your broker or another market participant rather than redeem the CDs pursuant to a request for redemption.

### **Transaction Limitations**

You cannot change (increase or decrease) the face amount of a CD. If you want to increase the total amount of CDs you own, you must acquire new CDs. There is no assurance that we will sell any additional CDs subsequent to the date of this disclosure statement supplement.

You may not withdraw or redeem any portion of the face amount of your CDs before the stated maturity date. Unless the CDs are mandatorily redeemed by us as described under “— Mandatory Redemption” above or the CDs are redeemed by your authorized representative in the event of your death or adjudication of incompetence as described under “— Optional Redemption in the Event of Death or Adjudication of Incompetence” above, Goldman Sachs Bank USA is not required (and does not intend) to make any payment on the CDs before the stated maturity date. Except as specifically described in the preceding sentence, the CDs will not be subject to redemption at our option or repayment at your option before the stated maturity date.

### **Selling the CDs Before the Stated Maturity Date**

If you want to receive funds before the stated maturity date for CDs that you have acquired, you may be required to sell the CDs in the secondary market, if any exists. Goldman Sachs Bank USA is not required (and does not intend) to repurchase any CD before the stated maturity date, and is not required to assist you in finding a third party willing to purchase the CDs from you before the stated maturity date. If you are able to sell your CDs before the stated maturity date, you will receive the market price at that time for the CDs. The market price for your CDs could be significantly less than the face amount of the CDs, and could be significantly less than what you paid to acquire your CDs. Furthermore, if you sell your CDs, you will likely be charged a commission for secondary market transactions, or the price will likely reflect a dealer discount.

### **Additional Information**

Please see the other sections of this disclosure statement supplement and the accompanying disclosure statement for important additional information about the CDs.

For more information relating to these truth in savings disclosures, please contact Goldman Sachs Bank USA at 1-800-323-5678.

## ADDITIONAL RISK FACTORS SPECIFIC TO YOUR CERTIFICATES OF DEPOSIT

*An investment in your CDs is subject to the risks described below, as well as the risks described under “Risk Factors” in the accompanying disclosure statement dated May 17, 2018. Your CDs are a riskier investment than many other bank deposit obligations. Also, your CDs are not equivalent to investing directly in any underlying stocks, i.e., the stocks comprising the index to which your CDs are linked. You should carefully consider whether the offered CDs are suited to your particular circumstances.*

### **The Estimated Value of Your CDs At the Time the Terms of Your CDs Are Set On the Trade Date (as Determined By Reference to Pricing Models Used By GS&Co.) Is Less Than the Original Issue Price Of Your CDs**

The original issue price for your CDs exceeds the estimated value of your CDs as of the time the terms of your CDs are set on the trade date, as determined by reference to GS&Co.’s pricing models and taking into account our credit spreads. Such estimated value on the trade date is set forth above under “Estimated Value of Your CDs”; after the trade date, the estimated value as determined by reference to these models will be affected by changes in market conditions, our creditworthiness and other relevant factors. The price at which GS&Co. would initially buy or sell your CDs (if GS&Co. makes a market, which it is not obligated to do), and the value that GS&Co. will initially use for account statements and otherwise, also exceeds the estimated value of your CDs as determined by reference to these models. As agreed with the distribution participants, this excess (i.e., the additional amount described under “Estimated Value of Your CDs”) will decline to zero on a straight line basis over the period from the date hereof through the applicable date set forth above under “Estimated Value of Your CDs”. Thereafter, if GS&Co. buys or sells your CDs it will do so at prices that reflect the estimated value determined by reference to such pricing models at that time. The price at which GS&Co. will buy or sell your CDs at any time also will reflect its then current bid and ask spread for similar sized trades of structured CDs.

In estimating the value of your CDs as of the time the terms of your CDs are set on the trade date, as disclosed above under “Estimated Value of Your CDs”, GS&Co.’s pricing models consider certain variables, including principally our credit spreads, interest rates (forecasted, current and historical rates), volatility, price-sensitivity analysis and the time to maturity of the CDs. These pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect. As a result, the actual value you would receive if you sold your CDs in the secondary market, if any, to others may differ, perhaps materially, from the estimated value of your CDs determined by reference to our models due to, among other things, any differences in pricing models or assumptions used by others. See “—The Market Value of Your CDs May Be Influenced by Many Unpredictable Factors” below.

The difference between the estimated value of your CDs as of the time the terms of your CDs are set on the trade date and the original issue price is a result of certain factors, including principally the placement fee and commissions, the expenses incurred in creating, documenting and marketing the CDs, and an estimate of the difference between the amounts we pay to GS&Co. and the amounts GS&Co. pays to us in connection with your CDs. We pay to GS&Co. amounts based on what we would pay to holders of a non-structured CD with a similar maturity. In return for such payment, GS&Co. pays to us the amounts we owe under your CDs.

In addition to the factors discussed above, the value and quoted price of your CDs at any time will reflect many factors and cannot be predicted. If GS&Co. makes a market in the CDs, the price quoted by GS&Co. would reflect any changes in market conditions and other relevant factors, including any deterioration in our creditworthiness or perceived creditworthiness. These changes may adversely affect the value of your CDs, including the price you may receive for your CDs in any market making transaction. To the extent that GS&Co. makes a market in the CDs, the quoted price will reflect the estimated value determined by reference to GS&Co.’s pricing models at that time, plus or minus its then current bid and ask spread for similar sized trades of structured CDs (and subject to the declining excess amount described above).

Furthermore, if you are able to sell your CDs, you will likely be charged a commission for secondary market transactions, or the price will likely reflect a dealer discount. This commission or discount will further reduce the proceeds you would receive for your CDs in a secondary market sale.

In addition, if you sell a CD to GS&Co. or any other affiliate of ours after you purchase and pay for it, you will receive less than the principal amount of the CD, as determined at the time. Without limitation of other adjustments to the purchase price, if we, GS&Co. or any other affiliate of ours purchases CDs in the secondary market within six days after the date of initial issuance of those CDs, the purchase price will be reduced by an early withdrawal penalty of 50 basis points. Thus, if you sell your CDs to GS&Co. or any of our affiliates within six days after you purchase and pay for them, you are likely to receive a reduced price for your CDs.

There is no assurance that GS&Co. or any other party will be willing to purchase your CDs at any price and, in this regard, GS&Co. is not obligated to make a market in the CDs. See “— Your CDs May Not Have an Active Trading Market” below.

**The Structuring Fee and Marketing Fee, and Other Expenses, Result in Less Favorable Economic Terms of the CDs and Could Adversely Affect Any Secondary Market Price for the CDs**

The economic terms of the CDs, as well as the difference between the estimated value of your CDs as of the time the terms of your CDs are set on the trade date and the original issue price, take into consideration, among other expenses, the structuring fee and marketing fee paid in connection with the CDs. Therefore, the economic terms of the CDs are less favorable to you than they would have been if these expenses had not been paid or had been lower. Further, the price, if any, at which GS&Co. will buy or sell your CDs (if GS&Co. makes a market, which it is not obligated to do) at any time will reflect, among other things, the economic terms of the CDs. Therefore, the secondary market price for the CDs could also be adversely affected by the structuring fee and marketing fee, and other expenses paid in connection with the CDs. See “The Estimated Value of Your CDs At the Time the Terms of Your CDs Are Set On the Trade Date (as Determined By Reference to Pricing Models Used By GS&Co.) Is Less Than the Original Issue Price Of Your CDs” above.

**The CDs Differ from Conventional Bank Deposits**

The CDs combine features of equity and debt. The terms of the CDs differ from those of conventional CDs and other non-indexed bank deposits in that the supplemental amount is based on the performance of the index. Therefore, the return on your investment in the CDs may be less than the amount that would be paid on a conventional CD or other bank deposit. The return at maturity of only \$1,000 and the supplemental amount for each \$1,000 face amount of your CDs may not compensate you for any loss in value due to inflation and other factors relating to the value of money over time. In addition, the supplemental amount will be calculated only on the determination date. Unlike conventional CDs, which may compound interest when they bear a simple interest rate, there is no effect on the principal amount of the CDs, nor is there any compounding of any kind, during the term of the CDs. Thus, you should not expect any positive index performance during the term of the CDs to have an effect on the principal amount of your CDs.

**Your CDs Do Not Bear Interest**

You will not receive any interest payments on your CDs. As a result, even if the amount payable for each of your CDs on the stated maturity date exceeds the face amount of your CDs, the overall return you earn on your CDs may be less than you would have earned by investing in a non-indexed debt security of comparable maturity that bears interest at a prevailing market rate.

**The Supplemental Amount on Your CDs Is Not Linked to the Closing Level of the Index at Any Time Other than the Determination Date**

The final index level will be based on the closing level of the index on the determination date (subject to adjustment as described elsewhere in this disclosure statement supplement). Therefore, if the closing level of the index dropped precipitously on the determination date, the supplemental amount for your CDs may be significantly less than it would have been had the supplemental amount been linked to the closing level of the index prior to such drop in the level of the index. Although the actual level of the index on the stated

maturity date or at other times during the life of your CDs may be higher than the final index level, you will not benefit from the closing level of the index at any time other than on the determination date.

Also, the market price of your CDs prior to the stated maturity date may be significantly lower than the purchase price you pay for your CDs. Consequently, if you sell your CDs before the stated maturity date, you may receive far less than the amount of your investment in the CDs.

#### **You May Receive Only the Face Amount of Your CDs At Maturity**

If the index return is zero or negative on the determination date, no supplemental amount will be paid on your CDs on the stated maturity date. In such case, the return on your CDs will be limited to the face amount.

Even if the amount paid on your CDs exceeds the face amount of your CDs, the overall return you earn on your CDs may be less than you would have earned by investing in a CD that bears interest at the prevailing market rate.

#### **The Index Measures the Performance of the Total Return Index Less the Sum of the Return on the Notional Interest Rate Plus 0.75% Per Annum (Accruing Daily)**

Your CDs are linked to the index. The index measures the performance of the total return index, which includes the underlying stocks and, in certain circumstances, the money market position, less the *sum* of the return on the notional interest rate *plus* 0.75% per annum (accruing daily). Increases in the level of the notional interest rate may offset in whole or in part increases in the levels of the underlying stocks. As a result, any return on the index — and thus on your CDs — may be reduced or eliminated, which will have the effect of reducing the amount payable in respect of your CDs. The total return index must produce positive returns at least as great as the *sum* of the return on the notional interest rate *plus* 0.75% per annum (accruing daily) before the index will have a positive return. If the index fails to outperform 3-month USD LIBOR plus 0.75% per annum (accruing daily) you will receive no return on your investment.

The index, through the total return index, may allocate its entire exposure to the money market position, the return on which will always be less than the sum of the return on 3-month USD LIBOR plus 0.75% per annum (accruing daily). The greater the percentage of the index allocated to the money market position, the higher the return that will be required on the underlying stocks in order to have a return on your investment. Historically, a very significant portion (up to approximately 92%) of the index exposure consistently has been to the money market position.

#### **The Underlying Stocks are Concentrated in Six Sub-Industries Within the Industrials and Information Technology Sectors with Defense-Related Sales**

The index is comprised of U.S. exchange-listed stocks of companies in six sub-industries within the industrials and information technology sectors that derive at least 10% of their revenue (and in some cases almost all of their revenue) from defense-related sales that may benefit from increased defense-related spending by the United States and foreign governments. Because these companies are concentrated in these six sub-industries within the industrials and information technology sectors (aerospace & defense, construction & engineering, construction machinery & heavy trucks, IT consulting & other services, electronic equipment & instruments and communications equipment), the index is more likely to be adversely affected by the negative performance of any of these sectors (particularly the industrials sector) or sub-industries (particularly the aerospace & defense sub-industry) than an index that has more diversified holdings across a larger number of sectors or sub-industries. Beyond that, the exposure of the index at any time could be limited to the money market position.

Further, as of the close of business on September 21, 2018, MSCI, Inc. and S&P Dow Jones Indices LLC updated the classification structure related to the sub-industries. Among other things, the update reclassified select companies previously classified in the information technology sector prior to September 21, 2018 (which included the IT consulting & other services, electronic equipment & instruments and communications equipment sub-industries) into a newly created communications services sector. Any company previously included in the IT consulting & other services, electronic equipment & instruments or communications equipment sub-industry prior to September 21, 2018 that is reclassified as a result of the updates will no longer be eligible for inclusion in the index. The classification structure changes are

expected to be considered in connection with the June 2019 annual index review. It is not known if, or how, these updates could affect the index or its constituents at that time.

Although your investment in the CDs will not result in the ownership or other direct interest in the underlying stocks that comprise the index, the return on your investment in the CDs will be subject to certain risks and other factors similar to those associated with direct investments in the sectors and sub-industries represented by the underlying stocks and also will be subject to reduction by the sum of the return on the notional interest rate plus 0.75% per annum (accruing daily). For example, factors affecting companies in the industrials sector include government regulation, funding and spending and competition, both domestically and internationally, including competitive government contract bidding, world events, exchange rates, economic conditions, technological developments, liabilities for environmental damage and general civil liabilities. In addition, factors affecting companies in the information technology sector include rapid changes in technology product cycles, rapid product obsolescence, government regulation, funding and spending and competition, both domestically and internationally, including competitive government contract bidding and competition from foreign competitors with lower production costs. Technology companies are also heavily dependent on patent and intellectual property rights, the loss or impairment of which may adversely affect profitability.

Further, a company's defense-related business may fluctuate significantly from time to time as a result of the start and completion of existing and new contract awards. There are significant risks and uncertainties associated with contracting with the United States or foreign governments that could have a material adverse effect on the business, financial condition and results of operations of a company and, ultimately, the index. Government demand for products and services may fluctuate significantly. In addition, the bidding and awarding process for government contracts is highly competitive. There can be no assurance that any company will continue to be successful in procuring defense contracts from any government. Government contracts could be suspended or terminated at any time, may expire in the future and may not be replaced, which could reduce defense-related sales and be detrimental to a company's business, financial condition and results of operations and, ultimately, the index. The United States government generally has the ability to terminate contracts, in whole or in part, without prior notice, for its convenience or for default based on performance. Contract awards may also be subject to protests by competing bidders, which, if successful, could result in the revocation of any such contract, in whole or in part, and a company's inability to recover amounts expended in anticipation of initiating work under such contract.

Furthermore, defense contracts are subject to complex regulation with burdensome compliance requirements and a failure to comply, even inadvertently, could subject companies to contract termination, civil and criminal penalties, and possibly suspension from future government contracts. For example, United States government contracts and systems may be subject to audit and review by the Defense Contract Audit Agency and the Defense Contract Management Agency. These agencies review the performance of United States government contractors under such contracts, as well as such contractors' cost structure and compliance with laws and regulations applicable to United States government contractors.

Companies may also be subject to other risks specific to doing business with the United States or foreign governments, including uncertainty of economic conditions, changes in government policies and requirements that may reflect rapidly changing military and political developments, the availability of funds and the ability to meet specified performance thresholds. Multi-year contracts with the United States government may be conditioned upon the continued availability of congressional appropriations and are impacted by the uncertainty regarding federal budget pressure. In addition, changes in the way the United States or foreign governments solicit, negotiate, award and manage their contracts may adversely affect a company's existing contracts, awards of new contracts, financial performance and, ultimately, the index. Furthermore, the risks and uncertainties outlined above may change depending on a company's contractual relationship in a given situation (i.e., whether they are selling directly to the government as a prime contractor or acting as a sub-contractor to a prime contractor). In addition, contracting with foreign governments involves special risks. For example, contracts with foreign governments may be terminated or otherwise affected by deteriorating relations with the United States. The impact of any such termination would be adverse to the affected company and the index, and could be severe.

In addition to all of the above, any particular financial or other benefit to a company from the procurement of a government contract may not impact such company, or the index, until after your CDs mature. Similarly, the term of any government contract that is procured may be longer than the term of your CDs and some or all of the payments under such contract may occur subsequent to the maturity of your CDs.

### **The Index May Not Successfully Capture Exposure to Companies That May Benefit From Increased Defense-Related Spending by the United States and Foreign Governments**

The index attempts to track U.S. exchange-listed stocks of companies in six sub-industries within the industrials and information technology sectors that may benefit from increased defense-related spending by the United States and foreign governments, subject to a limitation on volatility. As such, each year the index is rebalanced by calculating a company's exposure to revenue derived from defense-related sales. However, there is no guarantee that the methodology the index sponsor has implemented in order to determine a company's exposure will accurately capture (i) all such companies that have revenue derived from defense-related sales or (ii) the percentage of revenue derived from defense-related sales, which is used in determining a company's initial weight in the base index. In particular, pursuant to the index methodology, revenue is analyzed, and national defense revenue (theme revenue) is determined, in three sub-steps with three different theme revenue tests. However, if revenue is identified in the first sub-step, no review is conducted under the second or third sub-steps, even if additional theme revenue could have been (or would have been) identified in a later sub-step pursuant to its theme revenue test. Similarly, if revenue is not identified in the first sub-step, but is identified in the second sub-step, no review is conducted under the third sub-step, even if additional theme revenue could have been (or would have been) identified in the third sub-step pursuant to its theme revenue test.

Also, the volatility control may limit the index's ability to track the performance of such companies. The index may fail to realize gains that could occur as a result of reducing the exposure of the total return index to stocks that have experienced price volatility. As a result, if market conditions do not represent a continuation of prior observed trends, the level of the index, which is rebalanced into the money market position based on prior volatility trends, may decline. No assurance can be given that the investment methodology used to construct the index will outperform any alternative index that might be constructed from the underlying stocks. The index is different from an investment that seeks long-term exposure to a constant set of underlying stocks.

In addition, pursuant to its methodology and among other rules, the index excludes companies that derive less than 10% of their revenue from defense-related sales.

Furthermore, as a result of the index methodology, a number of the top defense contractors with the United States government may not be included in the index. In particular, the index will exclude:

- large companies that derive significant revenue from defense-related sales, if such revenue does not satisfy the 10% test discussed above, even if their historical defense-related sales would be among the most likely to benefit from increased defense-related spending by the United States and foreign governments and even if the revenue, on a dollar basis, is equal to or greater than revenue from such defense-related sales reported by smaller companies;
- companies in sub-industries and/or sectors outside of the six identified sub-industries within the industrials and information technology sectors (aerospace & defense, construction & engineering, construction machinery & heavy trucks, IT consulting & other services, electronic equipment & instruments and communications equipment), such as defense contractors providing healthcare or housing services;
- private companies, which may include joint ventures between two or more public companies;
- foreign companies that are not listed on a U.S. exchange, regardless of whether their common equity is listed on a non-U.S. exchange; and
- other companies not meeting the selection criteria or eligibility screens set forth in the index methodology.



Further, index market disruption events, particularly during the implementation of annual base index rebalancing, may cause the underlying stocks to be overweighted or underweighted relative to what their weight otherwise would have been and this overweighting or underweighting of underlying stocks will inform an underlying stock's weight in the index until the next annual base index rebalancing. This may further prevent the index from successfully capturing exposure to revenue derived from defense-related sales and also may have an adverse impact on the level of the index. See “ — Index Market Disruption Events Could Affect the Level of the Index on Any Date” and “The Index — Index Market Disruptions” below.

You should also be aware that, while the index attempts to track U.S. exchange-listed stocks of companies that derive revenue from defense-related sales that may benefit from increased defense-related spending by the United States and foreign governments, any such effect may not occur during the term of the CDs. Therefore, even if a company ultimately benefits from increased defense-related spending by the United States and foreign governments, this benefit may not be realized fully, or at all, during the term of the CDs.

#### **The Index May Not Include Companies in the Six Sub-Industries Within the Industrials and Information Technology Sectors That Derive Revenue From Defense-Related Sales**

In order for a company to be eligible for inclusion in the index, it must pass a keyword screen, meaning that a company must include in its most recent annual regulatory filing with the Securities and Exchange Commission (i) at least one of the keywords determined by the index sponsor that are associated with mission area categories and key initiatives identified in the most recent Program Acquisition Cost By Weapon System report and Defense Budget Overview published by the United States Department of Defense (together, the “budget reports”) or (ii) the keyword “Department of Defense”. A company that derives revenue from defense-related sales but that fails the keyword screen due to the use of alternative terminology in its annual regulatory filing or other reasons will not be included in the index, even if such company's revenue derived from defense-related sales is significant. Further, even if a company passes the keyword screen and is ultimately included in the index, revenue earned by such company that is derived from defense-related sales may not be included in the calculation of such company's weighting in the index if such revenue is not categorized in certain ways mandated by the index methodology.

#### **The Index Will Include, and May Heavily Weight, Companies That Report Revenue Derived From Non-Defense Related Sales**

The index sponsor identifies companies that report one or more revenue amounts derived from sales to defense organizations or classified as being earned from defense-related sales. A company's weight in the index is based, in part, on its exposure to the national defense theme (the percentage of revenue such company derives from defense-related sales). However, for example, in the case that a revenue amount is (i) earned from a combination of direct or indirect sales to one or more defense organizations and one or more organizations that are not defense organizations or (ii) classified as being earned from a combination of direct or indirect defense-related sales and sales that are not defense-related sales, the entire revenue amount will be attributed to defense-related sales if the company does not otherwise report at least one revenue amount that is earned solely from direct or indirect sales to one or more defense organizations or that is classified as being earned solely from direct or indirect defense-related sales. Once a company's revenue is identified by the index sponsor as theme revenue, such revenue will be used to calculate the company's target weight in the index, regardless of whether all of such revenue is actually derived from defense-related sales. Therefore, a company may be included in the index, and may be heavily weighted, on the basis of, and despite, the related revenue amount having a significant amount derived from non-defense related sales. For example, if a company does not otherwise report at least one revenue amount that is earned solely from direct or indirect sales to one or more defense organizations or that is classified as being earned solely from direct or indirect defense-related sales, but reports a revenue amount earned from sales to both the United States Department of Defense and police forces, the entirety of such revenue amount will be considered national defense revenue (theme revenue) even though the percentage of such revenue amount attributable to the United States Department of Defense is not known to the index sponsor and even though the percentage of such revenue amount not attributable to the United States Department of Defense may be significant. Therefore, a company's weight in the index may be derived from revenue that is not attributable to the national defense theme.

### **The Budget Reports Used to Determine the Base Index Universe Are Not Expected to Be From the Same Time Period as the Annual Regulatory Filing Used for a Company's Revenue**

The index sponsor reviews a company's most recent annual regulatory filing filed with the Securities and Exchange Commission in order to determine such company's index eligibility and weight in the index. Mission area categories and key initiatives identified in the most recent budget reports are used by the index committee to determine specific keywords for the purpose of determining the base index universe. The additional keyword "Department of Defense" is also used by the index committee for this purpose.

The budget reports used to determine the mission category and key initiative keywords to be used for purposes of the keyword screen during a base index rebalancing generally have not been, and are not expected to be, from the same period as the revenue period covered by a company's annual regulatory filing. For example, for the June 2016 base index rebalancing day, the budget reports used by the index sponsor analyzed mission area categories and key initiatives with respect to the 2017 fiscal year budget (created in February 2016), whereas, generally, the company annual regulatory filings were for the 2015 fiscal year. Further, if new budget reports are released 14 or fewer index business days before an annual base index rebalancing day, such mission area categories and key initiatives would not be used for purposes of the keyword screen for such base index rebalancing day and instead would be expected to be used on the next following annual base index rebalancing day (i.e., more than a year later). Similarly, if new budget reports are released shortly after an annual base index rebalancing day, such categories and initiatives would be expected to be used in the keyword screen on the next following annual base index rebalancing day (i.e., almost a year later). Therefore, it is likely that the budget reports referenced will always be from a different time period than the revenue information of the companies being analyzed for index inclusion and weighting.

### **The Index Weightings May Be Ratably Rebalanced into the Money Market Position on Any or All Days During the Term of the CDs and, Historically, a Very Significant Portion of the Index's Exposure Consistently Has Been Allocated to the Money Market Position**

The index has a daily volatility control feature which can result in a rebalancing between the underlying stocks and the money market position. This has the effect of reducing the exposure of the index to the performance of the underlying stocks by rebalancing a portion of the exposure into the money market position if the annualized historical realized volatility of the underlying stocks for the applicable 20 index business day volatility cap period would otherwise exceed the volatility cap of 7%.

On any index business day, there is no guarantee that the weight of the underlying stocks in the total return index will not be rebalanced into the money market position. Any rebalancing into the money market position will limit your return on the CDs. Historically, a very significant portion (up to approximately 92%) of the index's exposure consistently has been allocated to the money market position. See "The Index – Average Allocation Between the Base Index and the Money Market Position for Each Month" below for hypothetical and historical data regarding the index's exposure to the money market position.

In addition, there is no guarantee that the volatility cap will successfully reduce the volatility of the index or avoid any volatile movements of any underlying stock. If there is a rapid and severe decline in the market prices of the underlying stocks, the index may not rebalance into the money market position until the index has declined by a substantial amount.

### **The Index Has a Limited Operating History**

The CDs are linked to the performance of the index, which was launched on June 1, 2016. Because the index has no index level history prior to that date, limited historical index level information will be available for you to consider in making an independent investigation of the index performance, which may make it difficult for you to make an informed decision with respect to the CDs.

The hypothetical performance data prior to the launch of the index on June 1, 2016 refers to simulated performance data. The index sponsor advises that such hypothetical performance data was derived using the index rules as of June 1, 2016, but applied retroactively using historical underlying stock and notional interest rate levels. No future performance of the index can be predicted based on the hypothetical performance data or the historical index performance information described herein.

### **Each Underlying Stock's Weight Is Limited by the Weight Constraint and the Daily Volatility Constraint**

Each year, the index sponsor sets the target weights for the underlying stocks based on such stock's exposure to the national defense theme, subject to constraints on the minimum and maximum weight of each underlying stock. The weight constraints could lower your return versus an investment that was not subject to the minimum and maximum weighting allotted to any one underlying stock.

In addition, the index's daily volatility target may result in a very significant portion of the index's exposure being allocated to the money market position. Historically, a very significant portion (up to approximately 92%) of the index's exposure consistently has been allocated to the money market position. The volatility target represents an intended trade-off, in which some potential upside is given up in exchange for attempting to limit downside exposure in volatile markets. However, because the CDs provide for the repayment of principal at maturity, the incremental benefit to holders of the CDs from the index's volatility target may be limited. In other words, the CDs themselves limit exposure to decreases in the level of the index by providing for a payment amount that will be no less than the face amount of the CDs. Due to this feature of the CDs, the index's volatility target, which attempts to reduce downside exposure to the underlying stocks, may not be as beneficial as it otherwise may be (including, for example, when used with securities that provide for a payment amount that could be less than the face amount) and the cost of the index's volatility target, which is reflected in part in the above referenced trade-off, may not be desirable to you.

### **Correlation of Performances Among the Underlying Stocks May Reduce the Performance of the Index**

Performances of the underlying stocks may become highly correlated from time to time during the term of the CDs, including, but not limited to, periods in which there is a substantial decline in a particular sector or sub-industry containing such correlated underlying stocks. High correlation among underlying stocks representing either the industrials or information technology sector, or any of the six sub-industries from such sectors included in the index, during periods of negative returns could have an adverse effect on the level of the index.

### **The Selection Criteria Used to Select the Underlying Stocks May Result in Larger Declines in the Value of the Index Than Those Experienced by Other Stock Indices**

The index sponsor determines the U.S. exchange listed securities included in the index and their weightings based, in part, on a methodology for identifying those companies that derive revenue from defense-related sales that may benefit from increased defense-related spending by the United States and foreign governments. The metrics used to select the companies may lead to a company being included in the index that ultimately does not have sustainable growth. The index may not perform as well as a broad-based stock index or a stock index selected using different criteria (including a stock index that includes fewer stocks in sub-industries than the index), and as a result the payment amount may be less than it would have been if your CDs were linked to a different index. For example, see "The Index – Comparative Performance of the Index and the S&P Aerospace & Defense Select Industry Index" below for hypothetical and historical data regarding the index's performance relative to the S&P Aerospace & Defense Select Industry Index.

### **While the Weight of Each Underlying Stock for Each Annual Rebalancing Will Be Determined on a Single Day (the Base Index Observation Day), the Rebalancing Based on Such Revised Weights Will Be Implemented Over a Base Index Rebalancing Period**

For purposes of each annual base index rebalancing, the target weight of each underlying stock will be determined on a related base index observation day. While the target weight of each underlying stock for each annual base index rebalancing will be determined on a single day (i.e., such base index observation day), the rebalancing of the number of shares of each underlying stock based on such revised target weights will be implemented over a base index rebalancing period comprised of five base index rebalancing days, which consist of the day that is three index business days after the applicable base index observation day and the four following index business days, subject to adjustment. As a result, for the first four days of the base index rebalancing period, the composition of the index will contain a mix of underlying stocks, share numbers and weights that is different than the underlying stocks and their respective share numbers

and weights at the end of such base index rebalancing period. Therefore, the levels of the index on such days may be lower than such levels would have been if the annual base index rebalancing had been implemented in full in one day, which could have an adverse impact on any payments on, and the value of, your CDs and the trading market for your CDs. For a discussion of how the index is rebalanced, see “The Index” below.

#### **Index Market Disruption Events Could Affect the Level of the Index on Any Date**

If a base index rebalancing day or a total return index rebalancing day must be effected on an index business day on which an index market disruption event occurs with respect to any underlying stock, the index calculation agent shall then rebalance the index as described in “The Index — Index Market Disruptions” herein.

In particular, if an index market disruption event occurs with respect to an underlying stock on a base index rebalancing day, such affected underlying stock will not be rebalanced based on its target weight during the applicable base index rebalancing period. Instead, the number of shares of such underlying stock will remain the same as the number of shares of such underlying stock on the index business day prior to the base index rebalancing day on which it was first affected by such index market disruption event. The weights of all other underlying stocks not affected by an index market disruption event will be updated such that each underlying stock not affected by an index market disruption event will have a weight within the remaining weight of the base index not allocated to the weight of the underlying stock(s) affected by an index market disruption event that is proportional to its original target weight relative to the original target weights of all other underlying stocks not affected by an index market disruption event. Further, the target weights of the underlying stocks will not be recalculated until the next base index observation day (i.e., a year later).

Thus, an underlying stock that was to have its target weight increased relative to the prior year may not realize an increase to such degree or at all. Similarly, an underlying stock that was to have its target weight decreased relative to the prior year may not realize a decrease to such degree or at all. In all cases, an index market disruption event will affect the weights of all of the underlying stocks (due to the update made to the weights of all underlying stocks not affected by an index market disruption event through a proportional reallocation of the remaining weight of the base index not allocated to the weight of the underlying stock or underlying stocks affected by an index market disruption event), and may have an adverse impact on the level of the index, potentially for a year until the next annual base index rebalancing.

Further, if on a base index observation day, a stock that was not included in the index on the previous index business day is affected by an index market disruption event, such stock will be excluded from the index, regardless of its exposure to the national defense theme. Therefore, if a stock would have been included in the base index except for the fact that it was affected by an index market disruption event on the base index observation date, the underlying stocks included in the index would have a higher target weight in the index than if such excluded stock had not been affected by an index market disruption event on the base index observation date and was therefore included in the index.

#### **An Investment in the Offered CDs Is Subject to Risks Associated with Foreign Securities**

The value of your CDs is linked to an index that includes or may include American Depositary Receipts (“ADRs”) representing interests in shares of companies from one or more foreign securities markets. Investments linked to the value of foreign equity securities involve particular risks. Any foreign securities market may be less liquid, more volatile and affected by global or domestic market developments in a different way than are the U.S. securities market or other foreign securities markets. Both government intervention in a foreign securities market, either directly or indirectly, and cross-shareholdings in foreign companies, may affect trading prices and volumes in that market.

The prices of securities in a foreign country are subject to political, economic, financial and social factors that are unique to such foreign country’s geographical region. These factors include: recent changes, or the possibility of future changes, in the applicable foreign government’s economic and fiscal policies; the possible implementation of, or changes in, currency exchange laws or other laws or restrictions applicable to foreign companies or investments in foreign equity securities; fluctuations, or the possibility of fluctuations, in currency exchange rates; and the possibility of outbreaks of hostility, political instability, natural disaster or adverse public health developments. The United Kingdom has voted to leave the

European Union (popularly known as “Brexit”). The effect of Brexit is uncertain, and Brexit has and may continue to contribute to volatility in the prices of securities of companies located in Europe and currency exchange rates, including the valuation of the euro and British pound in particular. Any one of these factors, or the combination of more than one of these factors, could negatively affect such foreign securities market and the price of securities therein. Further, geographical regions may react to global factors in different ways, which may cause the prices of securities in a foreign securities market to fluctuate in a way that differs from those of securities in the U.S. securities market or other foreign securities markets. Foreign economies may also differ from the U.S. economy in important respects, including growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency, which may have a positive or negative effect on foreign securities prices.

### **There are Important Differences Between ADRs and the Shares the ADRs Represent**

There are important differences between the rights of holders of ADRs and the rights of holders of the shares the ADRs represent. ADRs are typically issued pursuant to a deposit agreement, which sets forth the rights and responsibilities of the ADR depositary, the company issuing the shares the ADRs represent, and the holders of the ADRs. The rights of the holders of the ADRs may be different from the rights of the holders of the shares the ADRs represent. For example, a company may make distributions in respect of its shares that are not passed on to the holders of its ADRs. Any such differences between the rights of holders of the ADRs and the rights of holders of the shares the ADRs represent may be significant and may materially and adversely affect the value of the ADRs, the performance of the index and, as a result, the CDs.

### **The Level of the Index is Subject to Foreign Currency Exchange Rate Risk**

ADRs that may be included in the index are quoted and traded in U.S. dollars on a U.S. stock exchange, while the shares represented thereby are quoted and traded in the relevant foreign currency on other stock exchanges. Therefore, fluctuations in the exchange rate between currencies in which the relevant shares are quoted and traded and the U.S. dollar will likely affect the relative value of the ADRs. As a result, the market price of the ADRs, which trade on a U.S. stock exchange, will likely be affected. These trading differences and currency exchange rates may affect the closing prices of the ADRs and, as a result, the level of the index and the value of the CDs.

Foreign currency exchange rates vary over time, and may vary considerably during the life of your CDs. Changes in a particular exchange rate result from the interaction of many factors directly or indirectly affecting economic and political conditions. Of particular importance are:

- rates of inflation;
- interest rate levels;
- the balance of payments among countries;
- the extent of government surpluses or deficits in the relevant foreign country and the United States; and
- other financial, economic, military and political factors.

All of these factors are, in turn, sensitive to the monetary, fiscal and trade policies pursued by the governments of the relevant foreign countries and the United States and other countries important to international trade and finance.

The level of the index and any payment on the CDs could also be adversely affected by delays in, or refusals to grant, any required governmental approval for conversions of a local currency and remittances abroad with respect to the ADRs or other de facto restrictions on the repatriation of U.S. dollars.

### **The Index May Include Exposure to the Short-Term Treasury Bond ETF Position**

If, on a base index observation day, the sum of the target weights for the underlying stocks is less than 1, the base index will include the short-term treasury bond ETF position at a target weight equal to the difference between 1 and the target weights of all underlying stocks included in the base index. The short-term treasury bond ETF position is intended to express the notional returns accruing to a hypothetical

investor from an investment in the iShares Short Treasury Bond ETF (the “underlying ETF”), which is comprised of publicly-issued U.S. Treasury securities that have a remaining maturity of greater than one month and less than or equal to one year. If the index includes the short-term treasury bond ETF position, the CDs will be subject to certain risks similar to those associated with a direct investment in U.S. Treasury bonds, including, among others, risks associated with a downgrade of the credit rating of the U.S. government, risks associated with an increase in possibility that the U.S. Treasury may default on its obligations (whether for credit or legislative process reasons) and risks associated with any market events that create a decrease in demand for U.S. Treasury bonds. Any of these risks would significantly adversely affect the underlying ETF, especially if the risks are concentrated in U.S. Treasury bonds with short-term maturities. Further, the value of a share of the underlying ETF may reflect transaction costs and fees incurred or imposed by the investment advisor of the underlying ETF as well as the costs to the underlying ETF to buy and sell its assets. These costs and fees are not included in the calculation of the index.

**The Index Calculation Agent Will Have Authority to Make Determinations that Could Affect the Value of Your CDs and the Amount You Receive at Maturity. The Goldman Sachs Group, Inc. Owns a Non-Controlling Interest in the Index Calculation Agent**

The index sponsor has appointed Solactive AG as the index calculation agent. As index calculation agent, Solactive AG calculates the value of the index and, as further described under the “The Index” in this disclosure statement supplement, has discretion with respect to determining index market disruption events and with respect to making certain adjustments to the underlying stocks upon corporate events. The exercise of this discretion by the index calculation agent could adversely affect the value of your CDs.

The Goldman Sachs Group, Inc., our parent company, owns a non-controlling interest in the index calculation agent.

**The Policies of the Index Sponsor and Changes That Affect the Index or the Underlying Stocks Could Affect the Payment Amount on Your CDs and Their Market Value. The Goldman Sachs Group, Inc. Owns a Non-Controlling Interest in the Index Sponsor**

The policies of the index sponsor concerning the calculation of the level of the index, additions, deletions or substitutions of underlying stocks and the timing and manner in which changes affecting the underlying stocks or their issuers, such as stock dividends, reorganizations or mergers, are reflected in the level of the index could affect the level of the index and, therefore, the payment amount on your CDs on the stated maturity date and the market value of your CDs before that date. For example, the index sponsor will not make an adjustment as a result of a dividend on an underlying stock until the ex-date. Therefore, if a dividend is declared on an underlying stock and, due to an annual rebalancing, such underlying stock is subsequently removed from the index before the applicable ex-date, the declared dividend will never be reinvested in the underlying stock, and therefore the level of the index will not benefit from such dividend.

The payment amount on your CDs and their market value could also be affected if the index sponsor changes these policies, for example, by changing the manner in which it calculates the level of the index or the method by which it constructs the index, or if the index sponsor discontinues or suspends calculation or publication of the level of the index, in which case it may become difficult to determine the market value of your CDs.

If events such as these occur, or if the closing level of the index is not available on the determination date because of an index market disruption event or for any other reason, the CD calculation agent — which initially will be GS&Co., our affiliate — may determine the closing level of the index on the determination date — and thus the payment amount on the stated maturity date — in a manner it considers appropriate, in its sole discretion. We describe the discretion that the CD calculation agent will have in determining the closing level of the index on the determination date and the payment amount on your CDs more fully under “Specific Terms of Your CDs — Discontinuance or Modification of the Index” and “— Role of CD Calculation Agent” below.

The Goldman Sachs Group, Inc., our parent company, owns a non-controlling interest in Motif Investing Inc., the index sponsor’s ultimate parent company.

**U.K. Regulators Will No Longer Persuade or Compel Banks to Submit Rates for Calculation of LIBOR After 2021; Interest Rate Benchmark May Be Discontinued**

On July 27, 2017, the Chief Executive of the U.K. Financial Conduct Authority (FCA), which regulates LIBOR, announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of LIBOR (which includes the 3-month USD LIBOR rate) after 2021. Such announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Notwithstanding the foregoing, it appears highly likely that LIBOR will be discontinued or modified by 2021. It is not possible to predict the effect that this announcement or any such discontinuance or modification will have on the 3-month USD LIBOR rate, the index or your CDs.

**Regulation and Reform of “Benchmarks”, Including LIBOR and Other Types of Benchmarks, May Cause such “Benchmarks” to Perform Differently Than in the Past, or to Disappear Entirely, or Have Other Consequences Which Cannot be Predicted**

LIBOR and other interest rate, equity, foreign exchange rate and other types of indices which are deemed to be “benchmarks” are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such “benchmarks” to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on your CDs.

Any of the international, national or other proposals for reform or the general increased regulatory scrutiny of “benchmarks” could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain “benchmarks”, trigger changes in the rules or methodologies used in certain “benchmarks” or lead to the disappearance of certain “benchmarks”. The disappearance of a “benchmark” or changes in the manner of administration of a “benchmark” could result in discretionary valuation by the index sponsor (including any index calculation agent acting on the index sponsor’s behalf) or the CD calculation agent or other consequence in relation to your CDs. Any such consequence could have a material adverse effect on the value of and return on your CDs.

**The Historical Levels of the Notional Interest Rate Are Not an Indication of the Future Levels of the Notional Interest Rate**

In the past, the level of the notional interest rate (3-month USD LIBOR) has experienced significant fluctuations. You should note that historical levels, fluctuations and trends of the notional interest rate are not necessarily indicative of future levels. Any historical upward or downward trend in the notional interest rate is not an indication that the notional interest rate is more or less likely to increase or decrease at any time, and you should not take the historical levels of the notional interest rate as an indication of its future performance.

**Your CDs May Not Have an Active Trading Market**

Your CDs will not be listed or displayed on any securities exchange or included in any interdealer market quotation system, and as a result there may be little or no secondary market for your CDs. Even if a secondary market for your CDs develops, it may not provide significant liquidity and we expect that transaction costs in any secondary market would be high. As a result, the difference between bid and asked prices for your CDs in any secondary market could be substantial. You should not purchase our CDs unless you plan to hold them to maturity.

**If You Sell Your CDs in a Secondary Market Transaction, You May Experience a Loss**

If you sell your CDs prior to the stated maturity date, you will receive the market price for your CDs. The market price for your CDs may be influenced by many factors, such as the volatility and general performance of the index, interest rates, the time remaining until maturity, dealer discount and other factors described below. You may also be charged a commission in connection with a secondary market transaction. Depending on the impact of these factors, you may receive significantly less than the face amount of your CDs in any sale of your CDs before the stated maturity date.

### **The Market Value of Your CDs May Be Influenced by Many Unpredictable Factors**

The following factors, among others, many of which are beyond our control, may influence the market value of your CDs:

- the volatility – i.e., the frequency and magnitude of changes – in the level of the index;
- the level of the index, including the initial index level;
- dividend rates of the underlying stocks;
- 3-month USD LIBOR;
- economic, financial, regulatory, political, military and other events that affect stock markets generally, or the sectors and sub-industries included in the index, and the underlying stocks, in particular, and which may affect the closing levels of the index;
- interest rates and yield rates in the market;
- the time remaining until your CDs mature; and
- our creditworthiness, whether actual or perceived, and including actual or anticipated upgrades or downgrades in our credit ratings or changes in other credit measures.

These factors may influence the market value of your CDs if you sell your CDs before maturity, including the price you may receive for your CDs in any market making transaction. If you sell your CDs prior to maturity, you may receive less than the face amount of your CDs.

You cannot predict the future performance of the index based on its historical performance. The actual performance of the index over the life of the CDs, as well as the amount payable on the stated maturity date, may bear little or no relation to historical index performance information, hypothetical performance data or hypothetical return examples shown elsewhere in this disclosure statement supplement.

### **If the Level of the Index Changes, the Market Value of Your CDs May Not Change in the Same Manner**

Your CDs may trade quite differently from the performance of the index. Changes in the level of the index may not result in a comparable change in the market value of your CDs. Even if the level of the index increases above the initial index level during the life of the CDs, the market value of your CDs may not increase by the same amount. We discuss some of the reasons for this disparity under “— The Market Value of Your CDs May Be Influenced by Many Unpredictable Factors” above.

### **You Have No Shareholder Rights or Rights to Receive Any Underlying Stock**

Investing in your CDs will not make you a holder of any of the underlying stocks. Neither you nor any other holder or owner of your CDs will have any rights with respect to the underlying stocks, including any voting rights, any right to receive dividends or other distributions, any rights to make a claim against the underlying stocks or any other rights of a holder of the underlying stocks. Your CDs will be paid in cash and you will have no right to receive delivery of any underlying stocks.

### **Past Index Performance is No Guide to Future Performance**

The actual performance of the index over the life of the CDs, as well as the amount payable at maturity, may bear little relation to the historical index performance information, hypothetical performance data or hypothetical return examples set forth elsewhere in this disclosure statement supplement. We cannot predict the future performance of the index.

### **The CD Calculation Agent Will Have the Authority to Make Determinations That Could Affect the Market Value of Your CDs, When Your CDs Mature and the Amount You Receive at Maturity**

As of the date of this disclosure statement supplement, we have appointed GS&Co. as the CD calculation agent for your CDs. As CD calculation agent for your CDs, GS&Co. will make all determinations regarding: the initial index level; the closing level of the index; the final index level, which will be used to determine the amount we must pay on the stated maturity date; successor indices; the determination date; the stated maturity date; the mandatory redemption date, if applicable; business days; trading days; the



mandatory redemption amount, if applicable; the supplemental amount and the amount payable on your CDs; and any other determination as applicable or specified herein. The CD calculation agent also has discretion in making certain adjustments relating to a discontinuation or modification of the index. The exercise of this discretion by the CD calculation agent could adversely affect the value of your CDs. We may change the CD calculation agent at any time without notice, and GS&Co. may resign as CD calculation agent at any time upon 60 days' written notice to Goldman Sachs Bank USA.

#### **The CD Calculation Agent Can Postpone the Determination Date If a Non-Trading Day Occurs**

If the CD calculation agent determines that, on a day that would otherwise be the determination date, such day is not a trading day for the index, the determination date will be postponed until the first following trading day, subject to limitation on postponement described under "Specific Terms of Your Certificates of Deposit — Payment on Stated Maturity Date — Determination Date" on page S-31. If the determination date is postponed to the last possible day and such day is not a trading day, such day will nevertheless be the determination date.

If the determination date is so postponed, the stated maturity date for your CDs will also be postponed, as described under "Specific Terms of Your Certificates of Deposit — Payment on Stated Maturity Date — Stated Maturity Date" on page S-31. In such a case, you may not receive the cash payment that we are obligated to deliver on the stated maturity date until several days after the originally scheduled stated maturity date. If the closing level of the index is not available on the determination date because of a non-trading day or for any other reason (except as described under "Specific Terms of Your Certificates of Deposit — Discontinuance or Modification of the Index" on page S-31), in certain circumstances the CD calculation agent will determine the closing level of the index, based on its assessment, made in its sole discretion, of the level of the index on such day, as described under "Specific Terms of Your Certificates of Deposit — Consequences of a Non-Trading Day" on page S-31.

#### **There Is No Affiliation Between the Underlying Stock Issuers and Us**

Other than as specified above, we are not affiliated with the issuers of the underlying stocks (the "underlying stock issuers"), the index sponsor or the index calculation agent. As we have told you above, however, we or our affiliates may currently or from time to time in the future own securities of, or engage in business with, the index sponsor, the underlying stock issuers or the index calculation agent. Neither we nor any of our affiliates have participated in the preparation of any publicly available information or made any "due diligence" investigation or inquiry with respect to the underlying stock issuers. You, as an investor in your CDs, should make your own investigation into the underlying stock issuers. See "The Index" below for additional information about the index.

Neither the index sponsor, the index calculation agent nor any of the underlying stock issuers are involved in this offering of your CDs in any way and none of them have any obligation of any sort with respect to your CDs. Thus, neither the index sponsor, the index calculation agent nor any of the underlying stock issuers have any obligation to take your interests into consideration for any reason, including in taking any corporate actions that might affect the market value of your CDs.

#### **The Full Face Amount of Your CDs and the Supplemental Amount May Not Be Protected by FDIC Insurance**

The CDs evidence deposit liabilities of Goldman Sachs Bank USA, which are covered by FDIC insurance within the limits and to the extent set forth in the FDIA and in the rules, regulations and interpretations of the FDIC, some of which are described herein. In general, the FDIC insures all deposits maintained by a depositor in the same ownership category at the same depository institution, and per participant for certain retirement accounts, up to a maximum limit of \$250,000. These maximum limits are the total protection available for your CDs, together with any other deposit accounts you may hold at Goldman Sachs Bank USA in the same right and capacity. As a result, the full face amount of your CDs and any accrued and finally ascertained supplemental amount, may not be protected by FDIC insurance.

FDIC insurance coverage includes the face amount of your CDs and finally determined return on your CDs to the date of default of Goldman Sachs Bank USA. Accordingly, if the FDIC was appointed conservator or receiver of Goldman Sachs Bank USA prior to the determination date of the CDs, the FDIC has taken the position that any supplemental amount between the date of deposit and the date the FDIC

was appointed receiver or conservator is not insured because such supplemental amount is not accrued and finally ascertained until the determination date and would not be reflected on the books of Goldman Sachs Bank USA at the time of such appointment. Thus, the amount insured by the FDIC with respect to the CDs may be substantially less than the amount that would otherwise be payable on the CDs at maturity (and could be less than the applicable FDIC insurance limits). In addition, the FDIC takes the position that any secondary market premium paid by you above the face amount of the CDs is not insured by the FDIC. Also, FDIC insurance may not cover the CDs if a regulatory or statutory change renders the CDs ineligible for FDIC insurance coverage. Further, if Goldman Sachs Bank USA's status as an insured depository institution is terminated or suspended by the FDIC (including as a result of our actions) or is terminated by us, during the period of temporary insurance following the termination or suspension the FDIC insurance may not cover any amounts in excess of the face amount of the CDs or any accrued and finally ascertained return thereon. **If you sell your CDs prior to maturity, FDIC insurance will not cover any resulting losses.**

The FDIC may temporarily suspend the deposit insurance on deposits received by us if it has initiated involuntary FDIC insurance termination proceedings against us and certain other circumstances apply. If our FDIC insurance status were suspended, FDIC deposit insurance would continue to apply to deposits existing at the time of such suspension to the extent provided by the FDIC, but only for the benefit of the owners of deposits at the time of such suspension. Accordingly, any purchaser of a CD following such suspension would not have the benefit of FDIC deposit insurance, which would negatively affect the secondary market, if any, for the CDs.

**To the Extent Payments under the CDs Are Not Insured by the FDIC, You Can Depend Only on Our Creditworthiness for Payment on the CDs**

The CDs will be our obligations only. Except to the extent FDIC insurance is available from the FDIC, no entity other than Goldman Sachs Bank USA (or its receiver or conservator, if applicable, to the extent of any available remaining assets of Goldman Sachs Bank USA) will have any obligation, contingent or otherwise, to make any payments in respect of the CDs. Accordingly, we will be dependent on our assets and earnings to generate the funds necessary to meet our obligations with respect to the CDs. If our assets and earnings are not adequate, we may be unable to make payments in respect of the CDs and you could lose that part of your deposit, if any, that is not covered by FDIC insurance.

In addition, claims in excess of deposit insurance limits are paid as described above under "Q&A — Are the CDs Insured by the Federal Deposit Insurance Corporation ("FDIC") and How Will the CDs Rank Against Other Obligations of Goldman Sachs Bank USA?"

The CDs are obligations solely of Goldman Sachs Bank USA, and are not obligations of The Goldman Sachs Group, Inc. or any other affiliate of Goldman Sachs Bank USA. In addition, the CDs are not guaranteed by The Goldman Sachs Group, Inc. or any other affiliate of Goldman Sachs Bank USA.

**Status as Uninsured Deposits Could Reduce Your Recovery of Principal Deposited and/or Adversely Affect Your Return**

If the FDIC were appointed as conservator or receiver of Goldman Sachs Bank USA, the amount actually paid by the FDIC in this capacity on the claims of holders of the CDs in excess of the amount insured by the FDIC and paid under FDIC insurance would depend upon, among other factors, the amount of conservatorship or receivership assets available for the payment of claims of deposit liabilities.

If appointed as conservator or receiver of Goldman Sachs Bank USA, the FDIC also would be authorized to disaffirm or repudiate any contract to which Goldman Sachs Bank USA is a party, the performance of which was determined to be burdensome, and the disaffirmance or repudiation of which was determined to promote the orderly administration of Goldman Sachs Bank USA's affairs. It is likely that for this purpose deposit obligations, such as the CDs, would be considered "contracts" within the meaning of the foregoing and that the CDs could be repudiated by the FDIC as conservator or receiver of Goldman Sachs Bank USA. Such repudiation should result in a claim by a depositor against the conservator or receiver for the face amount of the CDs. No claim would be available, however, for any secondary market premium paid by a depositor above the face amount of a CD and no claims would likely be available for any supplemental amount that has not yet been finally ascertained and accrued.

The FDIC as conservator or receiver also may transfer to another insured depository institution any of the insolvent institution's assets and liabilities, including deposit liabilities such as the CDs (or only the insured portion thereof), without the approval or consent of the beneficial owners of the CDs. The transferee depository institution would be permitted to offer beneficial owners of the CDs (or the insured portion thereof so transferred) the choice of (i) repayment of the principal amount so transferred or (ii) substitute terms which may be less favorable. If a CD is paid off prior to its stated maturity date, either by a transferee depository institution or the FDIC, its beneficial owner may not be able to reinvest the funds at the same rate of return as the rate on the original CD.

As with all deposits, if it becomes necessary for FDIC insurance payments to be made on the CDs, there is no specific time period during which the FDIC must make insurance payments available. Accordingly, in such an event, you should be prepared for the possibility of an indeterminate delay in obtaining insurance payments.

Except to the extent insured by the FDIC as described in this disclosure statement supplement and the accompanying disclosure statement, the CDs are not otherwise insured by any governmental agency or instrumentality or any other person.

### **You Will Not Have the Right to Withdraw the Face Amount of Your CDs Prior to the Stated Maturity Date**

When you purchase the CDs, you agree with Goldman Sachs Bank USA to keep your funds on deposit for the term of the CDs. You will not have the right to withdraw any portion of the face amount of your CDs prior to the stated maturity date. Therefore, you should not rely on the possibility of early withdrawal for gaining access to your funds prior to the stated maturity date.

### **Your CDs Are Subject to Mandatory Redemption**

In the event our status as an insured depository institution is terminated by the FDIC or us or as a result of our actions or if regulatory or statutory changes in the future render the CDs ineligible for FDIC insurance coverage, to the extent permitted by applicable law and regulation we will redeem your CDs in full, unless they mature prior to the redemption date, as described under "Specific Terms of Your Certificates of Deposit — Mandatory Redemption" on page S-32. The payment amount you receive upon such redemption due to the termination of FDIC insurance may be less than the amount you would have otherwise received on your CDs. This commitment to redeem your CDs may not be enforceable under certain circumstances, such as if the FDIC has been appointed receiver or conservator of the bank.

### **If Your CDs Are Mandatorily Redeemed You May Not Receive the Mandatory Redemption Amount for Up to Almost Two Years and You Will Not Receive Any Interest Payments on Such Amount. In Addition, the Full Mandatory Redemption Amount May Not Be Protected by FDIC Insurance**

In the event our status as an insured depository institution is terminated by the FDIC or us or as a result of our actions, or if a regulatory or statutory change renders the CDs ineligible for FDIC insurance coverage, to the extent permitted by applicable law and regulation, we will redeem your CDs in full, unless they mature prior to the redemption date, as described under "Specific Terms of Your Certificates of Deposit — Mandatory Redemption" on page S-32. As described therein, in the event our status as an insured depository institution is terminated by the FDIC or us or as a result of our actions, the mandatory redemption amount will be determined by the tenth business day after our status as an insured depository institution is terminated by the FDIC, but the mandatory redemption amount will not be paid until the last business day on which any of our outstanding deposit obligations would be insured by the FDIC, which may not occur for a period of six months to up to almost two years after the mandatory redemption amount is determined (depending on the period of temporary deposit insurance provided by the FDIC following the termination of our status as an insured depository institution). During this time period, the mandatory redemption amount will not bear interest and the CDs will not otherwise be exposed to market movements. Thus, the overall return you earn on your CDs in the event of a mandatory redemption may be less than you would have earned if our status as an insured depository institution had not been terminated.

In addition, the temporary deposit insurance that would be provided by the FDIC following termination of our status as an insured depository institution will cover only those amounts accrued with respect to your CDs on the date of such termination. As a result, the mandatory redemption amount, to the extent it

exceeds the face amount, may not be covered by FDIC insurance. Therefore, you may be fully exposed to our credit risk to the extent the mandatory redemption amount exceeds the face amount of your CDs.

**If Regulatory Changes Render the CDs Ineligible for FDIC Insurance Coverage, Your CDs May Not Be Covered by FDIC Insurance and Will Be Subject to Mandatory Redemption**

Amendments to existing legislation or regulations or enactment of new legislation or regulations relating to FDIC insurance may be introduced at any time. If an amendment or enactment causes the CDs not to be eligible for FDIC insurance coverage, or the FDIC or another regulatory body determines that the CDs are not eligible for FDIC insurance coverage, to the extent permitted by law, we will redeem your CDs in full, unless they mature prior to the redemption date, as described, and subject to the limits set forth, under “Specific Terms of Your Certificates of Deposit — Mandatory Redemption” on page S-32. Until the date of such redemption, which will occur ten business days after the effective date of any such regulation, ruling or interpretation that renders the CDs ineligible for FDIC insurance, you will be fully exposed to our credit risk and you would not be entitled to FDIC insurance if Goldman Sachs Bank USA becomes insolvent and the FDIC is appointed its conservator or receiver.

**Other Investors in the CDs May Not Have the Same Interests as You**

Other investors in the CDs are not required to take into account the interests of any other investor in exercising remedies or other rights in their capacity as holders or in making requests or recommendations to Goldman Sachs as to the establishment of other transaction terms. The interests of other investors may, in some circumstances, be adverse to your interests. For example, certain investors may take short positions (directly or indirectly through derivative transactions) on assets that are the same or similar to your CDs, the index, the underlying stocks, or other similar securities, which may adversely impact the market for or value of your CDs.

**Certain Considerations for Insurance Companies and Employee Benefit Plans**

Any insurance company or fiduciary of a pension plan or other employee benefit plan that is subject to the prohibited transaction rules of the Employee Retirement Income Security Act of 1974, as amended, which we call “ERISA”, or the Internal Revenue Code of 1986, as amended, including an IRA or a Keogh plan (or a governmental plan to which similar prohibitions apply), and that is considering purchasing the CDs with the assets of the insurance company or the assets of such a plan, should consult with its counsel regarding whether the purchase or holding of the CDs could become a “prohibited transaction” under ERISA, the Internal Revenue Code or any substantially similar prohibition in light of the representations a purchaser or holder in any of the above categories is deemed to make by purchasing and holding the CDs. This is discussed in more detail under “Employee Retirement Income Security Act” on page S-72.

**Your CDs Will Be Treated as Debt Instruments Subject to Special Rules Governing Contingent Payment Debt Instruments for U.S. Federal Income Tax Purposes**

Your CDs will be treated as debt instruments subject to special rules governing contingent payment debt instruments for U.S. federal income tax purposes. If you are a U.S. individual or a taxable entity, you generally will be required to pay taxes on ordinary income from the CDs over their term based on the comparable yield for the CDs, even though you will not receive any payments from us until maturity. In addition, any gain you may recognize on the sale, exchange, redemption or maturity of the CDs will be taxed as ordinary interest income. If you are a secondary purchaser of the CDs, the tax consequences to you may be different. Please see “Supplemental Discussion of United States Federal Income Tax Consequences” below for a more detailed discussion. Please also consult your tax advisor concerning the U.S. federal income tax and any other applicable tax consequences to you of owning your CDs in your particular circumstances.

**Foreign Account Tax Compliance Act (FATCA) Withholding May Apply to Payments on Your CDs, Including as a Result of the Failure of the Bank or Broker Through Which You Hold the CDs to Provide Information to Tax Authorities**

Your CDs could be subject to a U.S. withholding tax of 30% under FATCA. This tax could apply if you or any non-U.S. person or entity that receives a payment (directly or indirectly) on your behalf (including a bank, custodian, broker or other payee, at any point in the series of payments made on your CDs) does not comply with the U.S. information reporting, withholding, identification, certification, and related

requirements imposed by FATCA. The payments potentially subject to this withholding tax include interest (including original issue discount) and other periodic payments as well as payments made upon the sale, exchange, redemption or maturity of your CDs.

You should consult your tax advisor regarding the relevant U.S. law and other official guidance on FATCA. You could be affected by this withholding if, for example, your bank or broker through which you hold the CDs is subject to withholding because it fails to comply with these requirements. This might be the case even if you would not otherwise have been directly subject to withholding. Accordingly, you should consult your bank or broker about the likelihood that payments to it (for credit to you) will become subject to withholding in the payment chain.

The withholding tax described above could currently apply to all interest (including original issue discount) and other periodic payments made on the CDs. In addition, the withholding tax described above could apply to payments made upon the sale, exchange, redemption or maturity of the CDs on or after January 1, 2019.

We will not pay any additional amounts in respect of this withholding tax, so if this withholding applies, you will receive significantly less than the amount that you would have otherwise received with respect to your CDs. Depending on your circumstances, you may be entitled to a refund or credit in respect of some or all of this withholding. However, even if you are entitled to have any such withholding refunded, the required procedures could be cumbersome and significantly delay your receipt of any withheld amounts. For more information, see “Supplemental Discussion of United States Federal Income Tax Consequences – Foreign Account Tax Compliance Act (FATCA) Withholding” on page S-70 of this disclosure statement supplement.

In addition, your CDs may also be subject to other U.S. withholding tax as described in “United States Taxation” in the accompanying disclosure statement.

## SPECIFIC TERMS OF YOUR CERTIFICATES OF DEPOSIT

*Please note that in this section entitled “Specific Terms of Your Certificates of Deposit”, references to “holders” mean those who own CDs registered in their own names, on the books that we or the paying agent may maintain for this purpose, and not those who own beneficial interests in a master certificate registered in street name through The Depository Trust Company. Please review the special considerations that apply to owners of beneficial interests in the accompanying disclosure statement, under “Legal Ownership and Payment”.*

This disclosure statement supplement summarizes specific financial and other terms that apply to the offered CDs, including your CDs; terms that apply generally to all CDs are described in “Description of Certificates of Deposit We May Offer” in the accompanying disclosure statement. The terms described here supplement those described in the accompanying disclosure statement and, if the terms described here are inconsistent with those described there, the terms described here are controlling. The offered CDs are “indexed CDs” as described in the accompanying disclosure statement.

Please note that the information about the settlement date or trade date, issue price, placement fee and net proceeds to Goldman Sachs Bank USA on the front cover page or elsewhere in this disclosure statement supplement relates only to the initial issuance and sale of the CDs. If you have purchased your CDs in a market-making transaction after the initial issuance and sale of the CDs, any such relevant information about the sale to you will be provided in a separate confirmation of sale.

By your purchase of a CD, you are deemed to represent to us and any dealer through which you purchase the CD that your deposits with Goldman Sachs Bank USA, including the CDs, when aggregated in accordance with FDIC regulations, are within the \$250,000 FDIC insurance limit for each insurable capacity.

In addition to those terms described on the cover page and under “Summary Information” of this disclosure statement supplement, the following terms will apply to your CDs:

### **Denominations**

Each CD registered in the name of a holder must have a face amount of \$1,000 or an integral multiple of \$1,000 in excess thereof.

### **Index, Index Sponsor and Underlying Stocks**

In this disclosure statement supplement, when we refer to the index, we mean the Motif Capital National Defense 7 ER Index or any successor index as they may be modified, replaced or adjusted from time to time as described under “— Discontinuance or Modification of the Index” below. When we refer to the index sponsor as of any time, we mean the entity, including any successor sponsor, that determines and publishes the index as then in effect. When we refer to the underlying stocks as of any time, we mean the stocks (and, if applicable, the underlying ETF) that comprise the index as then in effect, after giving effect to any additions, deletions or substitutions.

### **Payment on Stated Maturity Date**

Unless we redeem your CDs as described under “— Mandatory Redemption” or “—Optional Redemption in the Event of Death or Adjudication of Incompetence” below, on the stated maturity date, we will pay you for each \$1,000 face amount of your CDs an amount in cash equal to the *sum* of \$1,000 *plus* the supplemental amount.

### **Supplemental Amount**

For each \$1,000 face amount of your CDs, the supplemental amount will equal:

- if the final index level is greater than the initial index level, the product of \$1,000 times the upside participation rate times the index return; or
- if the final index level is equal to or less than the initial index level, \$0.

The initial index level is 134.90. The CD calculation agent will determine the final index level, which will be the closing level of the index on the determination date as calculated and published by the index sponsor (including any index calculation agent acting on the index sponsor's behalf), subject to adjustment in certain circumstances described under “— Consequences of a Non-Trading Day” and “— Discontinuance or Modification of the Index” below.

The index return is calculated by *subtracting* the initial index level from the final index level and *dividing* the result by the initial index level, with the quotient expressed as a percentage. The upside participation rate is 205%.

The amount payable on your CDs on the stated maturity date will be based on the percentage change in the final index level from the initial index level. If the final index level is greater than the initial index level, you will participate in any such increase in the final index level at a rate of 205%. If the final index level is less than the initial index level, you will receive 100% of the face amount of your CDs (or \$1,000).

### **Stated Maturity Date**

The stated maturity date is October 26, 2023, unless that day is not a business day, in which case the stated maturity date will be the next following business day. If the determination date is postponed as described under “— Determination Date” below, the stated maturity date will be postponed by the same number of business day(s) from but excluding the originally scheduled determination date to and including the actual determination date.

### **Determination Date**

The determination date is October 19, 2023, unless the CD calculation agent determines that such day is not a trading day. In that event, the determination date will be the first following trading day. In no event, however, will the determination date be postponed to a date later than the originally scheduled stated maturity date or, if the originally scheduled stated maturity date is not a business day, later than the first business day after the originally scheduled stated maturity date. If the determination date is postponed to the last possible day, but such day is not a trading day, that day will nevertheless be the determination date.

### **Consequences of a Non-Trading Day**

If a day that would otherwise be the determination date is not a trading day, then the determination date will be postponed as described under “— Determination Date” above.

If the CD calculation agent determines that the final index level is not available on the last possible determination date because of a non-trading day or for any other reason (other than as described under “— Discontinuance or Modification of the Index” below), then the CD calculation agent will nevertheless determine the level of the index based on its assessment, made in its sole discretion, of the level of the index on that day.

### **Discontinuance or Modification of the Index**

If the index sponsor discontinues publication of the index and the index sponsor or anyone else publishes a substitute index that the CD calculation agent determines is comparable to the index, or if the CD calculation agent designates a substitute index, then the CD calculation agent will determine the amount payable on the stated maturity date by reference to the substitute index. We refer to any substitute index approved by the CD calculation agent as a successor index.

If the CD calculation agent determines on the determination date that the publication of the index is discontinued and there is no successor index, the CD calculation agent will determine the final index level by a computation methodology that the CD calculation agent determines will as closely as reasonably possible replicate the index.

If the CD calculation agent determines that the index, the underlying stocks or the method of calculating the index is changed at any time in any respect — including any split or reverse split and any addition, deletion or substitution and any reweighting or rebalancing of the index or of the underlying stocks and whether the change is made by the index sponsor under its existing policies or following a modification of those policies, is due to the publication of a successor index, is due to events affecting one or more of the underlying stocks or their issuers or is due to any other reason — and is not otherwise reflected in the level

of the index by the index sponsor pursuant to the then-current index methodology of the index, then the CD calculation agent will be permitted (but not required) to make such adjustments in the index or the method of its calculation as it believes are appropriate to ensure that the level of the index used to determine the payment amount on the stated maturity date is equitable.

All determinations and adjustments to be made by the CD calculation agent with respect to the index may be made by the CD calculation agent in its sole discretion. The CD calculation agent is not obligated to make any such adjustments.

### **Mandatory Redemption**

If our status as an insured depository institution is terminated by the FDIC or us or as a result of our actions, or if a regulatory or statutory change renders the CDs ineligible for FDIC insurance coverage, to the extent permitted by applicable law and regulation, we will redeem your CDs then outstanding on the applicable mandatory redemption date in full at a price equal to the mandatory redemption amount, which is described under “—Special Calculation Provisions—Mandatory Redemption Amount” below. This commitment to redeem your CDs may not be enforceable under certain circumstances, such as if the FDIC has been appointed receiver or conservator of the bank. No supplemental amount will be paid following the effective date of such regulatory or statutory change or such termination of our status as an insured depository institution if such termination were to occur. The mandatory redemption date following any such termination, however, will be the last business day on which any of our outstanding deposit obligations would be insured by the FDIC pursuant to temporary deposit insurance provided by the FDIC. Such date may not occur for a period of six months to up to almost two years after the mandatory redemption amount is determined (depending on the period of temporary deposit insurance provided by the FDIC following the termination of our status as an insured depository institution). If regulatory or statutory changes render the CDs ineligible for FDIC insurance, the mandatory redemption date following such change will be the tenth business day after the effective date of any such regulation, ruling or interpretation which renders the CDs ineligible for FDIC insurance coverage. The mandatory redemption amount will not bear interest. We describe the mandatory redemption amount under “—Special Calculation Provisions” below.

Notwithstanding the foregoing, in the event the mandatory redemption date occurs on or after the stated maturity date, you will receive the amount described under “—Payment on Stated Maturity Date” above.

### **Optional Redemption in the Event of Death or Adjudication of Incompetence**

The authorized representative of a deceased or adjudicated incompetent beneficial owner of a CD will have the option to request a redemption of the CDs as described under “Description of the Certificates of Deposit We May Offer — Redemption — Redemption Upon Death or Adjudication of Incompetence” on page 37 of the accompanying disclosure statement and “Truth in Savings Disclosure — Optional Redemption in the Event of Death or Adjudication of Incompetence” herein, which we refer to as the “estate feature”.

By your purchase of a CD, you are deemed to represent to us and any dealer through which you purchase the CD that your deposits with Goldman Sachs Bank USA, including the CDs, when aggregated in accordance with FDIC regulations, are within the \$250,000 FDIC insurance limit for each insurable capacity. For purposes of early withdrawal pursuant to the estate feature, we will limit the combined aggregate principal amount of (i) these CDs and (ii) any other CDs of Goldman Sachs Bank USA subject to this withdrawal limit to the FDIC insurance coverage amount applicable to each insurable capacity in which such CDs are held.

A joint owner of a joint account with a beneficial owner who has died or been adjudicated incompetent will be entitled to redeem a CD only if such joint owner was a member of the same household with the deceased or incompetent beneficial owner at the time of such beneficial owner's death or declaration of legal incompetency, or if such joint owner is related to the deceased or incompetent beneficial owner, including by blood, marriage or adoption. Any other joint accountholder shall have no right to the estate feature. A joint owner so entitled to redeem a CD shall hold all of the rights to take actions with respect to such CD that are granted to an authorized representative under the Disclosure Statement with respect to the estate feature.



In addition, as discussed in the accompanying disclosure statement, written verification acceptable to us will be required to permit early withdrawal pursuant to the estate feature and all questions regarding the eligibility or validity of any exercise of the estate feature will be determined by us in our sole discretion, which determination will be final and binding on all parties. Furthermore, we may waive any applicable limitations with respect to a particular deceased or incompetent beneficial owner, but that does not require us to make the same or similar waivers with respect to any other deceased or incompetent beneficial owner.

Subject to all of the foregoing, if your authorized representative chooses to redeem your CDs, on the redemption date your authorized representative will receive only the face amount of your CDs. No supplemental amount will be paid in connection with any such early redemption.

The value of the CDs may be greater than their face amount on the date of such early redemption. Accordingly, the authorized representative should contact your broker to determine the market price of the CDs and should otherwise carefully consider whether to sell the CDs to your broker or another market participant rather than redeeming the CDs at the face amount pursuant to a request for redemption.

### **Manner of Payment**

We will make any payments in accordance with the applicable procedures of the depository.

### **Role of CD Calculation Agent**

The CD calculation agent will make all determinations regarding the initial index level; the closing levels of the index; the final index level; successor indices; the stated maturity date; the determination date; the mandatory redemption date, if applicable; business days; trading days; the index return; the mandatory redemption amount, if applicable; the supplemental amount and the amount payable on your CDs at maturity; and any other determination as applicable or specified herein. Absent manifest error, all determinations of the CD calculation agent will be final and binding on you and us, without any liability on the part of the CD calculation agent.

Please note that GS&Co., our affiliate, is currently serving as the CD calculation agent as of the original issue date of your CDs. We may change the CD calculation agent for your CDs at any time after the original issue date without notice, and GS&Co. may resign as CD calculation agent at any time upon 60 days' written notice to us.

### **Special Calculation Provisions**

#### ***Business Day***

When we refer to a business day with respect to your CDs, we mean each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York City generally are authorized or obligated by law, regulation or executive order to close.

#### ***Trading Day***

When we refer to a trading day with respect to your CDs, we mean a day on which the index is calculated and published by the index sponsor (including any index calculation agent acting on the index sponsor's behalf). For the avoidance of doubt, if the index calculation agent determines that an index market disruption event occurs or is continuing on any day, such day will not be a trading day. See "The Index — Index Market Disruptions" below.

#### ***Closing Level of the Index***

When we refer to the closing level of the index on any trading day, we mean the official closing level of the index or any successor index published by the index sponsor (including any index calculation agent acting on the index sponsor's behalf) on such trading day.

#### ***Level of the Index***

When we refer to the level of the index at any time on any trading day, we mean the official level of the index or any successor index published by the index sponsor (including any index calculation agent acting on the index sponsor's behalf) on such trading day.

### ***Mandatory Redemption Amount***

The mandatory redemption amount for your CDs on any day will be an amount equal to the greater of:

- the face amount of your CDs, and
- the cost of having a qualified financial institution, of the kind and selected as described below, expressly assume all of our payment and other obligations with respect to your CDs as of that day and as if our insured status had not been terminated or the CDs had not been rendered ineligible for FDIC insurance coverage, or to undertake other obligations providing substantially equivalent economic value to you with respect to your CDs.

That cost will equal:

- the lowest amount that a qualified financial institution would charge to effect this assumption or undertaking, plus
- the reasonable expenses, including reasonable attorneys' fees, incurred by the holder of the CDs in preparing any documentation necessary for this assumption or undertaking.

In no event, however, will the mandatory redemption amount for your CDs be less than the face amount of your CDs.

During the mandatory redemption quotation period for your CDs, which we describe below, the holder and/or we may request a qualified financial institution to provide a quotation of the amount it would charge to effect this assumption or undertaking. If either party obtains a quotation, it must notify the other party in writing of the quotation. The amount referred to in the first bullet point above will equal the lowest — or, if there is only one, the only — quotation obtained, and as to which notice is so given, during the mandatory redemption quotation period. With respect to any quotation, however, the party not obtaining the quotation may object, on reasonable and significant grounds, to the assumption or undertaking by the qualified financial institution providing the quotation and notify the other party in writing of those grounds within two business days after the last day of the mandatory redemption quotation period, in which case that quotation will be disregarded in determining the mandatory redemption amount.

### ***Mandatory Redemption Quotation Period***

The mandatory redemption quotation period is the period beginning, as applicable, on: (i) the day on which our status as an insured depository institution is terminated by the FDIC, or (ii) the effective date of any regulation, ruling or interpretation that renders the CDs ineligible for FDIC insurance, in each case ending on the third business day after that day, unless:

- no quotation of the kind referred to above is obtained,
- every quotation of that kind obtained is objected to within five business days after the day on which our status as an insured depository institution is terminated or the effective date of any regulation, ruling or interpretation that renders the CDs ineligible for FDIC insurance, as applicable, or
- the mandatory redemption amount based on the quotation of that kind obtained and not objected to would be less than the face amount of your CDs.

If any of these three events occurs, the mandatory redemption quotation period will continue until the third business day after the first business day on which prompt notice of a quotation is given as described above. If that quotation is objected to as described above within five business days after that first business day or if the mandatory redemption amount based on that quotation would be less than the face amount of your CDs, however, the mandatory redemption quotation period will continue as described in the prior sentence and this sentence.

In any event, in the case of a regulatory or statutory change-related mandatory redemption, if the mandatory redemption quotation period and the subsequent two business day objection period have not ended before the business day preceding the mandatory redemption date, or in the case of an insurance status-related mandatory redemption, if the mandatory redemption quotation period and subsequent two business day objection period have not ended before the tenth business day after the start of the mandatory

redemption quotation period, then the mandatory redemption amount will equal the face amount of your CDs.

Because the mandatory redemption date with respect to a termination of our status as an insured depository institution will occur only at the end of the applicable grace period during which our deposits remain insured pursuant to temporary insurance after our status as an insured depository institution has been terminated by the FDIC, you may not receive the mandatory redemption amount for a period of up to almost two years after the end of the mandatory redemption quotation period and you will not earn interest on that amount or on the face amount of the CDs during that period.

***Qualified Financial Institutions***

For the purpose of determining the mandatory redemption amount at any time, a qualified financial institution must be a financial institution organized under the laws of any jurisdiction in the United States of America, which at that time has outstanding debt obligations with a stated maturity of one year or less from the date of issue and that is, or whose securities are, rated *either*:

- A-1 or higher by Standard & Poor's Ratings Services or any successor, or any other comparable rating then used by that rating agency, or
- P-1 or higher by Moody's Investors Service, Inc. or any successor, or any other comparable rating then used by that rating agency.

## HYPOTHETICAL EXAMPLES

The following examples are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and are intended merely to illustrate the impact that the various hypothetical index levels on the determination date could have on the payment amount at maturity assuming all other variables remain constant.

The examples below are based on a range of final index levels that are entirely hypothetical; no one can predict what the level of index will be on any day throughout the life of your CDs, and, in particular, no one can predict what the final index level will be on the determination date. The index has been highly volatile in the past — meaning that the level of the index has changed considerably in relatively short periods — and its performance cannot be predicted for any future period.

The information in the following examples reflects hypothetical rates of return on the offered CDs assuming that they are purchased on the original issue date at the face amount and held to the stated maturity date. If you sell your CDs in a secondary market prior to the stated maturity date, your return will depend upon the market value of your CDs at the time of sale, which may be affected by a number of factors that are not reflected in the table below such as interest rates, the volatility of the index and our creditworthiness. In addition, the estimated value of your CDs at the time the terms of your CDs are set on the trade date (as determined by reference to pricing models used by GS&Co.) is less than the original issue price of your CDs. For more information on the estimated value of your CDs, see “Additional Risk Factors Specific to Your Certificates of Deposit — The Estimated Value of Your CDs At the Time the Terms of Your CDs Are Set On the Trade Date (as Determined By Reference to Pricing Models Used By GS&Co.) Is Less Than the Original Issue Price Of Your CDs” on page S-12 of this disclosure statement supplement and the cover of this disclosure statement supplement. The information in the examples also reflects the key terms and assumptions in the box below.

### Key Terms and Assumptions

Face amount .....\$1,000  
Upside participation rate .....205%

No non-trading day occurs on the originally scheduled determination date

No change in or affecting any of the underlying stocks or the method by which the index sponsor calculates the index

CDs purchased on original issue date and held to the stated maturity date

For these reasons, the actual performance of the index over the life of your CDs, as well as the amount payable at maturity, may bear little relation to the hypothetical examples shown below or to the historical index performance information or hypothetical performance data shown elsewhere in this disclosure statement supplement. For historical index performance information and hypothetical performance data of the index during recent periods, see “The Index — Closing Levels of the Index” on page S-61. Before investing in the offered CDs, you should consult publicly available information to determine the level of the index between the date of this disclosure statement supplement and the date of your purchase of the offered CDs.

Any rate of return you may earn on an investment in the CDs may be lower than that which you could earn on a comparable investment in the underlying stocks.

Also, the hypothetical examples shown below do not take into account the effects of applicable taxes. Because of the U.S. tax treatment applicable to your CDs, tax liabilities could affect the after-tax rate of return on your CDs to a comparatively greater extent than the after-tax return on the underlying stocks.

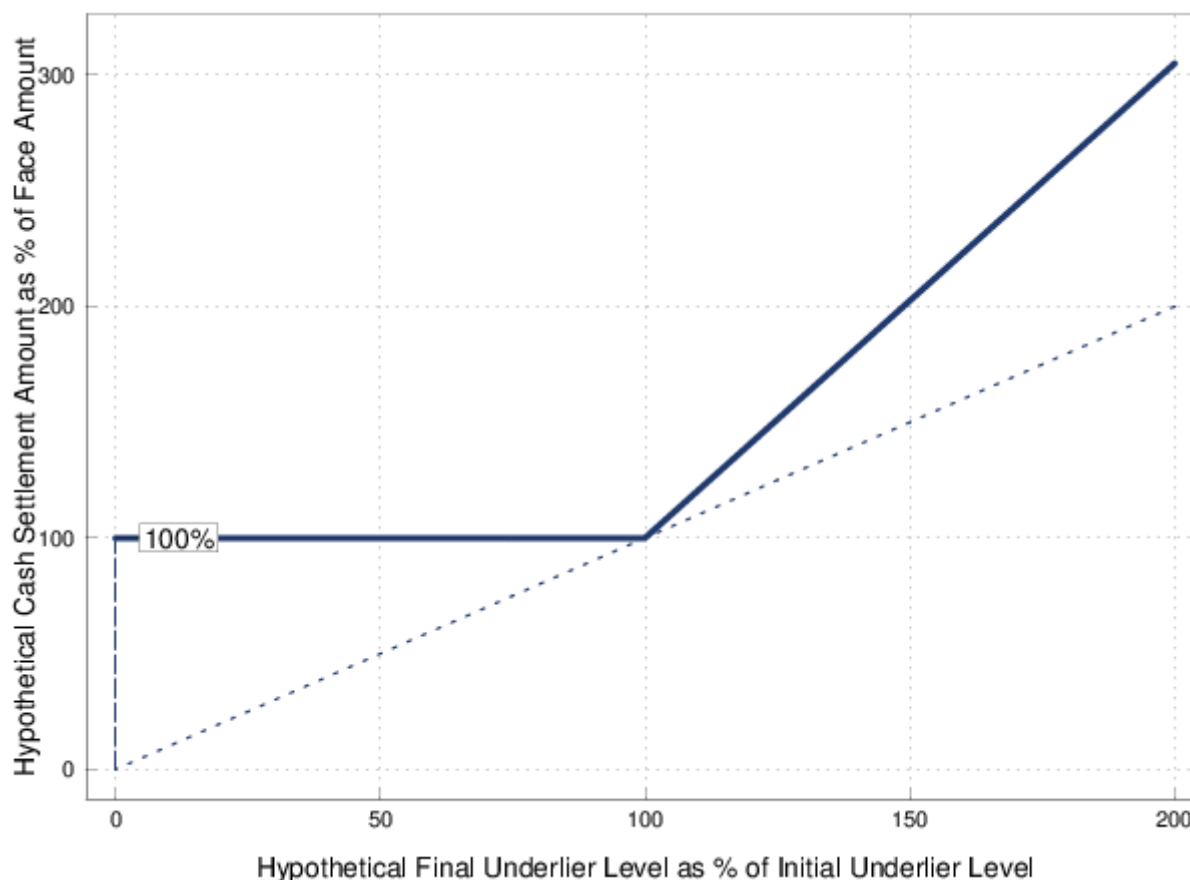
The table below shows the hypothetical payment amounts that we would deliver on the stated maturity date in exchange for each \$1,000 face amount of the CDs if the final index level (expressed as a percentage of the initial index level) were any of the hypothetical levels shown in the left column.

The levels in the left column of the table below represent hypothetical final index levels and are expressed as percentages of the initial index level. The amounts in the right column represent the hypothetical payment amounts, based on the corresponding hypothetical final index level (expressed as a percentage of the initial index level), and are expressed as percentages of the face amount of a CD (rounded to the nearest one-hundredth of a percent). Thus, a hypothetical payment amount of 100.00% means that the value of the cash payment that we would deliver for each \$1,000 of the outstanding face amount of the CDs on the stated maturity date would equal 100.00% of the face amount of a CD, based on the corresponding hypothetical final index level (expressed as a percentage of the initial index level) and the assumptions noted above.

<b>Hypothetical Final Index Level (as Percentage of Initial Index Level)</b>	<b>Hypothetical Payment Amount (as Percentage of Face Amount)</b>
200.00%	305.00%
175.00%	253.75%
150.00%	202.50%
125.00%	151.25%
105.00%	110.25%
<b>100.00%</b>	<b>100.00%</b>
90.00%	100.00%
70.00%	100.00%
50.00%	100.00%
25.00%	100.00%
<b>0.00%</b>	<b>100.00%</b>

If, for example, the final index level were determined to be 25.00% of the initial index level, the payment amount that we would deliver on your CDs at maturity would be 100.00% of the face amount of your CDs, as shown in the table above. As a result, if you purchased your CDs on the original issue date and held them to the stated maturity date, you would receive no return on your investment.

The following chart also shows a graphical illustration of the hypothetical payment amounts (expressed as a percentage of the face amount of your CDs) that we would pay on your CDs on the stated maturity date, if the final index level (expressed as a percentage of the initial index level) were any of the hypothetical levels shown on the horizontal axis. The chart shows that any hypothetical final index level (expressed as a percentage of the initial index level) of less than 100.00% (the section left of the 100.00% marker on the horizontal axis) would result in a hypothetical payment amount of 100.00% of the face amount of your CDs.



The payment amounts above are entirely hypothetical; they are based on market prices for the underlying stocks that may not be achieved on the determination date and on assumptions that may prove to be erroneous. The actual market value of your CDs on the stated maturity date or at any other time, including any time you may wish to sell your CDs, may bear little relation to the hypothetical payment amounts shown above, and these amounts should not be viewed as an indication of the financial return on an investment in the offered CDs. The hypothetical payment amounts on CDs held to the stated maturity date in the examples above assume you purchased your CDs at their face amount and have not been adjusted to reflect the actual issue price you pay for your CDs. The return on your investment in your CDs will be affected by the amount you pay for your CDs. If you purchase your CDs for a price other than the face amount, the return on your investment will differ from, and may be significantly lower than, the hypothetical returns suggested by the above examples. Please read “Additional Risk Factors Specific to Your Certificates of Deposit — The Market Value of Your CDs May Be Influenced by Many Unpredictable Factors” on page S-23.

Payments on the CDs are economically equivalent to the amounts that would be paid on a combination of other instruments. For example, payments on the CDs are economically equivalent to a combination of an interest-bearing coupon bond bought by the holder and one or more options entered into between the holder and us (with one or more implicit option premiums paid over time). The discussion in this paragraph does not modify or affect the terms of the CDs or the United States income tax treatment of the CDs, as described elsewhere in this disclosure statement supplement.

*We cannot predict the actual final index level or the market value of your CDs, nor can we predict the relationship between the level of the index and the market value of your CDs at any time prior to the stated maturity date. The actual amount that a holder of the CDs will receive at maturity and the rate of return on the offered CDs will depend on the actual final index level determined by the CD calculation agent as described above. Moreover, the assumptions on which the hypothetical returns are based may turn out to be inaccurate. Consequently, the amount of cash to be paid in respect of your CDs on the stated maturity date may be very different from the information reflected in the examples above.*

## USE OF PROCEEDS

We will use the net proceeds we receive from the sale of the offered CDs for the purposes we describe in the accompanying disclosure statement under “Use of Proceeds”. We or our affiliates may also use those proceeds in transactions intended to hedge our obligations under the offered CDs as described below.

## HEDGING

In anticipation of the sale of the CDs, we and/or our affiliates have entered into or expect to enter into cash-settled hedging transactions involving purchases of the listed or over-the-counter options, futures and/or other instruments linked to the index, the underlying stocks or 3-month USD LIBOR on or before the trade date. In addition, from time to time after we issue the CDs, we and/or our affiliates expect to enter into additional hedging transactions and unwind those we have entered into, in connection with the CDs and perhaps in connection with other CDs we issue, some of which may have returns linked to the index, the underlying stocks or 3-month USD LIBOR. Consequently, with regard to your CDs, from time to time, we and/or our affiliates:

- expect to acquire, or dispose of, cash-settled positions in listed or over-the-counter options, futures or other instruments linked to the index or some or all of the underlying stocks or 3-month USD LIBOR,
- may take or dispose of positions in listed or over-the-counter options or other instruments based on indices designed to track the performance of components of the U.S. equity market,
- may take short positions in the underlying stocks or other securities of the kind described above — i.e., we and/or our affiliates may sell securities of the kind that we do not own or that we borrow for delivery to purchaser, and/or
- may take or dispose of positions in interest rate swaps, options swaps and treasury bonds.

We and/or our affiliates may acquire a long or short position in securities similar to the offered CDs from time to time and may, in our or their sole discretion, hold or resell those securities.

In the future, we and/or our affiliates expect to close out hedge positions relating to the CDs and perhaps relating to other CDs with returns linked to the index, the underlying stocks or 3-month USD LIBOR. We expect our affiliates' steps to involve sales of instruments linked to the index, the underlying stocks or 3-month USD LIBOR on or shortly before the determination date. Our affiliates' steps also may involve sales and/or purchases of some or all of the listed or over-the-counter options, futures or other instruments linked to the index.

*The hedging activity discussed above may adversely affect the market value of your CDs from time to time and the value of the consideration that we will deliver on your CDs at maturity. See “Risk Factors — Our Affiliate’s Anticipated Hedging Activities May Negatively Impact Investors in the CDs and Cause our Interests and Those of Our Clients and Counterparties to be Contrary to Those of Investors in the CDs” and “Risk Factors — Trading and Investment Activities for its Own Account or for its Clients, Could Negatively Impact Investors in the CDs” in the accompanying disclosure statement for a discussion of these adverse effects.*



## THE INDEX

The Motif Capital National Defense 7 ER Index (the “index”) tracks the U.S. exchange-listed common equity securities (including American Depositary Receipts, or “ADRs”) of companies concentrated in six sub-industries within the industrials and information technology sectors (aerospace & defense, construction & engineering, construction machinery & heavy trucks, IT consulting & other services, electronic equipment & instruments and communications equipment) that may benefit from increased defense-related spending by the United States and foreign governments (the “national defense theme”). The index is calculated by measuring the extent to which (a) (i) such U.S. exchange-listed common equity securities and (ii) in certain circumstances, a money market position outperform (b) the sum of (i) the return on a notional cash deposit at a notional interest rate of 3-month USD LIBOR plus (ii) 0.75% per annum (accruing daily). Each U.S. exchange-listed common equity security included in the index generally will be subject to a maximum and a minimum weight constraint. In addition, the index is subject to a 7.0% volatility control. As explained in more detail below, if with respect to any index business day (as defined below) the volatility of the equity securities over a look-back period is greater than 7.0%, the weight assigned to the equity securities within the index will be rebalanced into the money market position in order to comply with the volatility control. Historically, a very significant portion (up to approximately 92%) of the index consistently has been allocated to the money market position.

The index was first launched on June 1, 2016 and based on an initial value for the base index (as defined below under “Base Index Composition”) of 100 on June 20, 2006. The level of the index is calculated and published by Solactive AG (the “index calculation agent”) and is reported by Bloomberg under the symbol “MCDER Index”. The index is sponsored by Motif Capital Management, Inc. (the “index sponsor”). Additional information about the index may be obtained from the index calculation agent’s website at [solactive.com/?s=motif&index=DE000SLA2WC9](http://solactive.com/?s=motif&index=DE000SLA2WC9). We are not incorporating by reference the website or any material it includes in this document.

As of October 19, 2018, there were 47 constituent stocks in the index and the top ten constituent stocks, by weight, were: Lockheed Martin Corporation (3.45%); The Boeing Company (3.38%); General Dynamics Corporation (3.18%); Northrop Grumman Corporation (3.12%); Raytheon Company (3.11%); Harris Corporation (2.35%); United Technologies Corporation (2.07%); L-3 Technologies, Inc. (1.86%); Huntington Ingalls Industries Inc. (1.53%) and TransDigm Group Inc. (0.92%). As of that same date, 66.94% of the index was comprised of the money market position. For hypothetical and historical data regarding the index’s monthly average exposure to the money market position, see “— Average Allocation Between the Base Index and the Money Market Position for Each Month” below. A full list of index constituents as of the last calendar day of each month is available on the index sponsor’s website. We are not incorporating by reference the website or any materials it includes in this document.

The index sponsor divides the companies included in the base index into six sub-industries based on the Global Industry Classification Standard (GICS). The sub-industries are (with the approximate percentage of underlying stocks in the base index included in such sub-industries as of October 19, 2018 indicated in parentheses) (percentages may not sum to 100% due to rounding): aerospace & defense (85.6%); construction & engineering (2.9%); construction machinery & heavy trucks (0.4%); IT consulting & other services (6.7%); electronic equipment & instruments (3.5%) and communications equipment (1.0%). These six sub-industries are contained within the following two sectors: industrials (with respect to the aerospace & defense, construction & engineering and construction machinery & heavy trucks sub-industries) and information technology (with respect to the IT consulting & other services, electronic equipment & instruments and communications equipment sub-industries). Index sponsors may use very different standards for determining sector and sub-industry designations. In addition, many companies operate in a number of different sectors and/or sub-industries, but are listed in only one sector and sub-industry and the basis on which that sector and sub-industry is selected may also differ. As a result, sector and sub-industry comparisons between indices with different index sponsors may reflect differences in methodology as well as actual differences in the sector and sub-industry composition of the indices.

## ***Base Index Composition***

On the third Friday of each June (the “base index observation day”), the index sponsor determines the U.S. exchange listed common equity securities (including ADRs) included in the base index (the “underlying stocks”), and their exposure to the national defense theme, by identifying revenue derived from defense-related sales (as discussed below). Then, the index calculation agent determines the target weight of each of the underlying stocks (as defined below under “Determining the weight of each underlying stock in the base index – Target weights”). If the limited circumstance described under “*Determining the weight of each underlying stock in the base index – Short-term treasury bond ETF position*” below applies, on that date the index calculation agent will also determine the target weight of the iShares Short-Term Treasury Bond ETF (the “underlying ETF”) in the index. The rebalancing of the underlying stocks and the underlying ETF, if applicable, and their weights by changing the respective number of shares will be implemented over a five day period (the “base index rebalancing period”) beginning on the day that is three index business days after the applicable base index observation day and including the four following index business days (each a “base index rebalancing day”). The underlying stocks and, if applicable, the underlying ETF together comprise the “base index”.

### **Determining the underlying stocks**

#### ***Identify the underlying stock universe***

The index sponsor identifies companies that derive revenue from defense-related sales.

#### **Apply GICS sub-industry classification screen**

In order to identify the universe of relevant companies that derive revenue from defense-related sales, the index sponsor applies a GICS sub-industry classification screen. GICS is a classification system produced by MSCI, Inc. and S&P Dow Jones Indices LLC, and additional information is available at [msci.com/gics](http://msci.com/gics). We are not incorporating by reference the website or any material it includes in this disclosure statement supplement.

The GICS classification structure includes four hierarchical levels: sector, industry group, industry and sub-industry. After the index sponsor obtains the GICS sub-industry classification for each company with U.S. exchange-listed common equity (including ADRs), such company is included in the underlying stock universe for potential inclusion in the base index if its GICS sub-industry classification is one of the six following: aerospace & defense; construction & engineering; construction machinery & heavy trucks; IT consulting & other services; electronic equipment & instruments; and communications equipment. Within the GICS classification structure, these six sub-industries are contained in the industrials and information technology sectors. As of the close of business on September 21, 2018, MSCI, Inc. and S&P Dow Jones Indices LLC updated the GICS classification structure. Among other things, the update reclassified select companies previously classified in the information technology sector prior to September 21, 2018 into a newly created communications services sector. Any company previously included in the information technology sector prior to September 21, 2018 (which included the IT consulting & other services, electronic equipment & instruments and communications equipment sub-industries) that is reclassified as a result of the updates will no longer be eligible for inclusion in the index. The GICS structure changes are expected to be considered in connection with the June 2019 annual index review.

#### **Apply keyword screen**

In order to identify the universe of relevant companies that derive revenue from defense-related sales, the index sponsor references specific sections of two reports prepared and published annually by the United States Department of Defense in connection with its annual budget request. The index sponsor reviews the (i) “mission area categories” from the Program Acquisition Cost by Weapon System report from the United States Department of Defense website and (ii) “key initiatives” from the Pursue Investments in Military Capabilities section of the Defense Budget Overview from the United States Department of Defense website (each, a “budget report” and together, the “budget reports”).

Each unique mission area category and key initiative identified as described in the paragraph above is paired with specific keywords. The keywords associated with each mission area category and key initiative are:

- Aircraft and Related Systems: “Aircraft”, “Unmanned Aerial Vehicle”
- Ground Systems: “Ground Systems”, “Combat Vehicle”, “Tactical Vehicle”
- Missile Defense Programs: “Missile Defense”
- Missiles and Munitions: “Missiles”, “Munitions”
- Mission Support Activities: “Mission Support”
- Shipbuilding and Maritime Systems: “Shipbuilding”, “Maritime Systems”, “Submarine”, “Aircraft Carrier”
- Space Based Systems: “Space Based Systems”, “Launch Vehicle”, “Satellite”
- Cyberspace Operations: “Cyberdefense”, “Cybersecurity”
- Research, Development, Test, and Evaluation Science & Technology: “RDT&E”
- Command, Control, Communications, Computers, and Intelligence (C4I) Systems: “Intelligence”, “C4ISR”

Fifteen index business days (as defined below) prior to each base index observation day, the index committee (as defined below) will determine if any new budget report has been released. If a new budget report has been released, the index committee will make any necessary updates to the list if a mission area category or key initiative has been added or deleted. If a new mission area category or key initiative has been added, the index committee will determine a set of keywords relevant to both such new mission area category or key initiative and the national defense theme. If a mission area category or key initiative has been deleted from the relevant budget report, such mission area category or key initiative and its corresponding keywords will no longer be included. Any changes to the mission area categories or key initiatives and/or the relevant keywords will be effective for use beginning on such base index observation day.

Using (i) all of the keywords identified above corresponding to the mission area categories and key initiatives and (ii) “Department of Defense” as an additional keyword, semantic searches are then conducted over the most recent annual regulatory filings (i.e., Forms 10-K, 40-F and 20-F) of all companies with U.S. exchange-listed common equity filed with the Securities and Exchange Commission (the “SEC”) in order to identify companies with a positive match for one or more keyword(s). All companies with a positive match are added to the underlying stock universe for potential inclusion in the base index.

#### Apply underlying stock screens

Any stock that fails any of the following screens is removed from the underlying stock universe:

**Average daily dollar volume:** stocks having an average daily dollar volume (“ADDV”) of less than \$1,000,000 over the most recent 30-day period are removed from the underlying stock universe. ADDV for a stock on a given day is equal to the 30-day average of such stock’s daily dollar value from (but excluding) such day to (and including) the day which is the 30th calendar day prior thereto. For each trading day during the 30-calendar day period, the daily dollar value is equal to such stock’s trading volume for such day multiplied by such stock’s last available price as of the close of trading for such day. A stock’s trading volume may be equal to zero on a trading day. In addition, while the ADDV period consists of 30 calendar days, only trading days within such period are used for purposes of the ADDV calculation and the actual number of trading days varies from period to period.

**Market capitalization:** stocks of companies whose market capitalization is less than \$500 million are removed from the underlying stock universe. Market capitalization for a company stock on a given day is calculated by multiplying the total number of outstanding shares on such day by the closing price of a share of such stock on such day. In the event that an index market disruption event (determined with respect to a stock subject to this market capitalization screen as specified in the “Index Market Disruptions” section below) occurs or is continuing on such day with respect to such stock, the market capitalization will be equal

to the market capitalization on the immediately prior index business day on which no index market disruption event occurs or is continuing with respect to such stock. (For purposes of determining whether an index market disruption event occurs or is continuing with respect to a stock in the context of this market capitalization screen, any references in the “Index Market Disruptions” section to “underlying stock” shall mean any stock subject to this market capitalization stock screen.)

*Closing price:* stocks having a closing price of less than \$1 at any point over the most recent thirty day period are removed from the underlying stock universe.

*Revenue:* stocks of companies having total revenue of less than \$25 million over the previous twelve month period as of their most recent annual regulatory filing are removed from the underlying stock universe.

*Return data:* stocks having less than 60 days of historical return data over the most recent 90 day period are removed from the underlying stock universe.

#### *Calculate exposure to the national defense theme*

For each company that continues to be included in the underlying stock universe, such company’s “exposure to the national defense theme” is equal to the *quotient* of (i) such company’s total theme revenue (calculated as described below) *divided by* (ii) such company’s total revenue.

In order to determine a company’s total theme revenue, the most recent annual regulatory filing for such company is reviewed to identify and total such company’s revenue derived from defense-related sales (“theme revenue”). With respect to a company, the sum of the theme revenue identified in sub-step 1, sub-step 2 or sub-step 3 below is such company’s total theme revenue.

The theme revenue for each company is determined as follows:

#### *Sub-Step 1:*

If a company reports one or more revenue amount(s) that are (i) earned solely from direct or indirect sales to one or more of the United States Department of Defense, any related agency, as identified by the U.S. government at [usa.gov/federal-agencies/departments-of-defense](http://usa.gov/federal-agencies/departments-of-defense), or any foreign government military organization (each, a “defense organization”); or (ii) classified as being earned solely from direct or indirect defense sales, military sales and/or foreign military sales (“defense-related sales”), such revenue amount(s) will be identified as theme revenue. (We are not incorporating by reference the above website or any material it includes in this disclosure statement supplement.) If any theme revenue is identified for a company as a result of sub-step 1, the sum of all theme revenue identified in sub-step 1 will be the company’s total theme revenue and no additional review of the company’s most recent annual regulatory filing for further theme revenue will take place (i.e., neither sub-step 2 nor sub-step 3 will be conducted).

- i. *For example, if a company reports a revenue amount earned from sales to the United States Department of Defense and a separate revenue amount earned from foreign military sales, both of those revenue amounts will be considered theme revenue.*
- ii. *In contrast, if a company reports a revenue amount earned from sales to both the United States Department of Defense and police forces (but does not specify the amount of sales attributable to either the United States Department of Defense or police forces individually), such revenue amount will not be considered theme revenue under sub-step 1. Such revenue amount will not be reviewed under sub-step 2 below unless no theme revenue of any type is identified for the company as a result of sub-step 1. Thus, for example, if a company reports (i) one revenue amount of \$100 million earned from sales to the United States Department of Defense (“revenue amount A”) and (ii) a second revenue amount of \$50 million earned from sales to both the United States Department of Defense and police forces (“revenue amount B”), then the total theme revenue in this example is \$100 million (i.e., revenue amount A).*

### Sub-Step 2:

If a company reports one or more revenue amount(s) that are (i) earned from a combination of direct or indirect sales to one or more defense organizations and one or more organizations that are not defense organizations (“non-defense organizations”) or (ii) classified as being earned from a combination of direct or indirect defense-related sales and sales that are not defense-related sales (“non-defense-related sales”), such revenue amount(s) will be identified as theme revenue. If any theme revenue is identified for a company as a result of sub-step 2, the sum of all theme revenue identified in sub-step 2 will be the company’s total theme revenue and no additional review of the company’s most recent annual regulatory filing for further theme revenue will take place (i.e., sub-step 3 will not be conducted).

- i. *For example, if a company that had no theme revenue identified under sub-step 1 reports a revenue amount earned from sales to both the United States Department of Defense and police forces, such revenue amount will be considered theme revenue.*
- ii. *For example, if a company that had no theme revenue identified under sub-step 1 reports (i) one revenue amount of \$200 million earned from sales to the United States Department of Defense and intelligence agencies (“revenue amount A”), (ii) a second revenue amount of \$50 million earned from sales to foreign governments (“revenue amount B”) and (iii) a third revenue amount of \$25 million earned from sales to the United States Army and police forces (“revenue amount C”), then the total theme revenue in this example is \$225 million (i.e., the total theme revenue is the sum of revenue amount A and revenue amount C, each of which was identified as theme revenue pursuant to sub-step 2; revenue amount B is not relevant because it is not theme revenue pursuant to sub-step 2).*

### Sub-Step 3:

If a company does not report any theme revenue described in sub-step 1 or sub-step 2 above, but the company reports one or more revenue amount(s) earned solely from direct or indirect sales to one or more of the United States government or a foreign government, such amount(s) will be the company’s theme revenue, and the sum of such theme revenue will be the company’s total theme revenue. No additional review of the company’s most recent annual regulatory filing for further theme revenue will take place. If no theme revenue is determined in sub-step 1, sub-step 2 or sub-step 3, it will be determined that the company does not have any theme revenue.

- i. *For example, if a company that has no theme revenue identified under sub-step 1 or sub-step 2 reports a revenue amount earned from sales to the United States government and a separate revenue amount earned from sales to foreign governments, both of those revenue amounts will be considered theme revenue.*
- ii. *In contrast, if a company that has no theme revenue identified under sub-step 1 or sub-step 2 reports a revenue amount earned from sales to the United States government and commercial enterprises (but does not specify the amount of revenue attributable to either the United States government or commercial enterprises individually), such revenue amount will not be considered theme revenue.*

Stocks of companies with less than 10% of exposure to the national defense theme are removed from the underlying stock universe.

All remaining stocks are included in the base index and become the underlying stocks.

A summary flow chart of the total theme revenue determination, entitled “Summary Flow Chart II: Total Theme Revenue” can be found at the end of this discussion of the index.

### Determining the weight of each underlying stock in the base index

#### *Initial weights*

For each underlying stock, the index calculation agent determines the company's market capitalization derived from its exposure to the national defense theme. The "adjusted market capitalization" is equal to a company's exposure to the national defense theme *multiplied* by such company's total market capitalization.

A company's "total market capitalization" is equal to the total outstanding shares of such company on the base index observation day *multiplied* by the closing price of such shares on the base index observation day. In the event that an index market disruption event occurs or is continuing on a base index observation day with respect to an underlying stock that was included in the base index on the index business day prior to such base index observation day, the market capitalization of such underlying stock on the immediately prior index business day on which no index market disruption event occurs or is continuing with respect to such underlying stock will be the market capitalization used to calculate such underlying stock's adjusted market capitalization. In the event that an index market disruption event occurs or is continuing on a base index observation day with respect to a stock that was not included in the base index on the index business day prior to such base index observation day, the theme adjusted market capitalization for such stock will be set to zero, and such stock will not be included in the base index.

The adjusted market capitalization of an underlying stock is then *divided* by the *aggregate* of the adjusted market capitalization for all underlying stocks. The result is the initial weight for such underlying stock and a thematically weighted portfolio.

#### *Target weights*

The initial weight for each stock will then be adjusted by the index calculation agent, as necessary, to comply with the weight constraints. The resulting adjusted weight is the target weight for the underlying stock.

The weight constraints apply to each underlying stock so that each underlying stock must have a minimum weight of not less than 0.1% and a maximum weight of not more than the lesser of (i) 10% and (ii) ADDV (as defined under "Base Index Components" above, and expressed as a numerical value)  $\times 10^{-9}$ , expressed as a percentage. Negative weights are not permitted.

For any underlying stock with an initial weight of less than 0.1%, the target weight for such underlying stock will be adjusted to 0.1% prior to any additional adjustment to such underlying stock's target weight that is made to comply with the underlying stock maximum weight constraint of any other underlying stock.

For any underlying stock with an initial weight greater than the maximum weight for such underlying stock, the target weight for such underlying stock will be set to such underlying stock's maximum weight. The difference in the weight between the underlying stock's initial weight and the underlying stock's target weight will be proportionally redistributed to the rest of the underlying stock target weights, subject to the maximum weight constraint for each underlying stock. This is an iterative process and is performed repeatedly, until no underlying stock violates its maximum weight constraint.

The sum of the weights of the underlying stocks (and, in the limited circumstance described under "*Short-term treasury bond ETF position*" below, the underlying ETF) is always equal to 1.0.

If the sum of the target weights for the underlying stocks is less than 1.0, the base index will also include exposure to the underlying ETF, such that the sum of the target weights for the underlying stocks and the weight of the underlying ETF will equal 1.0, as described under "*Short-term treasury bond ETF position*" below.

#### *Short-term treasury bond ETF position*

If on any base index observation day, the sum of the target weights for the underlying stocks is less than 1.0, the base index will also include exposure to the underlying ETF. The underlying ETF will have a weight in the base index equal to the difference between 1.0 and the sum of the target weights for all underlying stocks (the "underlying ETF target weight").

The short-term treasury bond ETF position is intended to express the notional returns accruing to a hypothetical investor from an investment in the underlying ETF, which is comprised of publicly-issued U.S. Treasury securities that have a remaining maturity of greater than one month and less than or equal to one year. The underlying ETF seeks investment results that correspond generally to the price and yield

performance before fees and expenses, of public obligations of the U.S. Treasury that have a minimum term to maturity of greater than one month and less than or equal to one year, as measured by the ICE U.S. Treasury Short Bond Index. The underlying ETF's shares trade on the NYSE Arca under the ticker symbol SHV. We obtained the following fee information from the iShares® website without independent verification. The underlying ETF investment advisor, BlackRock Fund Advisors ("BFA") is entitled to receive a management fee from the underlying ETF based on a percentage of the ETF's average daily net assets, at an annual rate of 0.15%. BFA is responsible for substantially all expenses of the ETF, except interest expenses, taxes, brokerage expenses, future distribution fees or expenses and extraordinary expenses.

If for any reason the underlying ETF ceases to exist, is delisted, terminated, wound up, liquidated or files for bankruptcy, is combined with another exchange traded fund that has a different investment objective, or changes its currency of denomination, then the index committee, in its sole discretion, can choose to replace the underlying ETF with a successor exchange traded fund that in the determination of the index committee most closely replicates the underlying ETF. Any such changes or actions taken with respect to the underlying ETF by the index committee are publicly announced as promptly as is reasonably practicable and normally at least five index business days prior to the effective date of the change or actions.

#### *Base index rebalancing period*

The target weight of each underlying stock and the underlying ETF target weight, if applicable, for each annual rebalancing will be determined on the applicable base index observation day regardless of whether an index market disruption event, as described below under "Index Market Disruptions", occurs.

The annual rebalancing of the underlying stocks based on their target weights will be implemented over the base index rebalancing period. The base index rebalancing period is comprised of five index rebalancing days, beginning on the day that is three index business days after the applicable base index observation day and including the four following index business days, subject to adjustment as described below under "Index Market Disruptions". Following each base index observation day, any change in the number of shares of an underlying stock in the base index from the prior base index observation day based on such underlying stock's target weight will be implemented incrementally on each day during the applicable base index rebalancing period. While the number of shares of each underlying stock will be rebalanced incrementally based on its target weight over the base index rebalancing period, because of price movements of the underlying stocks, the weights of the underlying stocks at the end of the base index rebalancing period and thereafter will be greater than or less than (but not equal to) the applicable underlying stock target weights set on the corresponding base index observation date.

If, on a base index observation day, the base index includes exposure to the underlying ETF, the number of shares of the underlying ETF will be rebalanced, as necessary, based on the underlying ETF target weight along with the number of shares of the underlying stocks incrementally on each day in such base index rebalancing period.

A summary flow chart of the annual base index rebalancing process, entitled "Summary Flow Chart I: Rebalancing" can be found at the end of this discussion of the index.

#### **Total Return Index Rebalancing**

In order to control volatility, on each total return index rebalancing day, which is each index business day, the exposure of the index to the base index may be partially rebalanced into the money market position if the realized volatility of the base index exceeds 7.0% (the "volatility cap"). The base index as controlled for volatility is the "total return index".

An "index business day" is a day on which the New York Stock Exchange is open for its regularly trading session.

To operate the volatility control, the annualized historical realized volatility of the base index (the "annualized base index realized volatility") is calculated over the relevant volatility cap period with respect to each total return index rebalancing day. Annualized base index realized volatility is the degree of variation in the daily closing prices of the underlying stocks and the underlying ETF, if applicable, over the relevant volatility cap period. The "volatility cap period" is the period from (and including) the day which is 21 index business days before the given total return index rebalancing day to (but excluding) the day that is 1 index

business day prior to the given total return index rebalancing day. As long as with respect to any given total return index rebalancing day such calculated volatility is equal to or less than the volatility cap, the weight of the base index in the total return index will be set to 100%, meaning that none of the base index weight will be rebalanced into the money market position. However, if with respect to any given total return index rebalancing day such calculated volatility exceeds the volatility cap, the exposure of the total return index to the base index will be partially rebalanced into the money market position for that total return index rebalancing day, done through a reduction of the base index weight to the percentage that is equal to the volatility cap divided by such calculated volatility. As a result, the total return index's exposure to the respective underlying stock weights and the underlying ETF weight, if applicable, within the index will be ratably reduced.

#### The money market position

The money market position is intended to express the notional returns accruing to a hypothetical investor from an investment in a notional money market account denominated in U.S. dollars that accrues interest at a rate determined by reference to the notional interest rate, which equals 3-month USD LIBOR, as described below. The money market position will have a positive notional return if the notional interest rate is positive.

On any calendar day, the value of the money market position (the "money market position value") will equal the *product* of the money market position value on the notional interest rate reset date immediately preceding the given calendar day *multiplied* by 1 *plus* the *product* of (i) the notional interest rate on the notional interest rate reset date immediately preceding the given calendar day *multiplied* by (ii) the day count fraction for the period from (but excluding) the notional interest rate reset date immediately preceding the given calendar day to (and including) the given calendar day, determined by using the day count fraction of actual/360.

The notional interest rate will be reset quarterly, on each January 2, April 2, July 2, and October 2 or, if one of those dates is not an index business day, on the index business day immediately following such date. Each such date is referred to herein as a "notional interest rate reset date".

The "notional interest rate" on any notional interest rate reset date will equal 3-month USD LIBOR, which is the offered rate for three-month deposits in U.S. dollars, as that rate appears on Reuters screen 3750 page as of 11:00 a.m., London time, as observed two London business days prior to the relevant notional interest rate reset date. Each such date is referred to herein as a "USD LIBOR interest determination date". "Reuters screen" means the display on the Reuters service, or any successor or replacement service, on the page specified above, or any successor or replacement page on that service. A "London business day" is a day on which commercial banks and foreign currency markets settle payments and are open for general business in London. If the rate described above does not so appear on Reuters screen 3750 page, then 3-month USD LIBOR will be determined on the basis of the rates at which three-month deposits in U.S. dollars are offered by four major banks in the London interbank market selected by the index calculation agent at approximately 12:00 P.M., London time, on the relevant USD LIBOR interest determination date, to prime banks in the London interbank market, beginning on the relevant notional interest rate reset date, and in a representative amount. The index calculation agent will request the principal London office of each of these major banks to provide a quotation of its rate. If at least two quotations are provided, 3-month USD LIBOR for the relevant notional interest rate reset date will be the arithmetic mean of the quotations. If fewer than two of the requested quotations described above are provided, 3-month USD LIBOR for the relevant notional interest rate reset date will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the index calculation agent, at approximately 11:00 A.M., New York City time, on the relevant notional interest rate reset date, for loans in U.S. dollars to leading European banks for a period of three months, beginning on the relevant notional interest rate reset date, and in a representative amount. If no quotation is provided as described in the preceding paragraph, then the index calculation agent, after consulting such sources as it deems comparable to any of the foregoing quotations or display page, or any such source as it deems reasonable from which to estimate 3-month USD LIBOR or any of the foregoing lending rates, shall determine 3-month USD LIBOR for that notional interest rate reset date in its sole discretion.

The "day count convention" is equal to (actual/360).



A summary flow chart of the daily total index rebalancing process, entitled “Summary Flow Chart I: Rebalancing” can be found at the end of this discussion of the index.

### ***Calculating the Index Value***

#### ***Index value calculation***

The index is calculated on an excess return basis, meaning that the value of the index is equal to the excess return of the total return index over the *sum* of (i) 0.75% per annum (accruing daily) *plus* (ii) the return that could be earned on a notional cash deposit at the notional interest rate, compounded daily.

On any given index business day, the “index value” is equal to (i) the *product* of (a) the index value as of the notional interest rate reset date immediately preceding the given index business day *multiplied by* (b) the *difference* of (1) the *quotient* of (A) the total return index value as of the given index business day *divided by* (B) the total return index value as of the notional interest rate reset date immediately preceding the given index business day *minus* (2) the *product* of (A) the notional interest rate as of the notional interest rate reset date immediately preceding the given index business day *multiplied by* (B) the day count fraction for the period from (but excluding) the notional interest rate reset date immediately preceding (but not including) the given index business day to (and including) the given index business day, determined using the day count convention *reduced by* (ii) the *product* of (a) 0.75% per annum *multiplied by* (b) the day count fraction for the period from (but excluding) the notional interest rate reset date immediately preceding (but not including) the given index business day to (and including) the given index business day, determined using the day count convention.

#### ***Total return index value calculation***

On any given index business day, the “total return index value” is equal to the *product* of (i) the total return index value as of the total return index rebalancing day immediately preceding the given index business day *multiplied by* (ii) the *sum* of (a) the *product* of (1) the *quotient* of the base index value as of the given index business day *divided by* the base index value as of the total return index rebalancing day immediately preceding the given index business day *multiplied by* (2) the base index weight as of the total return index rebalancing day immediately preceding the given index business day *plus* (b) the *product* of (1) the *quotient* of the money market position value as of the given index business day *divided by* the money market position value as of the total return index rebalancing day immediately preceding the given index business day *multiplied by* (2) 1 *minus* the base index weight as of the total return index rebalancing day immediately preceding the given index business day.

The “base index weight” is equal to the *lesser* of (i) 100% and (ii) the *quotient* of (a) the volatility cap *divided by* (b) the annualized base index realized volatility as of the total return index rebalancing day immediately preceding (but not including) the given index business day.

#### ***Base index value calculation***

On any given index business day, the “base index value” is equal to the *sum* of, for each underlying stock and the underlying ETF, if applicable, (a) the number of underlying stock shares or underlying ETF shares, if applicable, as of the given index business day *multiplied by* (b) the closing price of such underlying stock or the underlying ETF, if applicable, as of the given index business day.

On any given index business day that is a base index rebalancing day, for each underlying stock, the number of “underlying stock shares” for such underlying stock is equal to the *product* of (i) the weight for such underlying stock calculated as though no index market disruption event occurred or was continuing on the given base index rebalancing day *multiplied by* (ii) the *quotient* of (a) the *sum* of, for each underlying stock and the underlying ETF, if applicable, the *product* of (I) the number of underlying stock shares or underlying ETF shares, if applicable, as of the index business day immediately preceding the given base index rebalancing day *multiplied by* (II) the closing price of such underlying stock or the underlying ETF, if applicable, as of the index business day immediately preceding the given base index rebalancing day *divided by* (b) the closing price of such underlying stock on the index business day immediately preceding the given base index rebalancing day.

On any given index business day that is a base index rebalancing day, for each underlying stock, the “weight for such underlying stock calculated as though no index market disruption event occurred or was

continuing on the given base index rebalancing day” is calculated as the *sum* of (i) the underlying stock weight on the index business day immediately preceding the first base index rebalancing day of the relevant base index rebalancing period *plus* (ii) the *product* of (a) the *remainder* of (I) the underlying stock target weight that was determined on the base index observation day immediately preceding the given base index rebalancing day *minus* (II) the underlying stock weight on the index business day immediately preceding the first base index rebalancing day of the relevant base index rebalancing period *multiplied* by (b) the *remainder* of (I) the number of base index rebalancing days elapsed as of (and including) the given base index rebalancing day in the relevant base index rebalancing period *divided* by (II) the total number of base index rebalancing days in the relevant base index rebalancing period.

The “underlying stock weight” for each underlying stock on any given index business day is calculated as the *quotient* of (i) the *product* of (a) the number of underlying stock shares of such underlying stock on the given index business day *multiplied* by (b) the closing price of the underlying stock on the given index business day *divided* by (ii) the *sum* of, for each underlying stock and the underlying ETF, if applicable, the *product* of (a) the number of underlying stock shares for such underlying stock or underlying ETF shares, if applicable, on the given index business day *multiplied* by (b) the closing price of such underlying stock or the underlying ETF, if applicable, on the given index business day.

On any given index business day that is a base index rebalancing day, for the underlying ETF, if applicable, the number of “underlying ETF shares” is equal to the *product* of (i) the weight for the underlying ETF calculated as though no index market disruption event occurred or was continuing on the given base index rebalancing day *multiplied* by (ii) the *quotient* of (a) the *sum* of, for each underlying stock and the underlying ETF, the *product* of (I) the number of underlying stock shares or underlying ETF shares as of the index business day immediately preceding the given base index rebalancing day *multiplied* by (II) the closing price of such underlying stock or the underlying ETF as of the index business day immediately preceding the given base index rebalancing day *divided* by (b) the closing price of the underlying ETF on the index business day immediately preceding the given base index rebalancing day.

For the underlying ETF, if applicable, the “weight for the underlying ETF calculated as though no index market disruption event occurred or was continuing on the given base index rebalancing day” is calculated as the *sum* of (i) the underlying ETF weight on the index business day immediately preceding the first base index rebalancing day of the relevant base index rebalancing period *plus* (ii) the *product* of (a) the *remainder* of (I) the underlying ETF target weight that was determined on the base index observation day immediately preceding the given base index rebalancing day *minus* (II) the underlying ETF weight on the index business day immediately preceding the first base index rebalancing day of the relevant base index rebalancing period *multiplied* by (b) the *remainder* of (I) the number of base index rebalancing days elapsed as of (and including) the given base index rebalancing day in the relevant base index rebalancing period *divided* by (II) the total number of base index rebalancing days in the relevant base index rebalancing period.

The “underlying ETF weight” on any given index business day is calculated as the *quotient* of (i) the *product* of (a) the number of underlying ETF shares on the given index business day *multiplied* by (b) the closing price of the underlying ETF on the given index business day *divided* by (ii) the *sum* of, for each underlying stock and the underlying ETF, the *product* of (a) the number of underlying stock shares for such underlying stock or underlying ETF shares, if applicable, on the given index business day *multiplied* by (b) the closing price of such underlying stock or the underlying ETF, if applicable, on the given index business day.

On any given index business day that is a base index rebalancing day, in the event that there is a potential adjustment event affecting the underlying stock or the underlying ETF, if applicable, adjustments to the number of underlying stock shares or underlying ETF shares, if applicable, computed as described above, will be made as described under “Potential Adjustment Events” below.

On any given index business day that is not a base index rebalancing day, the number of underlying stock shares and underlying ETF shares, if applicable, will remain unchanged from the last base index rebalancing day, subject to any potential adjustment events affecting the underlying stock or the underlying ETF, if applicable. In the case of a potential adjustment event affecting an underlying stock or the underlying ETF, if applicable, adjustments to the number of underlying stock shares or underlying ETF shares, if applicable, will be made as described under “Potential Adjustment Events” below.

## ***Index Market Disruptions***

### ***Index value calculation***

If on any index business day, an index market disruption event occurs or is continuing with respect to any non-zero weighted underlying stock or underlying ETF, if applicable, included in the index, the index calculation agent shall postpone calculation of the index value to the next index business day on which no index market disruption event occurs or is continuing with respect to any non-zero weighted underlying stock or underlying ETF, if applicable, included in the index and an indicative level for the index will be published. Such level will be identified as a “disrupted indicative level”. The index calculation agent shall resume calculating the index value on the first index business day on which no index market disruption event is occurring or continuing with respect to any underlying stock or the underlying ETF, if applicable, by using (i) for the number of underlying stock shares of each underlying stock or the number of underlying ETF shares of the underlying ETF, if applicable, that had not been affected by such index market disruption event, the number of underlying stock shares and underlying ETF shares, if applicable, that would have been used as if the base index rebalancing day(s), if applicable, occurred on each index business day on which such index market disruption event occurred or was continuing and the total return index rebalancing day and subsequent total return index rebalancing day(s) (as applicable) occurred on each index business day on which such index market disruption event occurred or was continuing and (ii) for the number of underlying stock shares of each underlying stock or the number of underlying ETF shares of the underlying ETF, if applicable, that had been affected by such index market disruption event, the number of underlying stock shares and underlying ETF shares, if applicable, on the index business day immediately preceding the first day of such index market disruption event.

On the sixth index business day following the occurrence of an index market disruption event with respect to any underlying stocks or the underlying ETF, if applicable, included in the index, if such index market disruption event is continuing and such underlying stocks or the underlying ETF, if applicable, have not been removed from the index, the index committee may determine in its sole discretion to instruct the index calculation agent to calculate the index, using a price for such underlying stocks or the underlying ETF, if applicable, as determined by the index committee in its sole discretion. In the event the index committee determines on such sixth business day, in its sole discretion, that no such instructions should be given to the index calculation agent, the index committee may revisit such determination on any index business day thereafter on which the index market disruption event is continuing.

Notwithstanding the foregoing, in the event of a force majeure event in which all underlying stocks and the underlying ETF, if applicable, are affected, the calculation and publication of the index will be postponed until, in the determination of the index calculation agent, such force majeure event has been resolved.

### ***Base index rebalancing day or total return index rebalancing day***

#### ***Base index rebalancing day***

As discussed above, the target weight attributed to each underlying stock and the underlying ETF, if applicable, will be determined on each base index observation day regardless of whether an index market disruption event (as defined below) occurs.

If an index market disruption event affects an underlying stock or the underlying ETF, if applicable, on a base index rebalancing day, the index calculation agent shall then rebalance the base index for that base index rebalancing day and for every subsequent base index rebalancing day within the applicable base index rebalancing period as if (i) for each underlying stock or the underlying ETF, if applicable, that had not been affected by such index market disruption event, the base index rebalancing day occurred on such day and (ii) for each underlying stock or the underlying ETF, if applicable, that had been affected by such index market disruption event, the base index rebalancing day did not occur on such day (i.e., each underlying stock or the underlying ETF, if applicable, that was affected by such index market disruption event is not further rebalanced during such base index rebalancing period).

Therefore, if an underlying stock or the underlying ETF, if applicable, is affected by an index market disruption event on a base index rebalancing day, the number of shares of such underlying stock or the underlying ETF, if applicable, will not be further rebalanced over the remaining base index rebalancing days in the applicable base index rebalancing period. Instead, the number of such underlying stock shares or

underlying ETF shares, if applicable, will be held constant over the remaining days in the applicable base index rebalancing period, such that the number of underlying stock shares or underlying ETF shares, if applicable, will remain equal to the number of underlying stock shares or underlying ETF shares, if applicable, after the close on the index business day immediately preceding the base index rebalancing day on which it was first affected by such index market disruption event.

For each underlying stock or the underlying ETF, if applicable, affected by an index market disruption event on a base index rebalancing day, the underlying stock weight or underlying ETF weight, if applicable, for each subsequent base index rebalancing day during the applicable base index rebalancing period will be calculated as the *quotient* of (i) the *product* of (a) the number of such underlying stock shares or underlying ETF shares, if applicable, after the close on the index business day immediately preceding the given base index rebalancing day *multiplied* by (b) the last available traded price of such underlying stock or underlying ETF, if applicable, on the index business day immediately preceding the given base index rebalancing day *divided* by (ii) the *sum* of, for each underlying stock and the underlying ETF, if applicable, the *product* of (a) the number of underlying stock shares or underlying ETF shares, if applicable, on the index business day immediately preceding the given base index rebalancing day *multiplied* by (b) as applicable, the closing price or the last available traded price of such underlying stock or the underlying ETF, if applicable, as of the index business day immediately preceding the given base index rebalancing day.

If not all underlying stocks and the underlying ETF, if applicable, are affected by an index market disruption event, then the shares of such underlying stocks and the underlying ETF, if applicable, not affected by an index market disruption event will not be rebalanced over the base index rebalancing period based on the underlying stock target weight or underlying ETF target weight, if applicable. Instead, on each subsequent base index rebalancing day, the number of shares of the underlying stock and underlying ETF, if applicable, will be adjusted such that each underlying stock and the underlying ETF, if applicable, will retain a weight within the remaining weight of the base index not allocated to the underlying stock(s) or the underlying ETF, if applicable, affected by an index market disruption event that is proportional to its underlying stock target weight or underlying ETF target weight, if applicable, relative to the underlying stock target weights and underlying ETF target weight, if applicable, of all other underlying stocks and the underlying ETF, if applicable, not affected by an index market disruption event.

Thus, on each base index rebalancing day, the underlying stock weight and the underlying ETF weight, if applicable, for each underlying stock and the underlying ETF, if applicable, not affected by an index market disruption event is calculated as: the *product* of (i) the *quotient* of (a) the underlying stock weight or underlying ETF weight, if applicable, calculated as though no index market disruption event occurred or was continuing on any base index rebalancing day in the applicable base index rebalancing period *divided* by (b) 1 *minus* the *sum* of, for each underlying stock or the underlying ETF, if applicable, affected by an index market disruption event, such underlying stock weight or underlying ETF weight, if applicable, calculated as though no index market disruption event occurred or was continuing on any base index rebalancing day in the applicable base index rebalancing period *multiplied* by (ii) 1 *minus* the *sum* of the underlying stock weight(s) and underlying ETF weight, if applicable, for each underlying stock and the underlying ETF, if applicable, affected by an index market disruption event during the applicable base index rebalancing period.

The number of underlying stock shares or underlying ETF shares, if applicable, for each underlying stock or the underlying ETF, if applicable, not affected by an index market disruption event will then, on each subsequent base index rebalancing day in the applicable base index rebalancing period, be calculated as the *product* of (i) the weight of the underlying stock or the underlying ETF, if applicable, for the given base index rebalancing day *multiplied* by (ii) the *quotient* of (a) the *sum* of, for each underlying stock or the underlying ETF, if applicable, (I) the number of underlying stock shares or underlying ETF shares, if applicable, after the close on the index business day immediately preceding the given base index rebalancing day *multiplied* by (II) as applicable, the closing price or the last available traded price if the closing price is not available of such underlying stock or the underlying ETF, if applicable, on the index business day immediately preceding the given base index rebalancing day *divided* by (b) the closing price of such underlying stock or the underlying ETF, if applicable, on the index business day immediately preceding the given base index rebalancing day.

For example, on a base index observation day, a hypothetical base index with no minimum or maximum weight constraints and no underlying ETF requirement consists of only four underlying stocks (stock A, stock B, stock C and stock D), all four of which were included in the base index on the index business day prior to the base index observation day, at weights of 40%, 20%, 30% and 10%, respectively. For illustrative purposes, the closing price for each underlying stock is assumed to be the same at \$10 per share at the end of each day. With the assumption of a constant closing price of \$10, the number of underlying stock shares on the index business day prior to the base index observation day can be assumed to be 4, 2, 3 and 1 for Stock A, Stock B, Stock C and Stock D, respectively. On the base index observation day, the underlying stock target weight of each underlying stock is determined to be equal to 20%, 50%, 10% and 20%, respectively.

If an index market disruption event affects stock A on the second base index rebalancing day in the applicable base index rebalancing period, the second base index rebalancing day and all subsequent base index rebalancing days in the base index rebalancing period will be deemed to have not occurred with respect to stock A. The number of underlying stock shares for stock A will be held constant at 3.6, which is equal to the number of underlying stock shares for stock A at the end of the first base index rebalancing day (the last index business day without an index market disruption event), as stock A was rebalanced by 1/5 of the decrease on the first base index rebalancing day in the base index rebalancing period. Similarly, the number of underlying stock shares for stock B, stock C and stock D will be 2.6, 2.6 and 1.2, respectively, at the end of the first base index rebalancing day.

The weight for Stock A, given the index market disruption event, will now be 36% for the second base index rebalancing day (compared to a weight of 32% which would have been expected for stock A for such day in the absence of the index market disruption event). The weights for stock B, stock C and stock D will be calculated such that each retains a weight within the remaining weight of the base index not allocated to stock A's weight that is proportional to its underlying stock target weight relative to the other underlying stock target weights. The weight in the base index not allocated to stock A's weight is equal to 64%. The weight in the base index that was to be allocated to stock A on the second base index rebalancing day in the absence of the index market disruption event was 68% for such day. Therefore, the weight for stock B on the second base index rebalancing day will be equal to 30.12% (the product of 32%/68% multiplied by 64%), versus the weight of 32% in the absence of the index market disruption event for stock B on the second base index rebalancing day) and the weight for stock C and stock D will be equal to 20.71% and 13.18%, respectively (versus the weights of 22% and 14%, respectively, on the second base index rebalancing day in the absence of an index market disruption event). Therefore, the underlying stock shares for stock A, stock B, stock C and stock D will be 3.6, 3.012, 2.071 and 1.318, respectively for the second base index rebalancing day.

In contrast, if an index market disruption event does not affect stock A during the base index rebalancing period but an index market disruption event affects stock B on the third base index rebalancing day in the applicable base index rebalancing period, the third base index rebalancing day and all subsequent base index rebalancing days in the base index rebalancing period will be deemed to have not occurred with respect to stock B. The underlying stock shares for stock B will be held at 3.2 shares for the remaining base index rebalancing days (as stock B was rebalanced by a total of 2/5 of the increase over the first and second base index rebalancing days in the base index rebalancing period to a weight of 32%). Therefore, on the fifth and final day of the base index rebalancing period, the weights for stock A, stock C and stock D will be calculated such that each retains a weight within the remaining weight of the base index not allocated to stock B's weight that is proportional to its underlying stock target weight relative to the others underlying stock target weights. The weight in the base index not allocated to stock B's weight is equal to 68%. Therefore, the weight for stock A on the final rebalancing day in the base index rebalancing period will be equal to 27.2% (versus the underlying stock target weight of 20%). Correspondingly, the underlying stock shares for stock A, stock B, stock C and stock D will be 2.72, 3.2, 1.36 and 2.72, respectively, at the end of the base index rebalancing period (in the absence of the index market disruption event affecting stock B, the underlying stock shares for stock A, stock B, stock C and stock D would have been 2, 5, 1 and 2, respectively).

#### Total return index rebalancing day

If a total return index rebalancing day must be effected on an index business day on which an index market disruption event affects an underlying stock or the underlying ETF, if applicable, the index calculation agent shall then rebalance the index as if (i) for each underlying stock or the underlying ETF, if applicable, that had not been affected by an index market disruption event, the total return index rebalancing day occurred on such day and (ii) for each underlying stock that had been affected by such index market disruption event, the total return index rebalancing day did not occur on such day, provided that for purposes of calculating the annualized base index realized volatility the alternative calculations set forth in the next paragraph apply (i.e., other than for purposes of calculating the annualized base index realized volatility in the manner set forth in the next paragraph, each underlying stock or the underlying ETF, if applicable, that was affected by such index market disruption event is disregarded for purposes of total return index rebalancing).

Solely for purposes of calculating the annualized base index realized volatility which includes an index business day on which an index market disruption event has occurred or is continuing with respect to any underlying stock or the underlying ETF, if applicable (except if such index market disruption event affects all the underlying stocks and the underlying ETF, if applicable), the base index value will include any underlying stock or the underlying ETF, if applicable, that has been affected by an index market disruption event and will be calculated (i) in the event of a trading disruption related to movements in price that exceed limits established by the relevant exchange, by assuming the closing price of the underlying stock or the closing price of the underlying ETF, if applicable, is equal to such price limit on such index business day or (ii) in the event of an index market disruption event which is not a trading disruption related to movements in price that exceed limits established by the relevant exchange, by multiplying the last traded price of the underlying stock or the underlying ETF, if applicable, on the immediately preceding relevant index business day by the percentage change (whether positive or negative) of the underlying stock or the underlying ETF, if applicable, having the largest absolute total return (expressed in percentage; as adjusted for dividends, splits and spin-offs) from the immediately preceding relevant index business day to the relevant index business day; provided, that if an index market disruption event has occurred and is continuing with respect to more than one underlying stock on an index business day, then the index calculation agent shall consult with the index committee to determine the values to be used for such disrupted underlying stock for purposes of calculating the annualized base index realized volatility, such determination to be made by the index committee in its sole discretion based on its review of such market and other information as it believes relevant to such determination.

An “index market disruption event” with respect to an underlying stock or the underlying ETF, if applicable, will have occurred in any of the following situations (as determined by the index calculation agent in its sole discretion): (i) the official closing price, level or other measure of any underlying stock or the underlying ETF, if applicable, is unavailable on any relevant day on which such measure is scheduled to be published; (ii) a relevant exchange is not open for trading during its regular trading session, or closes prior to its scheduled closing time, on any relevant day or there is an exchange disruption; (iii) upon the occurrence or existence of a trading disruption for more than two hours of trading, or at any time during the one-hour period that ends at the scheduled closing time of the relevant exchange, and which the index calculation agent determines is material; (iv) with respect to the underlying ETF, the net asset value per share is not calculated or is not announced by the underlying ETF or the sponsor of the underlying ETF, and such event has a material impact on the index; (v) with respect to the underlying ETF, the underlying ETF or the sponsor of the Underlying ETF suspends creations or redemptions of shares, and such event has a material impact on the index; (vi) upon the occurrence or existence of an index dislocation; or (vii) upon the occurrence or existence of a force majeure event.

A “trading disruption” means any suspension of or limitation imposed on trading by the relevant exchange or related exchange, and whether by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise, relating to the underlying stock shares, the underlying ETF shares, the index underlying the underlying ETF or futures or options on the underlying stock shares, the underlying ETF shares or the index underlying the underlying ETF.

An “exchange disruption” means any event that disrupts or impairs (as determined by the index calculation agent in its sole discretion) the ability of market participants in general to effect transactions in,

or obtain market values for, the shares of the underlying stock or underlying ETF on the relevant exchange or futures or options on the underlying stock shares, underlying ETF shares or the index underlying the underlying ETF, in each case on the relevant related exchange.

An “exchange” means the primary exchange on which shares of an underlying stock or the underlying ETF are listed.

A “related exchange” means, in respect of an underlying stock, the underlying ETF or the index underlying the underlying ETF, as the case may be, the primary exchange (or exchanges) or quotation system (or quotation systems) on which futures or options contracts relating to such underlying stock, the underlying ETF or the index underlying the underlying ETF, as the case may be, are traded, if any.

An “index dislocation” means the index calculation agent determines that a market participant, as a result of a market-wide condition relating to the index, any underlying stock or the underlying ETF, would (i) be unable, after using commercially reasonable efforts, to acquire, establish, re-establish, substitute, maintain, unwind, or dispose of all or a material portion of any hedge position relating to the index, an underlying stock or the underlying ETF, or (ii) incur a materially increased cost in doing so, including due to any capital requirements or other law or regulation.

A “force majeure event” means the index calculation agent determines that there has been the occurrence of a systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance that is beyond the reasonable control of the index sponsor, index calculation agent or any of their respective affiliates that index calculation agent determines is likely to have a material effect on a component necessary for the calculation of the index, or on its ability to perform its role in respect of the index.

### ***Potential Adjustment Events***

In the event that an underlying stock or the underlying ETF, if applicable, is affected by a “potential adjustment event”, the index calculation agent may make adjustments to the number of shares of such underlying stock or the underlying ETF, if applicable, reflected in the index and/or the weighting of the underlying stock or the underlying ETF, if applicable, if it determines that the event could have a diluting or concentrative effect on the theoretical value of the underlying stock shares or the underlying ETF shares, if applicable, and would not otherwise be accounted for in the index. The table below describes the potential adjustment events for which the index calculation agent may make adjustments. The effective date of any adjustment made will be as of the ex-date for the potential adjustment event with the exception of ad-hoc situations as described below.

Ad-hoc situations are defined as circumstances when either the index calculation agent receives information about the effectiveness of a transaction after the last trading day of an underlying stock or the underlying ETF, if applicable, or the underlying stock or the underlying ETF, if applicable, has been suspended from trading with immediate effect and will not resume trading until its delisting and/or has been delisted from the relevant exchange with immediate effect. In case of ad-hoc situations, the adjustment will be applied with a notice period of two index business days, i.e., the effective date for the adjustment will be the third index business day following the announcement.

If a potential adjustment event is announced prior to an underlying stock being removed from the index, but the ex-date occurs after the underlying stock is removed from the index, the underlying stock will never be adjusted for such adjustment event.



Potential Adjustment Event	Adjustment	Adjustment Description
Cash Dividends	Yes	The dividend is reinvested in the underlying stock or underlying ETF
Special/Extraordinary Dividends	Yes	The dividend is reinvested in the underlying stock or underlying ETF
Stock Dividend	Yes	Where shareholders receive "B" new shares for every "A" share held, the number of shares is adjusted by multiplying the original number of shares by the quotient of (a) the sum of A and B divided by (b) A.
Stock Split	Yes	Where shareholders receive "B" new shares for every "A" share held, the number of shares is adjusted by multiplying the original number of shares by the quotient of B divided by A.
Stock Cash Acquisition	Yes	Where company X is acquired, proceeds equal to the original number of shares of company X multiplied by the latest available price determined by the calculation agent are reinvested proportionally across the index. If an ad-hoc situation applies, then a notional position in company X, where the valuation of the notional position is exactly equal to the proceeds, will be maintained in the base index during the two index business day notice period prior to the effective date.
Stock Merger	Yes	If company Y, the acquirer, is currently in the index, and irrespective of whether or not an ad-hoc situation applies to the adjustment event, then where shareholders receive "B" new shares of company Y for every "A" share of company X held, the shares of company X are replaced by shares of company Y where the number of shares of company Y is obtained by multiplying the original number of shares of company X by the quotient of B divided by A. If the acquirer is not a current index constituent, then the shares of the acquired company will be removed from the index and the proceeds will be reinvested proportionally across the index. If an ad-hoc situation applies and the acquirer company Z is not a current index constituent, and where shareholders receive "C" shares of company Z for every "A" share of company X held, then for the two index business day notice period, the shares of company X will be replaced by shares of company Z obtained by multiplying the original number of shares of company X by the quotient of C divided by A. The shares of company Z will be removed from the index on the effective date and proceeds will be reinvested proportionally across the index.
Stock Spinoff	Yes	Where shareholders receive "B" new shares of spun-off company Y for every "A" share of parent company X held, a position in company Y is initiated where the number of shares of company Y is obtained by multiplying the original number of shares of company X by the quotient of B divided by A. If the effective date of the spinoff is a base index rebalancing day, the effective proceeds of the spinoff obtained by multiplying the original number of shares of company X by the quotient of B divided by A and that further multiplied by the latest available price of company Y determined by the index calculation agent are reinvested in company X.
Stock Delisting	Yes	The proceeds received from the sale of the delisted securities are reinvested proportionally across the index. If an ad-hoc situation applies, then a notional cash position equal to the proceeds will be maintained in the base index during the two index business day notice period prior to the effective date.

For potential adjustment events not listed in the table above, the index calculation agent may make adjustments if it determines that the event could have a diluting or concentrative effect on the theoretical value of the underlying stock shares or the underlying ETF shares, if applicable, and would not otherwise be accounted for in the index. Any such adjustments are publicly announced in advance wherever practicable.

### ***The Index Committee and Index Calculation Agent***

An index committee is responsible for overseeing the index, the methodology and the implementation thereof, while the index calculation agent is responsible for the calculation of the index, including responding to index market disruption events (as defined under “Index Market Disruption Events” above) and potential adjustment events. The index committee will initially be comprised of three full-time employees of Motif Capital Management, Inc. or one or more of its affiliates.

The index committee may exercise limited discretion with respect to the index, as contemplated by the methodology, including in determining the underlying stocks included in the base index and theme revenue. Any such changes or actions are publicly announced as promptly as is reasonably practicable and normally at least five index business days prior to their effective date. The index calculation agent may from time to time consult the index committee on matters of interpretation with respect to the methodology.

### ***Data Error***

If the index calculation agent determines that the price made available by the relevant exchange reflects a manifest error for an underlying stock or the underlying ETF, if applicable, with a non-zero weighting in the index (or the published level of the notional interest rate) reflects a manifest error, the calculation of the index shall be delayed until such time as a corrected price or level is made available. In the event a corrected price or level is not made available on a timely basis or in the event that the price made available for an underlying stock or the underlying ETF, if applicable (or the published level of a notional interest rate), is subsequently corrected and such correction is published, then the index calculation agent may, if practicable and if the index calculation agent determines, acting in good faith, that such error is material, adjust or correct the relevant calculation or determination, including the price of the underlying stock or the underlying ETF, if applicable, as of any index business day to take into account such adjustment or correction.

On any index business day during which the price of for an underlying stock or the underlying ETF, if applicable, reflects such an error (and such error has not been corrected), the underlying stock target weights, underlying ETF target weight, if applicable, and the base index weight will be calculated using the price made available by the relevant exchange (notwithstanding any manifest error). If the calculation agent determines that any such error is material (as described above) and if the relevant exchange subsequently corrects such price it has made available, the index value may be calculated using such corrected price, but the quantities of the underlying stocks and the underlying ETF, if applicable, implied by the underlying stock target weights and the underlying ETF weight, if applicable, and the base index weight (each prior to the error being corrected) will not be adjusted.

### ***Non-Data Error***

If there is a missed potential adjustment event (as described under “Potential Adjustment Events” above) (a “missed potential adjustment event”) or a deviation from the index methodology as described in this document (a “missed index methodology event”), and a correction can be made within 2 days or fewer after such missed potential adjustment event or missed index methodology event, the index calculation agent will recalculate the index value for the index business day on which such event occurred and each following index business day on which the index value was affected by such missed potential adjustment event or missed index methodology event, using the corrected potential adjustment event adjustment or index methodology. If such a correction occurs more than 2 days after such missed corporate event or missed index methodology event, the index will not be recalculated.

The following summary flow chart is provided for purposes of illustration only and should be read together with, and not as a substitute for, the preceding disclosure regarding the index.

### SUMMARY FLOW CHART I: REBALANCING

#### Annual Base Index Rebalancing

Obtain the GICS Sub-Industry classification for each company with U.S. exchange-listed common equity (including ADRs). All companies that have one of the following GICS Sub-Industry classifications are included in the base index universe:

- "Aerospace & Defense"
- "Construction & Engineering"
- "Construction Machinery & Heavy Trucks"
- "IT Consulting & Other Services"
- "Electronic Equipment & Instruments"
- "Communications Equipment"

Conduct a semantic search across the most recent annual SEC filings of companies in the base index universe for (i) keywords relating to mission area categories and key initiatives identified by the United States Department of Defense and (ii) the keyword "Department of Defense". Remove from the base index universe any company without a positive match with one or more keyword(s) in their most recent annual SEC filing.

Remove from the base index universe stock of/with:

1. Most recent 30-day period ADDV of less than \$1 million;
2. Market capitalization of less than \$500 million;
3. Closing price of less than \$1 at any point over most recent 30-day period;
4. Any company with total revenue of less than \$25 million over the previous 12-month period as of their most recent annual regulatory filing; or
5. Less than 60-days of historical return data over the most recent 90-day period.

Calculate each remaining company's exposure to the national defense theme. (See Summary Flow Chart II: Total Theme Revenue.)

Any company with less than 10% of exposure to the national defense theme (10% of revenue derived from defense-related sales) is removed from the underlying stock universe.

The remaining stocks are the underlying stocks that comprise the base index.

#### Weight underlying stocks that comprise the base index

1. Determine initial weight of each stock, which is (a) its adjusted market capitalization (the product of such company's total market capitalization multiplied by the percentage of its revenue derived from the national defense theme) divided by (b) the aggregate of the adjusted market capitalizations for all underlying stocks. Such underlying stocks, as so weighted, comprise the thematically weighted portfolio that is used to determine the target weight of each stock.
2. Determine target weight of each stock by adjusting its initial weight, as necessary, to comply with the requirement that each underlying stock must have a target weight that is not less than 0.1% and not greater than the lesser of (i) 10.0% and (ii)  $\text{ADDV} \times 10^{-9}$ , expressed as a percentage.

#### Daily Total Return Rebalancing

Calculate the annualized historical realized volatility of the base index over the relevant volatility cap period. The base index, as controlled for volatility in this manner, is the total return index.

Has the annualized historical realized volatility of the base index over such volatility cap period exceeded the 7.0% volatility cap?

Yes

No

The exposure of the total return index to the base index is partially rebalanced into the money market position for that day via a reduction of the base index weight to the percentage that equals the volatility cap divided by such calculated volatility. As a result, the underlying stock weights within the base index are ratably reduced. The money market position is intended to express notional returns accruing to a hypothetical investor from an investment in a notional overnight money account denominated in U.S. dollars that accrues interest at a rate determined by reference to 3-month USD LIBOR.

The weight of the base index in the total return index is set to 100%, meaning that none of the base index weight will be rebalanced into the money market position.

The following summary flow chart is provided for purposes of illustration only and should be read together with, and not as a substitute for, the preceding disclosure regarding the index.

## SUMMARY FLOW CHART II: TOTAL THEME REVENUE

**Sub-Step 1:** Does the company report in its most recent annual SEC filing one or more revenue amount(s) (i) earned solely from direct or indirect sales to one or more defense organizations (the United States Department of Defense, any related agency identified by the United States Department of Defense or any foreign government military organization) or (ii) classified as earned solely from direct or indirect defense-related sales (defense sales, military sales or foreign military sales)?

Yes

Any such revenue amount(s) will be considered theme revenue for the company. The sum of all theme revenue identified in Sub-Step 1 will be the company's total theme revenue. No additional review of the company's annual SEC filing for further theme revenue will take place (i.e., neither Sub-Step 2 nor Sub-Step 3 will be conducted).

No

**Sub-Step 2:** Does the company report in its most recent annual SEC filing one or more revenue amount(s) (i) earned from a combination of direct or indirect sales to one or more defense organizations and one or more organizations that are not defense organizations or (ii) classified as being earned from a combination of direct or indirect defense-related sales and sales that are not defense-related sales?

Yes

Any such revenue amount(s) will be considered theme revenue for the company. The sum of all theme revenue identified in Sub-Step 2 will be the company's total theme revenue. No additional review of the company's annual SEC filing for further theme revenue will take place (i.e., Sub-Step 3 will not be conducted).

**Sub-Step 3:** Does the company report in its most recent annual SEC filing one or more revenue amount(s) earned solely from direct or indirect sales to one or more of the United States government or a foreign government?

Yes

Any such revenue amount(s) will be considered theme revenue for the company. The sum of all theme revenue identified in Sub-Step 3 will be the company's total theme revenue. No additional review of the company's annual SEC filing for further theme revenue will take place.

The company does not have theme revenue.

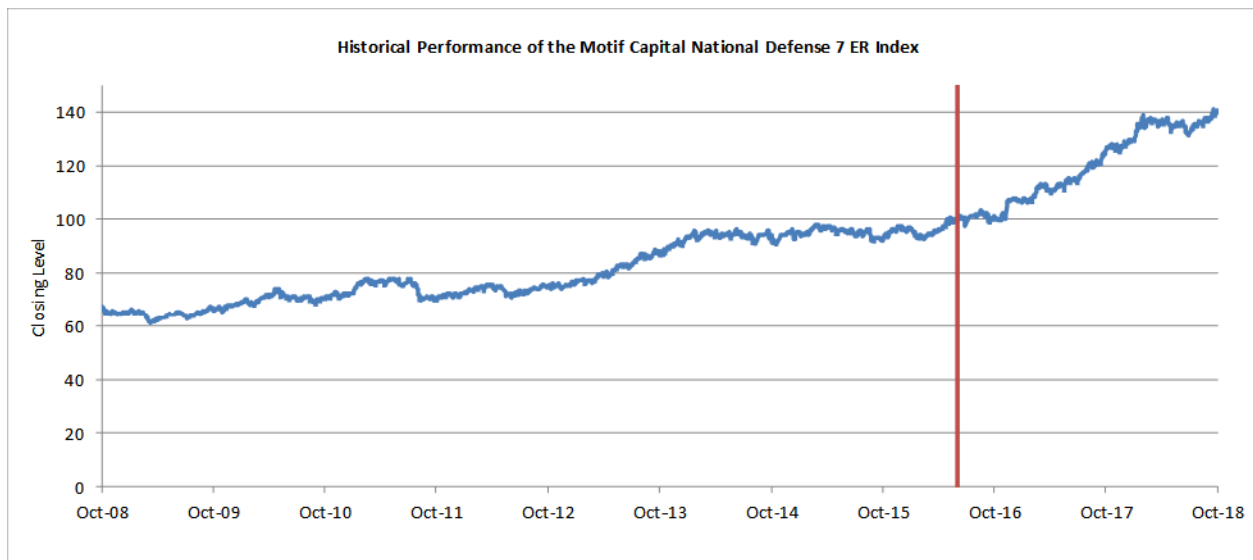
### Closing Levels of the Index

The closing level of the index has fluctuated in the past and may, in the future, experience significant fluctuations. Any upward or downward trend in the historical or hypothetical closing level of the index during the period shown below is not an indication that the index is more or less likely to increase or decrease at any time during the life of your CDs.

We cannot give you any assurance that the future performance of the index or the underlying stocks will result in your receiving an amount greater than the outstanding face amount of your CDs on the stated maturity date.

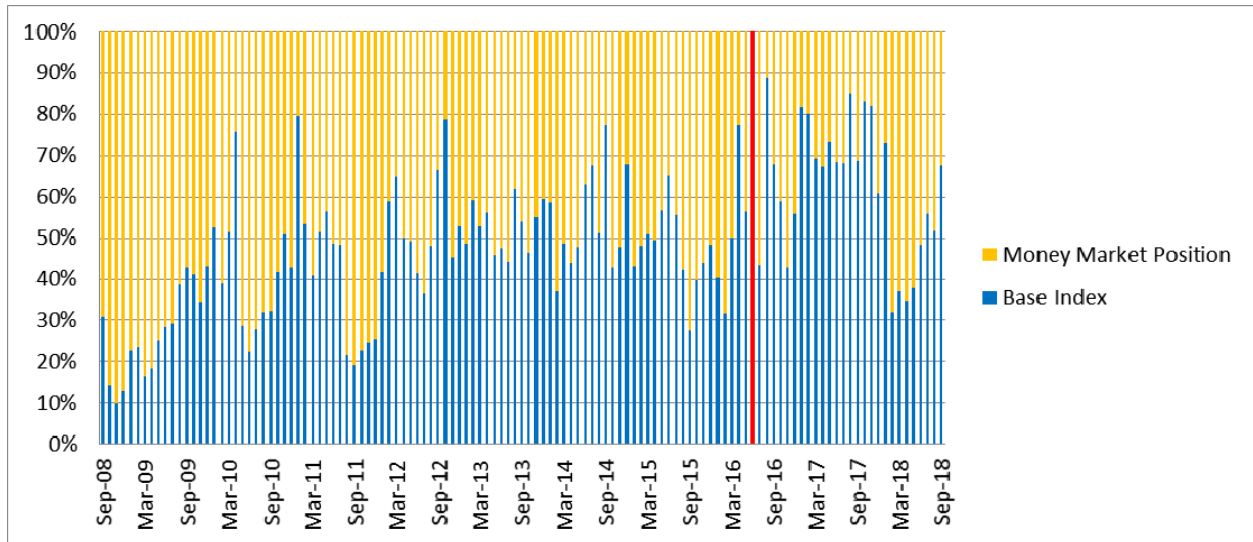
Neither we nor any of our affiliates make any representation to you as to the performance of the index. Before investing in the offered CDs, you should consult publicly available information to determine the level of the index between the date of this disclosure statement supplement and the date of your purchase of the offered CDs. The actual performance of the index over the life of the offered CDs, as well as the payment amount, may bear little relation to the historical index performance information or hypothetical performance data shown below.

The graph below shows the daily closing levels of the index from October 19, 2008 through October 19, 2018 (using hypothetical performance data and historical closing levels). Since the index was launched on June 1, 2016 and has a limited operating history, the graph includes hypothetical performance data for the index prior to its launch on June 1, 2016. The hypothetical performance data prior to June 1, 2016 was obtained from the index sponsor's website, without independent verification. The index sponsor advises that such hypothetical performance data was derived using the index rules as of June 1, 2016, but applied retroactively using historical underlying stock and notional interest rate levels. The historical closing levels from June 1, 2016 through October 19, 2018 were obtained from Bloomberg Financial Services, without independent verification. (In the graph, historical closing levels can be found to the right of the vertical solid line marker.) **You should not take the hypothetical performance data or historical closing levels of the index as an indication of the future performance of the index.**



### Average Allocation Between the Base Index and the Money Market Position for Each Month

Historically, a very significant portion (up to approximately 92%) of the index consistently has been allocated to the money market position. The graph below shows the average allocation between the base index (consisting of the underlying stocks) and the money market position for each month from September 2008 through September 2018. This graph uses hypothetical performance data for the index prior to its launch on June 1, 2016 using the index rules as of June 1, 2016, but applied retroactively using historical underlying stock and notional interest rate levels. (In the graph below, this hypothetical information can be found to the left of the vertical solid line marker.) **You should not take the historical information or hypothetical data as an indication of the future performance of the index.**



### **Performance of the Notional Interest Rate (3-Month USD LIBOR) Reflected in the Money Market Position**

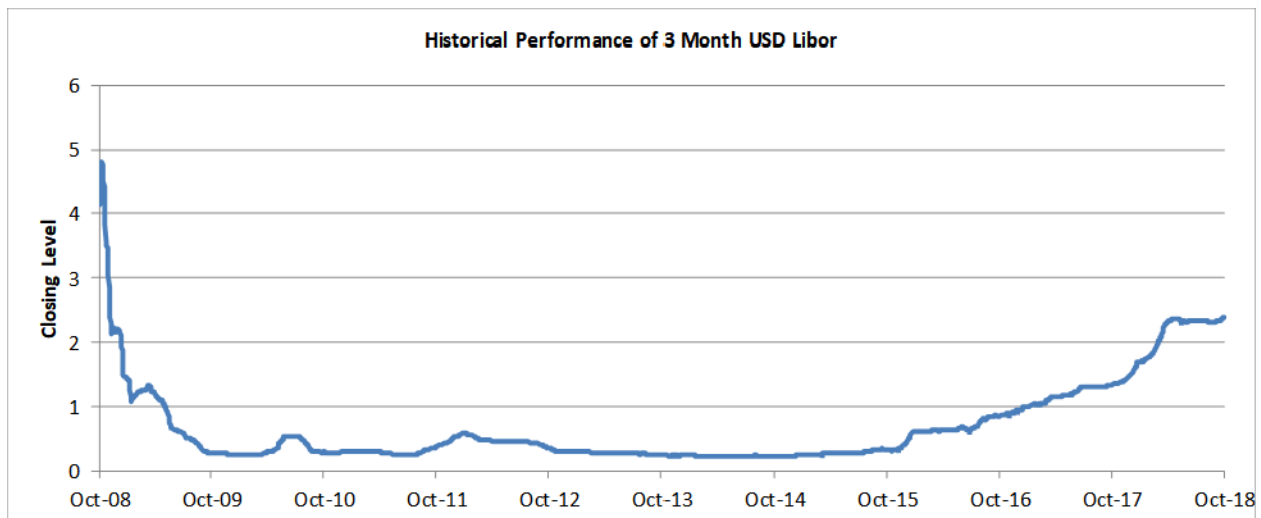
The money market position reflects the returns accruing on a hypothetical cash investment in a notional money market account denominated in U.S. dollars that accrues interest at the notional interest rate, which is equal to 3-month USD LIBOR.

The graph below illustrates the historical levels of the 3-month USD LIBOR rate from October 19, 2008 through October 19, 2018. The level of the 3-month USD LIBOR rate has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the level of the 3-month USD LIBOR rate during the period shown below is not an indication that the level of the 3-month USD LIBOR rate is more or less likely to increase or decrease at any time during the life of the CDs. See “U.K. Regulators Will No Longer Persuade or Compel Banks to Submit Rates for Calculation of LIBOR After 2021; Interest Rate Benchmark May Be Discontinued” and “Additional Risk Factors Specific to Your CDs — Regulation and Reform of “Benchmarks”, Including LIBOR and Other Types of Benchmarks, May Cause such “Benchmarks” to Perform Differently Than in the Past, or to Disappear Entirely, or Have Other Consequences Which Cannot Be Predicted” for more information about 3-month USD LIBOR.

**You should not take the historical level of the 3-month USD LIBOR rate as an indication of future levels of the 3-month USD LIBOR rate.**

Neither we nor any of our affiliates make any representation to you as to the performance of the 3-month USD LIBOR rate. The actual levels of the 3-month USD LIBOR rate during the term of the CDs may bear little relation to the historical levels of the 3-month USD LIBOR rate shown below.

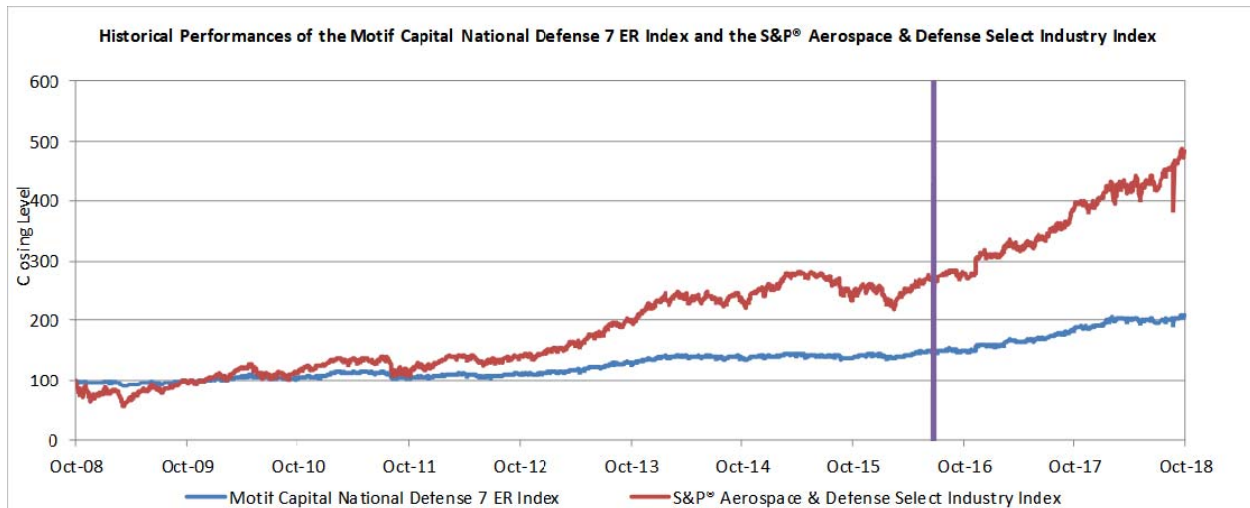
We obtained the 3-month USD LIBOR rates shown in the graph below from Reuters, without independent verification.



### Comparative Performance of the Index and the S&P Aerospace & Defense Select Industry Index

For comparative purposes, the graph below shows the performance, from October 19, 2008 through October 19, 2018, of the index (in blue, and using historical information and hypothetical performance data, as explained below) and the S&P Aerospace & Defense Select Industry Index (in red). The S&P Aerospace & Defense Select Industry Index is a modified equal-weighted index that is designed to measure the performance of stocks in the S&P Total Market Index that are classified in the GICS® aerospace & defense sub-industry. The S&P Total Market Index tracks all U.S. common stocks listed on the NYSE, NYSE Arca, NYSE American (formerly NYSE MKT), NASDAQ Global Select Market, NASDAQ Select Market, NASDAQ Capital Market, Bats BZX, Bats BYX, Bats EDGA, Bats EDGX or IEX. Because the S&P Aerospace & Defense Select Industry Index only includes stocks in the aerospace & defense sub-industry, there are fewer sub-industries represented by the S&P Aerospace & Defense Select Industry Index than the six sub-industries represented by the index.

For comparative purposes, each of the index and the S&P Aerospace & Defense Select Industry Index have been adjusted to have a closing level of 100.00 on October 19, 2008 by dividing the applicable closing level on each day by that index's closing level on October 19, 2008 and multiplying the quotient by 100. The historical closing levels of the index from June 1, 2016 to October 19, 2018 used to create this graph reflect the actual performance of the index and were obtained from Bloomberg Financial Services, without independent verification. (In this graph, the historical closing levels of the index can be found to the right of the vertical solid line marker.) The index sponsor of the index advises that the hypothetical performance data from October 19, 2008 through May 31, 2016 used to create this graph was derived using the index rules as of June 1, 2016, but applied retroactively using historical underlying stock and notional interest rate levels. The daily historical closing levels of the S&P Aerospace & Defense Select Industry Index from October 19, 2008 through October 19, 2018 used to create this graph were obtained from Bloomberg Financial Services, without independent verification. **You should not take this graph, or the hypothetical performance data or historical closing levels of the index, or the historical closing levels of the S&P Aerospace & Defense Select Industry Index, used to create this graph, as an indication of the future performance of the index or the correlation (if any) between the level of the index and the level of the S&P Aerospace & Defense Select Industry Index.**





### Additional Selected Performance Information for the Index

The following table provides additional selected hypothetical data and historical performance information for the index as of October 19, 2018. The data prior to June 1, 2016 reflected in this table is hypothetical and was derived using the index rules as of June 1, 2016, but applied retroactively using historical underlying stock and notional interest rate levels. We obtained all of the hypothetical data and historical performance information in this table from the index sponsor, without independent verification. You should not take the historical information or hypothetical data as an indication of the future performance of the index.

Effective Performance (1M)	-3.6%
Effective Performance (6M)	-2.2%
Effective Performance (1Y)	6.3%
Effective Performance (3Y)	43.6%
Effective Performance (5Y)	52.0%
Effective Performance (10Y)	106.9%
Annualized Performance (since June 2011)*	8.0%
Annualized Volatility (since June 2011)*	7.9%
Return over risk (since June 2011)**	1.02
Maximum Peak-to-Trough Drawdown (since June 2011)***	10.2%

\* Calculated on an annualized basis since June 1, 2011.

\*\* Calculated by dividing the annualized performance by the annualized volatility since June 1, 2011.

\*\*\* The largest percentage decline in the index level from any previously occurring level since June 1, 2011.

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## SUPPLEMENTAL DISCUSSION OF UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

This section supplements the discussion of U.S. federal income taxation in the accompanying disclosure statement, and is the opinion of Sidley Austin LLP, counsel to Goldman Sachs Bank USA. Notwithstanding the preceding sentence, the terms “we” and “us” in this section refers to Goldman Sachs Bank USA. In addition, notwithstanding any disclosure in the accompanying disclosure statement to the contrary, our counsel in this transaction is Sidley Austin LLP. This section applies to you only if you hold your CDs as a capital asset for tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;
- a bank;
- a regulated investment company;
- a life insurance company;
- a tax-exempt organization;
- a partnership;
- a person that owns the CDs as a hedge or that is hedged against interest rate risks;
- a person that owns the CDs as part of a straddle or conversion transaction for tax purposes; or
- a United States holder (as described below) whose functional currency for tax purposes is not the U.S. dollar.

This section is based on the U.S. Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations under the Internal Revenue Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

*You should consult your tax advisor concerning the U.S. federal income tax, and other tax consequences of your investment in the CDs, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.*

### United States Holders

The discussion herein describes the tax consequences to a United States holder (as defined under “United States Taxation” in the accompanying disclosure statement).

Your CDs will be treated as debt instruments subject to special rules governing contingent payment debt instruments for U.S. federal income tax purposes. Under those rules, if you are a U.S. individual or taxable entity, you generally will be required to accrue interest on a current basis in respect of the CDs over their term based on the comparable yield for the CDs and pay tax accordingly, even though you will not receive any payments from us until maturity. This comparable yield is determined solely to calculate the amount on which you will be taxed prior to maturity and is neither a prediction nor a guarantee of what the actual yield will be. In addition, any gain you may recognize on the sale, exchange, redemption or maturity of the CDs would be taxed as ordinary interest income and any loss you may recognize on the sale, exchange, redemption or maturity of the CDs would generally be ordinary loss to the extent of the interest you previously included as income in respect of the CDs and thereafter would be capital loss. If you are a noncorporate holder, you would generally be able to use such ordinary loss to offset your income only in the taxable year in which you recognize the ordinary loss and would generally not be able to carry such ordinary loss forward or back to offset income in other taxable years.

We have determined that the comparable yield for the CDs is equal to 3.45% per annum, compounded semi-annually with a projected payment at maturity of \$1,186.53 based on an investment of \$1,000.

Based on this comparable yield, if you are an initial holder that holds a CD until maturity and you pay your taxes on a calendar year basis, we have determined that you would be required to report the following

amounts as ordinary income, not taking into account any positive or negative adjustments you may be required to take into account based on the actual payments on the CDs, from the CD each year:

Accrual Period	Interest Deemed to Accrue During Accrual Period (per \$1,000 CD)	Total Interest Deemed to Have Accrued from Original Issue Date (per \$1,000 CD) as of End of Accrual Period
October 26, 2018 through December 31, 2018	\$6.13	\$6.13
January 1, 2019 through December 31, 2019	\$35.02	\$41.15
January 1, 2020 through December 31, 2020	\$36.23	\$77.38
January 1, 2021 through December 31, 2021	\$37.49	\$114.87
January 1, 2022 through December 31, 2022	\$38.79	\$153.66
January 1, 2023 through October 26, 2023	\$32.87	\$186.53

*The comparable yield and projected payment schedule are not provided to you for any purpose other than the determination of your interest accruals in respect of your CDs, and we make no representation regarding the amount of the contingent payment with respect to your CDs.*

If you purchase your CDs for an amount that differs from the principal amount of the CDs, you may be subject to special tax rules as described in “United States Taxation—United States Holders—Indexed and Other Certificates of Deposit” in the accompanying disclosure statement (in particular, the rules that apply when a U.S. holder purchases a contingent payment debt instrument for an amount that differs from the adjusted issue price of that contingent payment debt instrument at the time of the purchase). These rules are complex and therefore because any Internal Revenue Service Form 1099-OID that you receive will not reflect the effects of positive or negative adjustments resulting from your purchase of CDs at a price other than the adjusted issue price determined for tax purposes, you are urged to consult your tax advisor regarding these rules.

Pursuant to recently enacted legislation, for taxable years beginning after December 31, 2018, with respect to a debt instrument issued with original issue discount (“OID”), such as the CDs, an accrual method taxpayer that reports revenues on an applicable financial statement generally must recognize income for U.S. federal income tax purposes no later than the taxable year in which such income is taken into account as revenue in an applicable financial statement of the taxpayer. For this purpose, an “applicable financial statement” generally means a financial statement certified as having been prepared in accordance with generally accepted accounting principles or that is made on the basis of international financial reporting standards and which is used by the taxpayer for various specified purposes. This rule could potentially require such a taxpayer to recognize income for U.S. federal income tax purposes with respect to the CDs prior to the time such income would be recognized pursuant to the rules described above. Potential investors in the CDs should consult their tax advisors regarding the potential applicability of these rules to their investment in the CDs.

For a further discussion of the tax treatment of your CDs, please see the discussion under the heading “United States Taxation—United States Holders—Indexed and Other Certificates of Deposit” in the accompanying disclosure statement.

### **United States Alien Holders**

If you are a United States alien holder (as defined under “United States Taxation” in the accompanying disclosure statement), please see the discussion under “United States Taxation — United States Alien Holders” in the accompanying disclosure statement for a description of the tax consequences relevant to you.

We will not attempt to ascertain whether any underlying stock issuer would be treated as a “United States real property holding corporation” (“USRPHC”), within the meaning of Section 897 of the Internal Revenue Code. If any underlying stock issuer was so treated, certain adverse U.S. federal income tax consequences could possibly apply to a United States alien holder. You should refer to information filed with the SEC with respect to each underlying stock issuer and consult your tax advisor regarding the

possible consequences to you, if any, if the issuer of a particular underlying stock is or becomes a USRPHC.

The Treasury Department has issued regulations under which amounts paid or deemed paid on certain financial instruments (“871(m) financial instruments”) that are treated as attributable to U.S.-source dividends could be treated, in whole or in part depending on the circumstances, as a “dividend equivalent” payment that is subject to tax at a rate of 30% (or a lower rate under an applicable treaty), which in the case of amounts you receive upon the sale, exchange, redemption or maturity of your CDs, could be collected via withholding. If these regulations were to apply to the CDs, we may be required to withhold such taxes if any U.S.-source dividends are paid on any underlying stocks or the underlying ETF included in the index during the term of the CDs. We could also require you to make certifications (e.g., an applicable Internal Revenue Service Form W-8) prior to the maturity of the CDs in order to avoid or minimize withholding obligations, and we could withhold accordingly (subject to your potential right to claim a refund from the Internal Revenue Service) if such certifications were not received or were not satisfactory. If withholding was required, we would not be required to pay any additional amounts with respect to amounts so withheld. These regulations generally will apply to 871(m) financial instruments (or a combination of financial instruments treated as having been entered into in connection with each other) issued (or significantly modified and treated as retired and reissued) on or after January 1, 2021, but will also apply to certain 871(m) financial instruments (or a combination of financial instruments treated as having been entered into in connection with each other) that have a delta (as defined in the applicable Treasury regulations) of one and are issued (or significantly modified and treated as retired and reissued) on or after January 1, 2017. In addition, these regulations will not apply to financial instruments that reference a “qualified index” (as defined in the regulations). We have determined that, as of the issue date of your CDs, your CDs will not be subject to withholding under these rules. In certain limited circumstances, however, you should be aware that it is possible for United States alien holders to be liable for tax under these rules with respect to a combination of transactions treated as having been entered into in connection with each other even when no withholding is required. You should consult your tax advisor concerning these regulations, subsequent official guidance and regarding any other possible alternative characterizations of your CDs for U.S. federal income tax purposes.

### **Backup Withholding and Information Reporting**

#### ***United States Holders***

In general, if you are a noncorporate United States holder, we and other payors are required to report to the Internal Revenue Service all payments of principal, any premium and interest, including OID, on your CDs. In addition, we and other payors are required to report to the Internal Revenue Service any payment of proceeds of the sale of your CDs before maturity within the United States. Additionally, backup withholding will apply to any payments, including payments of OID, if you fail to provide an accurate taxpayer identification number, or you are notified by the Internal Revenue Service that you have failed to report all interest and dividends required to be shown on your federal income tax returns.

#### ***United States Alien Holders***

In general, if you are a United States alien holder, payments of principal, premium or interest, including OID, made by us or other payors to you will not be subject to backup withholding and information reporting. However, we and other payors will report payments of interest on your CDs, including OID, on Internal Revenue Service Form 1042-S (but will not backup withhold) if you supply an Internal Revenue Service Form W-8 or acceptable substitute that lists a permanent address in a country with which the United States has in effect an income tax or other convention or bilateral agreement relating to the exchange of information (an “applicable country”), or we have actual knowledge that you reside in an applicable country, unless you otherwise establish an exemption. Payment of the proceeds from the sale of CDs effected at a United States office of a broker will not be subject to backup withholding and information reporting, provided that:

- the broker does not have actual knowledge or reason to know that you are a United States person and you have furnished to the broker,
- an appropriate Internal Revenue Service Form W-8 or an acceptable substitute form upon which you certify, under penalties of perjury, that you are not a United States person, or

- other documentation upon which it may rely to treat the payment as made to a person who is not a United States person that is, for United States federal income tax purposes, the beneficial owner of the payment on the CDs in accordance with U.S. Treasury regulations, or
- you otherwise establish an exemption.

If you fail to establish an exemption and the broker does not possess adequate documentation of your status as a person who is not a United States person, the payments may be subject to information reporting and backup withholding. However, backup withholding will not apply with respect to payments made outside the United States to an offshore account maintained by you unless the broker has actual knowledge that you are a United States person.

In general, payment of the proceeds from the sale of CDs effected at a foreign office of a broker will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained by you in the United States,
- the payment of proceeds or the confirmation of the sale is mailed to you at a United States address, or
- the sale has some other specified connection with the United States as provided in U.S. Treasury regulations,
- unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above, relating to a sale of CDs effected at a United States office of a broker, are met or you otherwise establish an exemption.

In addition, payment of the proceeds from the sale of CDs effected at a foreign office of a broker will be subject to information reporting if the broker is:

- a United States person,
- a controlled foreign corporation for United States tax purposes,
- a foreign person, 50% or more of whose gross income is effectively connected with the conduct of a United States trade or business for a specified three-year period, or
- a foreign partnership, if at any time during its tax year:
  - one or more of its partners are “U.S. persons”, as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership, or
  - such foreign partnership is engaged in the conduct of a United States trade or business,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above, relating to a sale of CDs effected at a United States office of a broker, are met or you otherwise establish an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a United States person.

### **Foreign Account Tax Compliance Act (FATCA) Withholding**

FATCA could impose a withholding tax of 30% on interest income, including OID, and other periodic payments on the CDs paid to you or any non-U.S. person or entity that receives such income (a “non-U.S. payee”) on your behalf, unless you and each such non-U.S. payee in the payment chain comply with the applicable information reporting, account identification, withholding, certification and other FATCA-related requirements. This withholding tax could also apply to all payments made upon the sale, exchange, redemption or maturity of the CDs by a non-compliant payee. In the case of a payee that is a non-U.S. financial institution (for example, a clearing system, custodian, nominee or broker), withholding generally will not be imposed if the financial institution complies with the requirements imposed by FATCA to collect and report (to the U.S. or another relevant taxing authority) substantial information regarding such institution’s U.S. account holders (which would include some account holders that are non-U.S. entities but have U.S. owners). Other payees, including individuals, may be required to provide proof of tax residence

or waivers of confidentiality laws and/or, in the case of non-U.S. entities, certification or information relating to their U.S. ownership.

Withholding may be imposed at any point in a chain of payments if the payee is not compliant. A chain may work as follows, for example: The payment is transferred through a paying agent to a clearing system, the clearing system makes a payment to each of the clearing system's participants, and finally the clearing system participant makes a payment to a non-U.S. bank or broker through which you hold the CDs, who credits the payment to your account. Accordingly, if you receive payments through a chain that includes one or more non-U.S. payees, such as a non-U.S. bank or broker, the payment could be subject to withholding if, for example, your non-U.S. bank or broker through which you hold the CDs fails to comply with the FATCA requirements and is subject to withholding. This would be the case even if you would not otherwise have been directly subject to withholding.

A number of countries have entered into, and other countries are expected to enter into, agreements with the U.S. to facilitate the type of information reporting required under FATCA. While the existence of such agreements will not eliminate the risk that CDs will be subject to the withholding described above, these agreements are expected to reduce the risk of the withholding for investors in (or investors that indirectly hold CDs through financial institutions in) those countries.

The withholding tax described above could currently apply to all interest, including OID, and other periodic payments made on the CDs. In addition, the withholding tax described above could apply to payments made upon the sale, exchange, redemption or maturity of the CDs on or after January 1, 2019. We will not pay any additional amounts in respect of this withholding tax, so if this withholding applies, you will receive less than the amount that you would have otherwise received.

Depending on your circumstances, you may be entitled to a refund or credit in respect of some or all of this withholding. However, even if you are entitled to have any such withholding refunded, the required procedures could be cumbersome and significantly delay your receipt of any withheld amounts. You should consult your tax advisor regarding FATCA. You should also consult your bank or broker through which you would hold the CDs about the likelihood that payments to it (for credit to you) may become subject to withholding in the payment chain.

In addition, your CDs may also be subject to other U.S. withholding tax as described in "United States Taxation" in the accompanying disclosure statement supplement.

## EMPLOYEE RETIREMENT INCOME SECURITY ACT

*This section is only relevant to you if you are an insurance company or the fiduciary of a pension plan or an employee benefit plan (including a governmental plan, an IRA or a Keogh Plan) proposing to invest in the CDs.*

The U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the U.S. Internal Revenue Code of 1986, as amended (the “Code”), prohibit certain transactions (“prohibited transactions”) involving the assets of an employee benefit plan that is subject to the fiduciary responsibility provisions of ERISA or Section 4975 of the Code (including individual retirement accounts, Keogh plans and other plans described in Section 4975(e)(1) of the Code) (a “Plan”) and certain persons who are “parties in interest” (within the meaning of ERISA) or “disqualified persons” (within the meaning of the Code) with respect to the Plan; governmental plans may be subject to similar prohibitions unless an exemption applies to the transaction. The assets of a Plan may include assets held in the general account of an insurance company that are deemed “plan assets” under ERISA or assets of certain investment vehicles in which the Plan invests. Each of Goldman Sachs Bank USA and certain of its affiliates may be considered a “party in interest” or a “disqualified person” with respect to many Plans, and, accordingly, prohibited transactions may arise if the CDs are acquired by or on behalf of a Plan unless those CDs are acquired and held pursuant to an available exemption. In general, available exemptions are: transactions effected on behalf of that Plan by a “qualified professional asset manager” (prohibited transaction exemption 84-14) or an “in-house asset manager” (prohibited transaction exemption 96-23), transactions involving insurance company general accounts (prohibited transaction exemption 95-60), transactions involving insurance company pooled separate accounts (prohibited transaction exemption 90-1), transactions involving bank collective investment funds (prohibited transaction exemption 91-38) and transactions with service providers under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code where the Plan receives no less and pays no more than “adequate consideration” (within the meaning of Section 408(b)(17) of ERISA and Section 4975(f)(10) of the Code). The person making the decision on behalf of a Plan or a governmental plan shall be deemed, on behalf of itself and the plan, by purchasing and holding the CDs, or exercising any rights related thereto, to represent that (a) the plan will receive no less and pay no more than “adequate consideration” (within the meaning of Section 408(b)(17) of ERISA and Section 4975(f)(10) of the Code) in connection with the purchase and holding of the CDs, (b) none of the purchase, holding or disposition of the CDs or the exercise of any rights related to the CDs will result in a non-exempt prohibited transaction under ERISA or the Code (or, with respect to a governmental plan, under any similar applicable law or regulation), and (c) neither Goldman Sachs Bank USA nor any of its affiliates is a “fiduciary” (within the meaning of Section 3(21) of ERISA or, with respect to a governmental plan, under any similar applicable law or regulation) with respect to the purchaser or holder in connection with such person’s acquisition, disposition or holding of the CDs, or as a result of any exercise by Goldman Sachs Bank USA or any of its affiliates of any rights in connection with the CDs, (d) the person making the decision to acquire the CDs in any initial offering on behalf of a Plan or a governmental plan (1) is a fiduciary under ERISA or Section 4975 of the Code, or both (or other applicable law with respect to a governmental plan), with respect to the decision to invest in the CDs, (2) is responsible for exercising independent judgment in evaluating the investment in the CDs offered hereby, (3) is independent of Goldman Sachs Bank USA and its affiliates, and (4) is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies, including the decision to invest in the CDs, (e) with respect to a Plan that acquires the CDs in any initial offering, the conditions of the exception for “independent fiduciaries with financial expertise” as set forth in 29 C.F.R. § 2510.3-21(c)(1) are satisfied, and (f) neither Goldman Sachs Bank USA nor any of its affiliates is undertaking, or has undertaken, to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the decision of the purchaser to invest in the CDs or otherwise.

*If you are an insurance company or the fiduciary of a pension plan or an employee benefit plan (including a governmental plan, an IRA or a Keogh plan) and propose to invest in the CDs described in this disclosure statement supplement, you should consult your legal counsel.*



### **SUPPLEMENTAL PLAN OF DISTRIBUTION**

Goldman Sachs Bank USA expects to sell all of the CDs to dealers at 100% of the face amount of the CDs. Each dealer will receive from us a structuring fee of 0.8% of the face amount of each such CD. Please note that the information about the issue date and original issue price set forth on the cover of this disclosure statement supplement relate only to the initial distribution.

GS&Co. has engaged Incapital LLC to provide certain marketing services from time to time relating to CDs of this type. Incapital LLC will receive a fee of 0.41% of the face amount of each CD offered hereby from us in connection with such services.

This disclosure statement supplement may be used by GS&Co. in connection with offers and sales of the CDs in market-making transactions. In a market-making transaction, GS&Co. may resell CDs it acquires from other holders, after the original offering and sale of the CDs. Resales of this kind may occur in the open market or may be privately negotiated, at prevailing market prices at the time of resale or at related or negotiated prices. For more information about the plan of distribution and possible market-making activities, see "Plan of Distribution" on page 61 of the accompanying disclosure statement.

We have not authorized anyone to provide any information or to make any representations other than those contained in this disclosure statement supplement and the accompanying disclosure statement. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This disclosure statement supplement and the accompanying disclosure statement is an offer to sell only the CDs offered hereby, but only under the circumstances and in jurisdictions where it is lawful to do so. The information contained in this disclosure statement supplement and the accompanying disclosure statement is current only as of the respective dates of such documents.

TABLE OF CONTENTS  
Disclosure Statement Supplement

	Page
Summary Information .....	S-4
Q&A .....	S-6
Truth in Savings Disclosures .....	S-9
Additional Risk Factors Specific to Your Certificates of Deposit .....	S-12
Specific Terms of Your Certificates of Deposit .....	S-30
Hypothetical Examples .....	S-36
Use of Proceeds .....	S-40
Hedging .....	S-40
The Index .....	S-41
Supplemental Discussion of United States Federal Income Tax Consequences .....	S-67
Employee Retirement Income Security Act .....	S-72
Supplemental Plan of Distribution .....	S-73

Disclosure Statement dated May 17, 2018

Available Information .....	2
Notice to Investors .....	3
Goldman Sachs Bank USA .....	4
The Goldman Sachs Group, Inc. ....	4
Supervision and Regulation .....	5
Status of Certificates of Deposit .....	6
Use of Proceeds .....	13
Risk Factors .....	14
Description of Certificates of Deposit We May Offer .....	20
Legal Ownership and Payment .....	41
United States Taxation .....	44
Employee Retirement Income Security Act .....	60
Plan of Distribution .....	61
Conflicts of Interest .....	62
Annex .....	63

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## Goldman Sachs Bank USA

Motif Capital National Defense 7 ER  
Index-Linked Certificates of Deposit due 2023

## Certificates of Deposit

