
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported):
January 16, 2019

THE GOLDMAN SACHS GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

No. 001-14965

(Commission
File Number)

No. 13-4019460

(IRS Employer
Identification No.)

**200 West Street
New York, New York**

(Address of principal executive offices)

10282

(Zip Code)

Registrant's telephone number, including area code: **(212) 902-1000**

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 under the Securities Act (17 CFR 230.405) or Rule 12b-2 under the Exchange Act (17 CFR 240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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Item 2.02 Results of Operations and Financial Condition.

On January 16, 2019, The Goldman Sachs Group, Inc. (Group Inc. and, together with its consolidated subsidiaries, the firm) reported its earnings for the fourth quarter and year ended December 31, 2018. A copy of Group Inc.'s press release containing this information is attached as Exhibit 99.1 to this Report on Form 8-K and is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

On January 16, 2019, at 9:30 a.m. (ET), the firm will hold a conference call to discuss the firm's financial results, outlook and related matters. A copy of the presentation for the conference call is attached as Exhibit 99.2 to this Report on Form 8-K.

Item 8.01 Other Events.

On December 17, 2018, the Attorney General of Malaysia issued a press statement that (i) criminal charges in Malaysia had been filed against Goldman Sachs International, as the arranger of three debt offerings of 1Malaysia Development Berhad (1MDB), for alleged disclosure deficiencies in the offering documents relating to, among other things, the use of proceeds, (ii) Goldman Sachs (Asia) LLC, Goldman Sachs (Singapore) PTE, Tim Leissner (a former participating managing director) and others had been criminally charged in Malaysia, and indicated that Ng Chong Hwa (a former managing director) would be charged shortly, and (iii) prosecutors in Malaysia will seek criminal fines against the accused in excess of \$2.7 billion plus the \$600 million of fees received in connection with the debt offerings.

In November and December 2018, a shareholder books and records demand was made and purported securities law class action lawsuits and other litigation (including by International Petroleum Investment Company, the guarantor of certain of the debt) were initiated or threatened related to 1MDB.

See the disclosures concerning 1MDB related matters in our Quarterly Report on Form 10-Q for the period ended September 30, 2018.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 [Press release of Group Inc. dated January 16, 2019 containing financial information for its fourth quarter and year ended December 31, 2018.](#)

The quotation on page 1 of Exhibit 99.1 and the information under the caption "Annual Highlights" on the following page (Excluded Sections) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (Exchange Act) or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of Group Inc. under the Securities Act of 1933 or the Exchange Act. The information included in Exhibit 99.1, other than in the Excluded Sections, shall be deemed "filed" for purposes of the Exchange Act.

99.2 [Presentation of Group Inc. dated January 16, 2019, for the conference call on January 16, 2019.](#)

Exhibit 99.2 is being furnished pursuant to Item 7.01 of Form 8-K and the information included therein shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of Group Inc. under the Securities Act of 1933 or the Exchange Act.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE GOLDMAN SACHS GROUP, INC.
(Registrant)

Date: January 16, 2019

By: /s/ Stephen M. Scherr

Name: Stephen M. Scherr

Title: Chief Financial Officer

Full Year and Fourth Quarter 2018 Earnings Results

Media Relations: Jake Siewert 212-902-5400
Investor Relations: Heather Kennedy Miner 212-902-0300

The Goldman Sachs Group, Inc.
200 West Street | New York, NY 10282

Full Year and Fourth Quarter 2018 Earnings Results
Goldman Sachs Reports Earnings Per Common Share of \$25.27 for 2018
 Fourth Quarter Earnings Per Common Share was \$6.04

“We are pleased with our performance for the year, achieving stronger top and bottom line results despite a challenging backdrop for our market-making businesses in the second half. For the year, we delivered double-digit revenue growth, the highest earnings per share in the firm’s history and the strongest return on equity since 2009. We are confident that we are well positioned to support an even larger universe of clients, continue to diversify our revenue mix and deliver strong returns for our shareholders in the years ahead.”

- David M. Solomon, Chairman and Chief Executive Officer

NEW YORK, January 16, 2019 – The Goldman Sachs Group, Inc. (NYSE: GS) today reported net revenues ⁽¹⁾ of \$36.62 billion and net earnings of \$10.46 billion for the year ended December 31, 2018. Net revenues ⁽¹⁾ were \$8.08 billion and net earnings were \$2.54 billion for the fourth quarter of 2018.

Diluted earnings per common share (EPS) was \$25.27 ⁽²⁾ for the year ended December 31, 2018 compared with \$9.01 ⁽²⁾ for the year ended December 31, 2017, and was \$6.04 ⁽²⁾ for the fourth quarter of 2018 compared with a diluted loss per common share of \$5.51 ⁽²⁾ for the fourth quarter of 2017 and diluted earnings per common share of \$6.28 for the third quarter of 2018.

Return on average common shareholders’ equity (ROE) ⁽³⁾ was 13.3% ⁽²⁾ for 2018 and annualized ROE was 12.1% for the fourth quarter of 2018. Return on average tangible common shareholders’ equity (ROTE) ⁽³⁾ was 14.1% ⁽²⁾ for 2018 and annualized ROTE was 12.8% for the fourth quarter of 2018.

NET REVENUES	
2018	\$36.62 billion
4Q18	\$8.08 billion

NET EARNINGS	
2018	\$10.46 billion
4Q18	\$2.54 billion

EPS	
2018	\$25.27
4Q18	\$6.04

ROE	
2018	13.3%
4Q18	12.1%

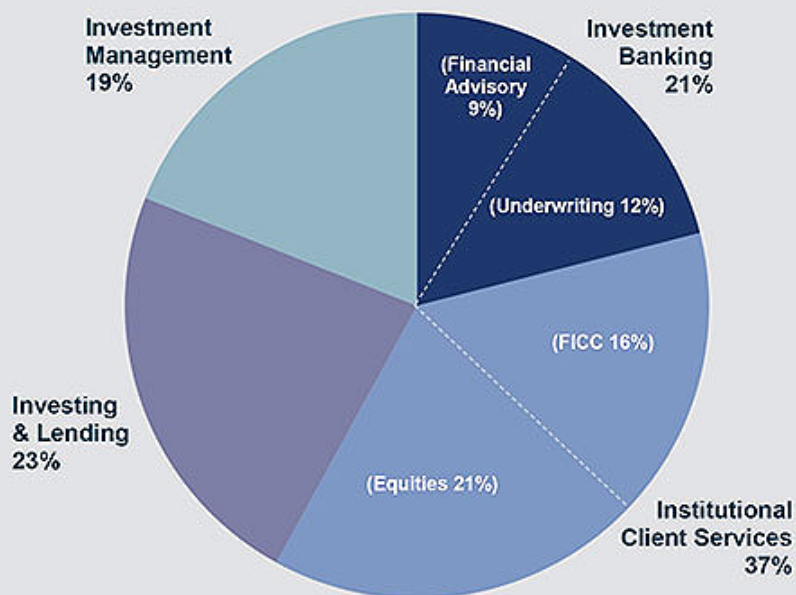
ROTE	
2018	14.1%
4Q18	12.8%

Goldman Sachs Reports
Full Year and Fourth Quarter 2018 Earnings Results

Annual Highlights

- Net revenues of \$36.62 billion and pre-tax earnings of \$12.48 billion were both 12% higher compared with 2017 and the highest since 2010.
- The firm ranked #1 in worldwide announced and completed mergers and acquisitions, equity and equity-related offerings and common stock offerings for the year. ⁽⁴⁾
- Investment Banking produced net revenues of \$7.86 billion, reflecting the highest net revenues in Financial Advisory since 2007 and a strong performance in Underwriting.
- Equities generated net revenues of \$7.60 billion, 15% higher than 2017 and the highest since 2015.
- Net revenues in Investing & Lending were \$8.25 billion, which included record net interest income in debt securities and loans of approximately \$2.70 billion.
- Investment Management produced record net revenues of \$7.02 billion, including record management and other fees. Assets under supervision ⁽⁵⁾ of \$1.54 trillion included net inflows of \$89 billion during the year, with net inflows of \$37 billion in long-term assets under supervision.
- Diluted EPS of \$25.27 was a record and ROE ⁽³⁾ of 13.3% was the highest since 2009.
- Book value per common share increased 14.6% during the year to \$207.36 and tangible book value per common share ⁽³⁾ increased 15.3% to \$196.64.
- The Standardized and Basel III Advanced common equity tier 1 ratios ⁽⁵⁾ increased 140 basis points and 240 basis points, respectively, compared with the fully phased-in ratios at the end of 2017 ⁽⁶⁾ to 13.3% ⁽⁷⁾ and 13.1% ⁽⁷⁾.

Full Year Net Revenue Mix by Segment



Investment Banking	
Financial Advisory	\$3.51 billion
Underwriting	<u>\$4.36 billion</u>
	\$7.86 billion

Institutional Client Services	
FICC	\$5.88 billion
Equities	<u>\$7.60 billion</u>
	\$13.48 billion

Investing & Lending	
	\$8.25 billion

Investment Management	
	\$7.02 billion

Goldman Sachs Reports Full Year and Fourth Quarter 2018 Earnings Results

Net Revenues

Full Year

Net revenues ⁽¹⁾ were \$36.62 billion for 2018, 12% higher than 2017, reflecting higher net revenues across all segments.

2018 NET REVENUES

\$36.62 billion

Fourth Quarter

Net revenues ⁽¹⁾ were \$8.08 billion for the fourth quarter of 2018, essentially unchanged compared with the fourth quarter of 2017 and 8% lower than the third quarter of 2018.

4Q18 NET REVENUES

\$8.08 billion

Investment Banking

Full Year

Net revenues in Investment Banking were \$7.86 billion for 2018, 7% higher than 2017.

Net revenues in Financial Advisory were \$3.51 billion, 10% higher than 2017, reflecting an increase in industry-wide completed mergers and acquisitions volumes.

Net revenues in Underwriting were \$4.36 billion, 4% higher than 2017, due to significantly higher net revenues in equity underwriting, driven by initial public offerings, partially offset by lower net revenues in debt underwriting, reflecting a decline in leveraged finance activity.

The firm's investment banking transaction backlog ⁽⁵⁾ increased compared with the end of 2017.

2018 INVESTMENT BANKING

\$7.86 billion

Financial Advisory	\$3.51 billion
Underwriting	\$4.36 billion

Fourth Quarter

Net revenues in Investment Banking were \$2.04 billion for the fourth quarter of 2018, 5% lower than the fourth quarter of 2017 and 3% higher than the third quarter of 2018.

Net revenues in Financial Advisory were \$1.20 billion, 56% higher than the fourth quarter of 2017, reflecting an increase in industry-wide completed mergers and acquisitions volumes.

Net revenues in Underwriting were \$843 million, 38% lower than the fourth quarter of 2017, due to significantly lower net revenues in both debt underwriting, reflecting a decline in leveraged finance activity, and equity underwriting, reflecting a decline in secondary offerings.

The firm's investment banking transaction backlog ⁽⁵⁾ decreased compared with the end of the third quarter of 2018.

4Q18 INVESTMENT BANKING

\$2.04 billion

Financial Advisory	\$1.20 billion
Underwriting	\$843 million

Goldman Sachs Reports Full Year and Fourth Quarter 2018 Earnings Results

Institutional Client Services

Full Year

Net revenues in Institutional Client Services were \$13.48 billion for 2018, 13% higher than 2017.

Net revenues in Fixed Income, Currency and Commodities (FICC) Client Execution were \$5.88 billion, 11% higher than 2017, reflecting significantly higher net revenues in commodities and currencies. Net revenues in interest rate products and mortgages were slightly lower, while net revenues in credit products were essentially unchanged. During 2018, FICC Client Execution operated in an environment characterized by higher client activity and generally less challenging market conditions compared with 2017.

Net revenues in Equities were \$7.60 billion, 15% higher than 2017, primarily due to significantly higher net revenues in equities client execution, reflecting significantly higher net revenues in both cash products and derivatives. In addition, commissions and fees were higher, reflecting higher market volumes, and net revenues in securities services were slightly higher. During 2018, Equities operated in an environment characterized by generally higher volatility and improved client activity compared with 2017.

Fourth Quarter

Net revenues in Institutional Client Services were \$2.43 billion for the fourth quarter of 2018, 2% higher than the fourth quarter of 2017 and 22% lower than the third quarter of 2018.

Net revenues in FICC Client Execution were \$822 million, 18% lower than the fourth quarter of 2017, reflecting significantly lower net revenues in credit products and lower net revenues in interest rate products. Net revenues in commodities, currencies and mortgages were essentially unchanged. During the quarter, FICC Client Execution operated in an environment characterized by challenging market conditions, including wider credit spreads, compared with the third quarter of 2018.

Net revenues in Equities were \$1.60 billion, 17% higher than the fourth quarter of 2017, primarily due to significantly higher net revenues in equities client execution compared with a challenging prior year period. This increase reflected significantly higher net revenues in cash products, while net revenues in derivatives were essentially unchanged. Commissions and fees were higher, reflecting higher market volumes, and net revenues in securities services were slightly lower. During the quarter, Equities operated in an environment generally characterized by higher volatility but less favorable market conditions compared with the third quarter of 2018.

2018 INSTITUTIONAL CLIENT SERVICES

\$13.48 billion

FICC	\$5.88 billion
Equities	\$7.60 billion

4Q18 INSTITUTIONAL CLIENT SERVICES

\$2.43 billion

FICC	\$822 million
Equities	\$1.60 billion

Goldman Sachs Reports Full Year and Fourth Quarter 2018 Earnings Results

Investing & Lending

Full Year

Net revenues in Investing & Lending were \$8.25 billion for 2018, 14% higher than 2017.

Net revenues in equity securities were \$4.46 billion, 3% lower than 2017, reflecting net losses from investments in public equities compared with net gains in the prior year, partially offset by significantly higher net gains from investments in private equities, driven by company-specific events, including sales, and corporate performance.

Net revenues in debt securities and loans were \$3.80 billion, 43% higher than 2017, primarily driven by significantly higher net interest income. 2018 included net interest income of approximately \$2.70 billion compared with approximately \$1.80 billion in 2017.

2018 INVESTING & LENDING

\$8.25 billion

Equity Securities	\$4.46 billion
Debt Securities and Loans	\$3.80 billion

Fourth Quarter

Net revenues in Investing & Lending were \$1.91 billion for the fourth quarter of 2018, 2% lower than the fourth quarter of 2017 and 6% lower than the third quarter of 2018.

Net revenues in equity securities were \$994 million, 18% lower than the fourth quarter of 2017, reflecting net losses from investments in public equities, as global equity prices decreased during the quarter. Net revenues in equity securities for the fourth quarter of 2018 included \$1.26 billion of net gains from investments in private equities, driven by company-specific events, including sales, and corporate performance.

Net revenues in debt securities and loans were \$912 million, 23% higher than the fourth quarter of 2017, driven by significantly higher net interest income. The fourth quarter of 2018 included net interest income of approximately \$800 million compared with approximately \$500 million in the fourth quarter of 2017.

4Q18 INVESTING & LENDING

\$1.91 billion

Equity Securities	\$994 million
Debt Securities and Loans	\$912 million

Investment Management

Full Year

Net revenues in Investment Management were \$7.02 billion for 2018, 13% higher than 2017.

The increase in net revenues compared with 2017 was primarily due to significantly higher incentive fees, as a result of harvesting. Management and other fees were also higher, reflecting higher average assets under supervision and the impact of the recently adopted revenue recognition standard ⁽⁸⁾, partially offset by shifts in the mix of client assets and strategies. In addition, transaction revenues were higher.

During the year, total assets under supervision ⁽⁵⁾ increased \$48 billion to \$1.54 trillion. Long-term assets under supervision decreased \$4 billion, including net market depreciation of \$41 billion, primarily in equity assets, largely offset by net inflows of \$37 billion, primarily in fixed income and equity assets. Liquidity products increased \$52 billion.

2018 INVESTMENT MANAGEMENT

\$7.02 billion

Management and Other Fees	\$5.44 billion
Incentive Fees	\$830 million
Transaction Revenues	\$754 million

Goldman Sachs Reports Full Year and Fourth Quarter 2018 Earnings Results

Investment Management

Fourth Quarter

Net revenues in Investment Management were \$1.70 billion for the fourth quarter of 2018, 2% higher than the fourth quarter of 2017 and unchanged compared with the third quarter of 2018.

The increase compared with the fourth quarter of 2017 reflected higher incentive fees and transaction revenues. Management and other fees were essentially unchanged compared with the fourth quarter of 2017.

During the quarter, total assets under supervision ⁽⁵⁾ decreased \$8 billion to \$1.54 trillion. Long-term assets under supervision decreased \$47 billion, including net market depreciation of \$50 billion, primarily in equity assets, partially offset by net inflows of \$3 billion. Liquidity products increased \$39 billion.

4Q18 INVESTMENT MANAGEMENT

\$1.70 billion

Management and Other Fees	\$1.37 billion
Incentive Fees	\$153 million
Transaction Revenues	\$186 million

Provision for Credit Losses

Full Year

Provision for credit losses ⁽¹⁾ was \$674 million for 2018, compared with \$657 million for 2017, as higher provision for credit losses primarily related to consumer loan growth in 2018 were partially offset by an impairment of a secured loan in 2017.

2018 PROVISION FOR CREDIT LOSSES

\$674 million

Fourth Quarter

Provision for credit losses ⁽¹⁾ was \$222 million for the fourth quarter of 2018, compared with \$290 million for the fourth quarter of 2017 and \$174 million for the third quarter of 2018. The decrease compared with the fourth quarter of 2017 reflected an impairment of a secured loan in the fourth quarter of 2017, partially offset by higher provision for credit losses primarily related to consumer loan growth in the fourth quarter of 2018.

4Q18 PROVISION FOR CREDIT LOSSES

\$222 million

Goldman Sachs Reports Full Year and Fourth Quarter 2018 Earnings Results

Operating Expenses

Full Year

Operating expenses were \$23.46 billion for 2018, 12% higher than 2017. The firm's efficiency ratio ⁽⁹⁾ for 2018 was 64.1%, compared with 64.0% for 2017.

The increase in operating expenses compared with 2017 was primarily due to higher compensation and benefits expenses, reflecting improved operating performance, and significantly higher net provisions for litigation and regulatory proceedings. Brokerage, clearing, exchange and distribution fees were also higher, reflecting an increase in activity levels, and technology expenses increased, reflecting higher expenses related to computing services. In addition, expenses related to consolidated investments and the firm's digital lending and deposit platform increased, with the increases primarily in depreciation and amortization expenses, market development expenses and other expenses. The increase compared with 2017 also included \$297 million related to the recently adopted revenue recognition standard ⁽⁸⁾.

Net provisions for litigation and regulatory proceedings for 2018 were \$844 million compared with \$188 million for 2017.

Headcount ⁽¹⁾ increased 9% during 2018, reflecting an increase in technology professionals and investments in new business initiatives.

Fourth Quarter

Operating expenses were \$5.15 billion for the fourth quarter of 2018, 9% higher than the fourth quarter of 2017 and 8% lower than the third quarter of 2018.

The increase in operating expenses compared with the fourth quarter of 2017 primarily reflected significantly higher net provisions for litigation and regulatory proceedings. The increase compared with the fourth quarter of 2017 also included \$79 million related to the recently adopted revenue recognition standard ⁽⁸⁾. These increases were partially offset by lower compensation and benefits expenses.

Net provisions for litigation and regulatory proceedings for the fourth quarter of 2018 were \$516 million compared with \$9 million for the fourth quarter of 2017.

The fourth quarter of 2018 included a \$132 million charitable contribution to Goldman Sachs Gives. Compensation was reduced to fund this charitable contribution to Goldman Sachs Gives.

2018 OPERATING EXPENSES

\$23.46 billion

2018 EFFICIENCY RATIO

64.1%

4Q18 OPERATING EXPENSES

\$5.15 billion

Provision for Taxes

The effective income tax rate for 2018 was 16.2%, down from 19.0% for the first nine months of 2018 and down from 61.5% for full year 2017, as 2017 included the estimated impact of Tax Legislation ⁽²⁾, which increased the effective income tax rate by 39.5 percentage points. The finalization of this impact of Tax Legislation ⁽²⁾ reduced the effective income tax rate for 2018 by 3.9 percentage points.

2018 EFFECTIVE TAX RATE

16.2%

Goldman Sachs Reports Full Year and Fourth Quarter 2018 Earnings Results

Capital

- Total shareholders' equity was \$90.19 billion (common shareholders' equity of \$78.98 billion and preferred stock of \$11.20 billion) as of December 31, 2018.
- The Standardized common equity tier 1 ratio ⁽⁵⁾ was 13.3% ⁽⁷⁾ as of December 31, 2018, compared with 11.9% ⁽⁶⁾ as of December 31, 2017 and 13.1% as of September 30, 2018.
- The Basel III Advanced common equity tier 1 ratio ⁽⁵⁾ was 13.1% ⁽⁷⁾ as of December 31, 2018, compared with 10.7% ⁽⁶⁾ as of December 31, 2017 and 12.4% as of September 30, 2018.
- The supplementary leverage ratio ⁽⁵⁾ was 6.2% ⁽⁷⁾ as of December 31, 2018, compared with 5.8% as of December 31, 2017 and 6.0% as of September 30, 2018.
- On January 15, 2019, the Board of Directors of The Goldman Sachs Group, Inc. declared a dividend of \$0.80 per common share to be paid on March 28, 2019 to common shareholders of record on February 28, 2019.
- During the year, the firm repurchased 13.9 million shares of common stock at an average cost per share of \$236.22, for a total cost of \$3.29 billion. This included 5.6 million shares repurchased during the fourth quarter at an average cost per share of \$222.30, for a total cost of \$1.25 billion. ⁽⁵⁾
- Book value per common share was \$207.36 and tangible book value per common share ⁽³⁾ was \$196.64, both based on basic shares ⁽¹⁰⁾ of 380.9 million as of December 31, 2018.

TOTAL SHAREHOLDERS' EQUITY

\$90.19 billion

STANDARDIZED RATIO

13.3%

ADVANCED RATIO

13.1%

SUPPLEMENTARY LEVERAGE RATIO

6.2%

DECLARED QUARTERLY DIVIDEND PER COMMON SHARE

\$0.80

COMMON SHARE REPURCHASES

**13.9 million shares
for \$3.29 billion in 2018**

BOOK VALUE PER COMMON SHARE

\$207.36

Other Balance Sheet and Liquidity Metrics

- Total assets were \$933 billion ⁽⁷⁾ as of December 31, 2018, compared with \$917 billion as of December 31, 2017 and \$957 billion as of September 30, 2018.
- Global core liquid assets ⁽⁵⁾ averaged \$233 billion ⁽⁷⁾ for 2018, compared with an average of \$219 billion for 2017. Global core liquid assets averaged \$229 billion ⁽⁷⁾ for the fourth quarter of 2018, compared with an average of \$238 billion for the third quarter of 2018.

TOTAL ASSETS

\$933 billion

AVERAGE GCLA

\$233 billion for 2018

Goldman Sachs Reports Full Year and Fourth Quarter 2018 Earnings Results

The Goldman Sachs Group, Inc. is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals. Founded in 1869, the firm is headquartered in New York and maintains offices in all major financial centers around the world.

Cautionary Note Regarding Forward-Looking Statements

This press release contains “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical facts, but instead represent only the firm’s beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside of the firm’s control. It is possible that the firm’s actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. For a discussion of some of the risks and important factors that could affect the firm’s future results and financial condition, see “Risk Factors” in Part I, Item 1A of the firm’s Annual Report on Form 10-K for the year ended December 31, 2017.

Information regarding the firm’s capital ratios, risk-weighted assets, supplementary leverage ratio, total assets and balance sheet data, global core liquid assets and VaR consists of preliminary estimates. These estimates are forward-looking statements and are subject to change, possibly materially, as the firm completes its financial statements.

Statements about the firm’s investment banking transaction backlog also may constitute forward-looking statements. Such statements are subject to the risk that the terms of these transactions may be modified or that they may not be completed at all; therefore, the net revenues, if any, that the firm actually earns from these transactions may differ, possibly materially, from those currently expected. Important factors that could result in a modification of the terms of a transaction or a transaction not being completed include, in the case of underwriting transactions, a decline or continued weakness in general economic conditions, outbreak of hostilities, volatility in the securities markets generally or an adverse development with respect to the issuer of the securities and, in the case of financial advisory transactions, a decline in the securities markets, an inability to obtain adequate financing, an adverse development with respect to a party to the transaction or a failure to obtain a required regulatory approval. For a discussion of other important factors that could adversely affect the firm’s investment banking transactions, see “Risk Factors” in Part I, Item 1A of the firm’s Annual Report on Form 10-K for the year ended December 31, 2017.

Conference Call

A conference call to discuss the firm’s financial results, outlook and related matters will be held at 9:30 am (ET). The call will be open to the public. Members of the public who would like to listen to the conference call should dial 1-888-281-7154 (in the U.S.) or 1-706-679-5627 (outside the U.S.). The number should be dialed at least 10 minutes prior to the start of the conference call. The conference call will also be accessible as an audio webcast through the Investor Relations section of the firm’s website, www.goldmansachs.com/investor-relations. There is no charge to access the call. For those unable to listen to the live broadcast, a replay will be available on the firm’s website or by dialing 1-855-859-2056 (in the U.S.) or 1-404-537-3406 (outside the U.S.) passcode number 64774224 beginning approximately three hours after the event. Please direct any questions regarding obtaining access to the conference call to Goldman Sachs Investor Relations, via e-mail, at gs-investor-relations@gs.com.

Goldman Sachs Reports:
Full Year and Fourth Quarter 2018 Earnings Results

The Goldman Sachs Group, Inc. and Subsidiaries

Segment Net Revenues (unaudited)

\$ in millions

	YEAR ENDED		% CHANGE FROM DECEMBER 31, 2017
	DECEMBER 31, 2018	DECEMBER 31, 2017	
INVESTMENT BANKING			
Financial Advisory	\$ 3,507	\$ 3,188	10 %
Equity underwriting	1,646	1,243	32
Debt underwriting	2,709	2,940	(8)
Total Underwriting	4,355	4,183	4
Total Investment Banking	7,862	7,371	7
INSTITUTIONAL CLIENT SERVICES			
FICC Client Execution	5,882	5,299	11
Equities client execution	2,835	2,046	39
Commissions and fees	3,055	2,920	5
Securities services	1,710	1,637	4
Total Equities	7,600	6,603	15
Total Institutional Client Services	13,482	11,902	13
INVESTING & LENDING			
Equity securities	4,455	4,578	(3)
Debt securities and loans	3,795	2,660	43
Total Investing & Lending	8,250	7,238	14
INVESTMENT MANAGEMENT			
Management and other fees	5,438	5,144	6
Incentive fees	830	417	99
Transaction revenues	754	658	15
Total Investment Management	7,022	6,219	13
Total net revenues ⁽¹⁾	\$ 36,616	\$ 32,730	12

Geographic Net Revenues (unaudited) ⁽⁵⁾

\$ in millions

	YEAR ENDED	
	DECEMBER 31, 2018	DECEMBER 31, 2017
Americas	\$ 22,339	\$ 19,737
EMEA	9,244	8,168
Asia	5,033	4,825
Total net revenues ⁽¹⁾	\$ 36,616	\$ 32,730
Americas	61%	60%
EMEA	25%	25%
Asia	14%	15%
Total	100%	100%

Goldman Sachs Reports: Full Year and Fourth Quarter 2018 Earnings Results

The Goldman Sachs Group, Inc. and Subsidiaries

Segment Net Revenues (unaudited)

\$ in millions

	THREE MONTHS ENDED			% CHANGE FROM	
	DECEMBER 31, 2018	SEPTEMBER 30, 2018	DECEMBER 31, 2017	SEPTEMBER 30, 2018	DECEMBER 31, 2017
INVESTMENT BANKING					
Financial Advisory	\$ 1,201	\$ 916	\$ 772	31 %	56 %
Equity underwriting	315	432	460	(27)	(32)
Debt underwriting	528	632	909	(16)	(42)
Total Underwriting	843	1,064	1,369	(21)	(38)
Total Investment Banking	2,044	1,980	2,141	3	(5)
INSTITUTIONAL CLIENT SERVICES					
FICC Client Execution	822	1,307	1,003	(37)	(18)
Equities client execution	401	681	223	(41)	80
Commissions and fees	801	674	737	19	9
Securities services	402	439	409	(8)	(2)
Total Equities	1,604	1,794	1,369	(11)	17
Total Institutional Client Services	2,426	3,101	2,372	(22)	2
INVESTING & LENDING					
Equity securities	994	1,111	1,209	(11)	(18)
Debt securities and loans	912	924	739	(1)	23
Total Investing & Lending	1,906	2,035	1,948	(6)	(2)
INVESTMENT MANAGEMENT					
Management and other fees	1,365	1,382	1,369	(1)	–
Incentive fees	153	148	129	3	19
Transaction revenues	186	174	165	7	13
Total Investment Management	1,704	1,704	1,663	–	2
Total net revenues ⁽¹⁾	\$ 8,080	\$ 8,820	\$ 8,124	(8)	(1)

Geographic Net Revenues (unaudited) ⁽⁵⁾

\$ in millions

	THREE MONTHS ENDED		
	DECEMBER 31, 2018	SEPTEMBER 30, 2018	DECEMBER 31, 2017
Americas	\$ 5,178	\$ 5,351	\$ 4,921
EMEA	1,766	2,254	1,945
Asia	1,136	1,215	1,258
Total net revenues ⁽¹⁾	\$ 8,080	\$ 8,820	\$ 8,124
Americas	64%	61%	61%
EMEA	22%	25%	24%
Asia	14%	14%	15%
Total	100%	100%	100%

Goldman Sachs Reports:
Full Year and Fourth Quarter 2018 Earnings Results

The Goldman Sachs Group, Inc. and Subsidiaries

Consolidated Statements of Earnings (unaudited) ⁽¹⁾

In millions, except per share amounts

	YEAR ENDED		% CHANGE FROM DECEMBER 31, 2017
	DECEMBER 31, 2018	DECEMBER 31, 2017	
REVENUES			
Investment banking	\$ 7,862	\$ 7,371	7 %
Investment management	6,514	5,803	12
Commissions and fees	3,199	3,051	5
Market making	9,451	7,660	23
Other principal transactions	5,823	5,913	(2)
Total non-interest revenues	32,849	29,798	10
Interest income	19,679	13,113	50
Interest expense	15,912	10,181	56
Net interest income	3,767	2,932	28
Total net revenues	36,616	32,730	12
Provision for credit losses	674	657	3
OPERATING EXPENSES			
Compensation and benefits	12,328	11,653	6
Brokerage, clearing, exchange and distribution fees	3,200	2,876	11
Market development	740	588	26
Communications and technology	1,023	897	14
Depreciation and amortization	1,328	1,152	15
Occupancy	809	733	10
Professional fees	1,214	1,165	4
Other expenses	2,819	1,877	50
Total operating expenses	23,461	20,941	12
Pre-tax earnings	12,481	11,132	12
Provision for taxes	2,022	6,846	(70)
Net earnings	10,459	4,286	144
Preferred stock dividends	599	601	–
Net earnings applicable to common shareholders	\$ 9,860	\$ 3,685	168
EARNINGS PER COMMON SHARE			
Basic ⁽¹¹⁾	\$ 25.53	\$ 9.12	180 %
Diluted	25.27	9.01	180
AVERAGE COMMON SHARES			
Basic	385.4	401.6	(4)
Diluted	390.2	409.1	(5)

Goldman Sachs Reports: Full Year and Fourth Quarter 2018 Earnings Results

The Goldman Sachs Group, Inc. and Subsidiaries

Consolidated Statements of Earnings (unaudited) ⁽¹⁾

In millions, except per share amounts and headcount

	THREE MONTHS ENDED			% CHANGE FROM	
	DECEMBER 31, 2018	SEPTEMBER 30, 2018	DECEMBER 31, 2017	SEPTEMBER 30, 2018	DECEMBER 31, 2017
REVENUES					
Investment banking	\$ 2,044	\$ 1,980	\$ 2,141	3 %	(5) %
Investment management	1,567	1,580	1,554	(1)	1
Commissions and fees	838	704	772	19	9
Market making	1,420	2,281	1,215	(38)	17
Other principal transactions	1,220	1,419	1,544	(14)	(21)
Total non-interest revenues	7,089	7,964	7,226	(11)	(2)
Interest income	5,468	5,061	3,736	8	46
Interest expense	4,477	4,205	2,838	6	58
Net interest income	991	856	898	16	10
Total net revenues	8,080	8,820	8,124	(8)	(1)
Provision for credit losses	222	174	290	28	(23)
OPERATING EXPENSES					
Compensation and benefits	1,857	3,019	2,098	(38)	(11)
Brokerage, clearing, exchange and distribution fees	830	714	732	16	13
Market development	208	167	175	25	19
Communications and technology	262	250	230	5	14
Depreciation and amortization	377	317	350	19	8
Occupancy	215	203	190	6	13
Professional fees	317	310	363	2	(13)
Other expenses	1,084	588	588	84	84
Total operating expenses	5,150	5,568	4,726	(8)	9
Pre-tax earnings	2,708	3,078	3,108	(12)	(13)
Provision for taxes	170	554	5,036	(69)	(97)
Net earnings / (loss)	2,538	2,524	(1,928)	1	N.M.
Preferred stock dividends	216	71	215	N.M.	–
Net earnings / (loss) applicable to common shareholders	\$ 2,322	\$ 2,453	\$ (2,143)	(5)	N.M.
EARNINGS / (LOSS) PER COMMON SHARE					
Basic ⁽¹¹⁾	\$ 6.11	\$ 6.35	\$ (5.51)	(4) %	N.M. %
Diluted	6.04	6.28	(5.51)	(4)	N.M.
AVERAGE COMMON SHARES					
Basic	379.5	385.4	389.8	(2)	(3)
Diluted	384.3	390.5	389.8	(2)	(1)
SELECTED DATA AT PERIOD-END					
Headcount	36,600	36,300	33,600	1	9

Goldman Sachs Reports:
Full Year and Fourth Quarter 2018 Earnings Results

The Goldman Sachs Group, Inc. and Subsidiaries

Condensed Consolidated Statements of Financial Condition (unaudited) ⁽⁷⁾

\$ in billions

	AS OF		
	DECEMBER 31, 2018	SEPTEMBER 30, 2018	DECEMBER 31, 2017
ASSETS			
Cash and cash equivalents	\$ 130	\$ 119	\$ 110
Collateralized agreements	276	298	312
Receivables	160	159	151
Financial instruments owned	336	351	316
Other assets	31	30	28
Total assets	933	957	917
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits	158	151	139
Collateralized financings	113	129	124
Payables	180	190	178
Financial instruments sold, but not yet purchased	109	113	112
Unsecured short-term borrowings	41	42	47
Unsecured long-term borrowings	224	229	218
Other liabilities	18	16	17
Total liabilities	843	870	835
Shareholders' equity	90	87	82
Total liabilities and shareholders' equity	\$ 933	\$ 957	\$ 917

Capital Ratios (unaudited) ⁽⁵⁾ ⁽⁶⁾ ⁽⁷⁾

\$ in billions

	AS OF		
	DECEMBER 31, 2018	SEPTEMBER 30, 2018	DECEMBER 31, 2017
Common equity tier 1	\$ 73.1	\$ 71.8	\$ 67.0
STANDARDIZED CAPITAL RULES			
Risk-weighted assets	\$ 548	\$ 546	\$ 564
Common equity tier 1 ratio	13.3%	13.1%	11.9%
BASEL III ADVANCED CAPITAL RULES			
Risk-weighted assets	\$ 558	\$ 577	\$ 626
Common equity tier 1 ratio	13.1%	12.4%	10.7%

Average Daily VaR (unaudited) ⁽⁵⁾ ⁽⁷⁾

\$ in millions

	THREE MONTHS ENDED		
	DECEMBER 31, 2018	SEPTEMBER 30, 2018	DECEMBER 31, 2017
RISK CATEGORIES			
Interest rates	\$ 40	\$ 41	\$ 40
Equity prices	28	28	28
Currency rates	19	15	9
Commodity prices	12	10	9
Diversification effect	(50)	(41)	(32)
Total	\$ 49	\$ 53	\$ 54

YEAR ENDED	
DECEMBER 31, 2018	DECEMBER 31, 2017
\$ 46	\$ 40
31	24
14	12
11	13
(42)	(35)
\$ 60	\$ 54

Goldman Sachs Reports:
Full Year and Fourth Quarter 2018 Earnings Results

The Goldman Sachs Group, Inc. and Subsidiaries

Assets Under Supervision (unaudited) ⁽⁵⁾

\$ in billions

ASSET CLASS	AS OF		
	DECEMBER 31, 2018	SEPTEMBER 30, 2018	DECEMBER 31, 2017
Alternative investments	\$ 167	\$ 175	\$ 168
Equity	301	349	321
Fixed income	677	668	660
Total long-term AUS	1,145	1,192	1,149
Liquidity products	397	358	345
Total AUS	\$ 1,542	\$ 1,550	\$ 1,494

% CHANGE FROM	
SEPTEMBER 30, 2018	DECEMBER 31, 2017
(5) %	(1) %
(14)	(6)
1	3
(4)	–
11	15
(1)	3

	THREE MONTHS ENDED		
	DECEMBER 31, 2018	SEPTEMBER 30, 2018	DECEMBER 31, 2017
Beginning balance	\$ 1,550	\$ 1,513	\$ 1,456
Net inflows / (outflows):			
Alternative investments	(4)	3	(2)
Equity	(1)	7	1
Fixed income	8	3	–
Total long-term AUS net inflows / (outflows)	3	13	(1)
Liquidity products	39	8	17
Total AUS net inflows / (outflows)	42	21	16
Net market appreciation / (depreciation)	(50)	16	22
Ending balance	\$ 1,542	\$ 1,550	\$ 1,494

YEAR ENDED	
DECEMBER 31, 2018	DECEMBER 31, 2017
\$ 1,494	\$ 1,379
1	15
13	2
23	25
37	42
52	(13)
89	29 ⁽¹²⁾
(41)	86
\$ 1,542	\$ 1,494

Goldman Sachs Reports Full Year and Fourth Quarter 2018 Earnings Results

Footnotes

- (1) The following reclassifications have been made to previously reported amounts to conform to the current presentation.
- Provision for credit losses, previously reported in other principal transactions revenues (and Investing & Lending segment net revenues), is now reported as a separate line item in the Consolidated Statements of Earnings.
 - Headcount consists of the firm's employees, and excludes consultants and temporary staff previously reported as part of total staff. As a result, expenses related to consultants and temporary staff previously reported in compensation and benefits expenses are now reported in professional fees.
 - Regulatory-related fees that are paid to exchanges, reported in other expenses prior to 2018, are now reported in brokerage, clearing, exchange and distribution fees.
- (2) During the fourth quarter of 2017, the Tax Cuts and Jobs Act (Tax Legislation) was enacted and lowered U.S. corporate income tax rates as of January 1, 2018, implemented a territorial tax system and imposed a repatriation tax on deemed repatriated earnings of foreign subsidiaries. The estimated impact of Tax Legislation was an increase in income tax expense of \$4.40 billion for the fourth quarter of 2017. Excluding this expense, diluted EPS was \$19.76, ROE was 10.8% and ROTE was 11.4% for 2017, and diluted EPS was \$5.68 for the fourth quarter of 2017. In the fourth quarter of 2018, the firm finalized this estimate to reflect the impact of updated information, including subsequent guidance issued by the U.S. Internal Revenue Service, resulting in a \$467 million income tax benefit (\$487 million total income tax benefit for 2018). Excluding this benefit, diluted EPS was \$24.02, ROE was 12.7% and ROTE was 13.4% for 2018, and diluted EPS was \$4.83 for the fourth quarter of 2018.

Management believes that presenting the firm's results excluding Tax Legislation is meaningful as excluding this item increases the comparability of period-to-period results. Diluted EPS and ROE, excluding the impact of Tax Legislation, are non-GAAP measures and may not be comparable to similar non-GAAP measures used by other companies. The tables below present the calculation of net earnings applicable to common shareholders, diluted EPS and average common shareholders' equity, excluding the impact of Tax Legislation (unaudited, in millions, except per share amounts):

	FOR THE			
	THREE MONTHS ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2018	THREE MONTHS ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2017
Net earnings / (loss) applicable to common shareholders, as reported	\$ 2,322	\$ 9,860	\$ (2,143)	\$ 3,685
Impact of Tax Legislation	(467)	(487)	4,400	4,400
Net earnings applicable to common shareholders, excluding the impact of Tax Legislation	\$ 1,855	\$ 9,373	\$ 2,257	\$ 8,085
Divided by average diluted common shares used in the calculation of diluted earnings (excluding the impact of Tax Legislation) per common share	384.3	390.2	397.4	409.1
Diluted EPS, excluding the impact of Tax Legislation	\$ 4.83	\$ 24.02	\$ 5.68	\$ 19.76

	FOR THE	
	THREE MONTHS ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2017
Average basic common shares, as reported	389.8	401.6
Effect of dilutive securities	7.6	7.5
Average diluted common shares used in the calculation of diluted earnings (excluding the impact of Tax Legislation) per common share	397.4	409.1

	AVERAGE FOR THE	
	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Common shareholders' equity, as reported	\$ 73,985	\$ 74,721
Impact of Tax Legislation	(42)	338
Common shareholders' equity, excluding the impact of Tax Legislation	73,943	75,059
Goodwill and identifiable intangible assets	(4,090)	(4,065)
Tangible common shareholders' equity, excluding the impact of Tax Legislation	\$ 69,853	\$ 70,994

Goldman Sachs Reports Full Year and Fourth Quarter 2018 Earnings Results

Footnotes (continued)

- (3) ROE is calculated by dividing net earnings (or annualized net earnings for annualized ROE) applicable to common shareholders by average monthly common shareholders' equity. Tangible common shareholders' equity is calculated as total shareholders' equity less preferred stock, goodwill and identifiable intangible assets. ROTE is calculated by dividing net earnings (or annualized net earnings for annualized ROTE) applicable to common shareholders by average monthly tangible common shareholders' equity. Tangible book value per common share is calculated by dividing tangible common shareholders' equity by basic shares. Management believes that tangible common shareholders' equity and tangible book value per common share are meaningful because they are measures that the firm and investors use to assess capital adequacy and that ROTE is meaningful because it measures the performance of businesses consistently, whether they were acquired or developed internally. Tangible common shareholders' equity, ROTE and tangible book value per common share are non-GAAP measures and may not be comparable to similar non-GAAP measures used by other companies.

The table below presents the firm's average total and common shareholders' equity, as well as a reconciliation of total shareholders' equity to tangible common shareholders' equity (unaudited, \$ in millions):

	AVERAGE FOR THE		AS OF DECEMBER 31, 2018
	THREE MONTHS ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2018	
Total shareholders' equity	\$ 87,761	\$ 85,238	\$ 90,185
Preferred stock	(11,203)	(11,253)	(11,203)
Common shareholders' equity	76,558	73,985	78,982
Goodwill and identifiable intangible assets	(4,094)	(4,090)	(4,082)
Tangible common shareholders' equity	\$ 72,464	\$ 69,895	\$ 74,900

- (4) Dealogic – January 1, 2018 through December 31, 2018.
- (5) For information about the firm's investment banking transaction backlog, assets under supervision, share repurchase program, global core liquid assets and VaR, see "Results of Operations – Investment Banking," "Results of Operations – Investment Management," "Equity Capital Management and Regulatory Capital – Equity Capital Management," "Risk Management – Liquidity Risk Management" and "Risk Management – Market Risk Management," respectively, in Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the firm's Quarterly Report on Form 10-Q for the period ended September 30, 2018. For information about the firm's risk-based capital ratios and supplementary leverage ratio, and geographic net revenues, see Note 20 "Regulation and Capital Adequacy" and Note 25 "Business Segments," respectively, in Part I, Item 1 "Financial Statements (Unaudited)" in the firm's Quarterly Report on Form 10-Q for the period ended September 30, 2018.
- (6) As of December 31, 2017, the firm's capital ratios on a fully phased-in basis were non-GAAP measures and may not be comparable to similar non-GAAP measures used by other companies. Management believes that the firm's capital ratios on a fully phased-in basis are meaningful because they are measures that the firm and investors use to assess capital adequacy. The table below presents reconciliations, for both the Standardized approach and the Basel III Advanced approach, of common equity tier 1 and risk-weighted assets on a transitional basis to a fully phased-in basis as of December 31, 2017 (unaudited, \$ in billions):

	AS OF DECEMBER 31, 2017	
	STANDARDIZED	BASEL III ADVANCED
Common equity tier 1, transitional basis	\$ 67.1	\$ 67.1
Transitional adjustments	(0.1)	(0.1)
Common equity tier 1, fully phased-in basis	\$ 67.0	\$ 67.0
Risk-weighted assets, transitional basis	\$ 556	\$ 618
Transitional adjustments	8	8
Risk-weighted assets, fully phased-in basis	\$ 564	\$ 626
Common equity tier 1 ratio, transitional basis	12.1%	10.9%
Common equity tier 1 ratio, fully phased-in basis	11.9%	10.7%

- (7) Represents a preliminary estimate and may be revised in the firm's Annual Report on Form 10-K for the year ended December 31, 2018.
- (8) In the first quarter of 2018, the firm adopted ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)," which required a change in the presentation of certain costs from a net presentation within revenues to a gross basis and vice versa. For information about ASU No. 2014-09, see Note 3 "Significant Accounting Policies" in Part I, Item 1 "Financial Statements (Unaudited)" in the firm's Quarterly Report on Form 10-Q for the period ended September 30, 2018.
- (9) Efficiency ratio is calculated by dividing total operating expenses by total net revenues.
- (10) Basic shares include common shares outstanding and restricted stock units granted to employees with no future service requirements.
- (11) Unvested share-based awards that have non-forfeitable rights to dividends or dividend equivalents are treated as a separate class of securities in calculating EPS. The impact of applying this methodology was a reduction in basic EPS of \$0.05 and \$0.06 for the years ended December 31, 2018 and December 31, 2017, respectively, and \$0.01 for both the three months ended December 31, 2018 and September 30, 2018. The impact of applying this methodology for the three months ended December 31, 2017 was a loss per common share (basic and diluted) of \$0.01.
- (12) Included \$23 billion of inflows (\$20 billion in long-term assets under supervision and \$3 billion in liquidity products) in connection with the acquisition of a portion of Verus Investors' outsourced chief investment officer business and \$5 billion of equity asset outflows in connection with the divestiture of the firm's local Australian-focused investment capabilities and fund platform.



Full Year and Fourth Quarter 2018
Earnings Results Presentation

January 16, 2019



Earnings Call Agenda

1 David M. Solomon, Chairman and Chief Executive Officer

- Strategic priorities
- Macro perspectives and client engagement
- Update on 1MDB

2 Stephen M. Scherr, Chief Financial Officer

- Key financial highlights
- Segment performance review
- Expenses and taxes
- Capital, balance sheet and liquidity

3 Q&A

Key Priorities

Updates on Select Business Reviews

**Client Centricity:
One Goldman Sachs**

- Market Making: FICC and Equities**
- Leverage technology to create best-in-class client experience across more products
 - Expand addressable market while optimizing expenses and capital allocation

**Business Reviews & Expanding
our Addressable Market**

- Alternative Investing Platform**
- Opportunities to increase 3rd party assets under supervision
 - Continue monetization of on-balance sheet investments
 - Increase fee-based revenues and optimize capital consumption

**Investing for Scale via
Technology and Platform
Expansion**

- Cash Management**
- Deepen corporate relationships
 - Leverage franchise adjacencies and innovation
 - Potential for FX opportunities

Targets and Accountability

- Consumer Business**
- Continue to evolve Marcus to multi-product platform
 - Launch multi-tiered mass affluent strategy

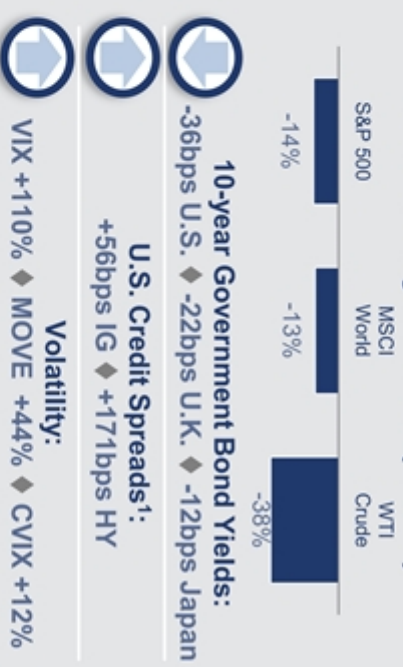
Superior Long-Term Shareholder Returns

Macro Perspectives

Economic Fundamentals

Positive but slowing global growth		
2019 estimated GDP growth ¹ :	+2.4% U.S.	+3.5% Global
Strong corporate performance		
22% 2018 estimated S&P 500 EPS growth ¹	\$4.2 trillion Announced M&A volumes in 2018 ²	Corporate confidence remains high – 2017 levels ¹

Market Dynamics (4Q18)



Client Engagement Opportunities

Market dislocation creates opportunity for strategic client engagement

Market uncertainty drives tactical structuring of equity and debt financing

Portfolio repositioning and alpha generation

Hedging and liquidity solutions

Shifting macro environment creates opportunity for productive engagement with clients

Annual Results Snapshot

Strong 2018 performance across the firm created operating leverage to fund investments in our business

Net Revenues³

2018	\$36.6 billion
2017	\$32.7 billion

- Net revenues up 12% YoY, with highest net revenues since 2010
- Broad contribution with every segment up YoY

EPS⁴

2018	\$25.27
2017	\$9.01

- Record diluted EPS

2018 Returns^{4,5}

ROE	13.3%
ROTE	14.1%

- Highest annual ROE and ROTE since 2009

2018 Book Value

BVPS	\$207.36
TBVPS ⁵	\$196.64

- 14.6% YoY growth in book value per share
- 15.3% YoY growth in tangible book value per share

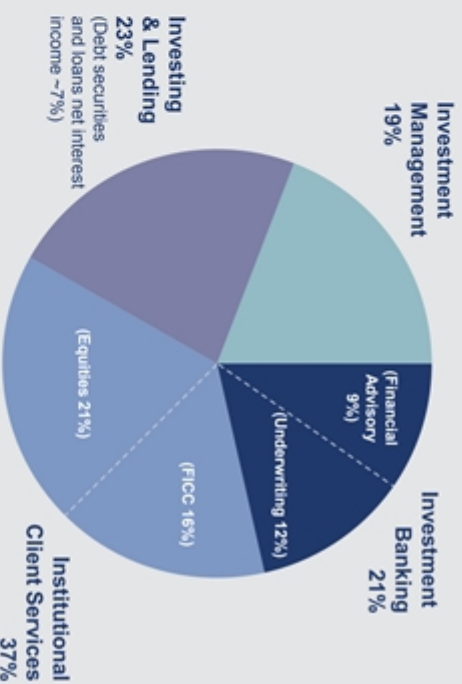
Financial Overview

Financial Results

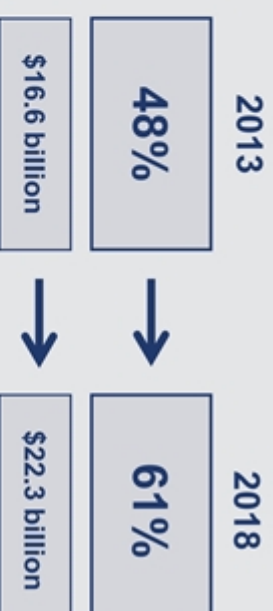
\$ in millions, except per share amounts

	4Q18	VS. 3Q18	VS. 4Q17	2018	VS. 2017
Investment Banking	\$ 2,044	3%	-5%	\$ 7,862	7%
FICC	822	-37%	-18%	5,882	11%
Equities	1,604	-11%	17%	7,600	15%
Institutional Client Services	2,426	-22%	2%	13,482	13%
Investing & Lending	1,906	-6%	-2%	8,250	14%
Investment Management	1,704	—	2%	7,022	13%
Net revenues³	\$ 8,080	-8%	-1%	\$36,616	12%
Provision for credit losses ³	222	28%	-23%	674	3%
Operating expenses	5,150	-8%	9%	23,461	12%
Pre-tax earnings	2,708	-12%	-13%	12,481	12%
Provision for taxes ⁴	170	-69%	-97%	2,022	-70%
Net earnings	2,538	1%	N.M.	10,459	144%
Net earnings to common	\$ 2,322	-5%	N.M.	\$ 9,860	168%
Diluted EPS ⁴	\$ 6.04	-4%	N.M.	\$ 25.27	180%
ROE ^{4,5}	12.1%	-1.0pp	N.M.	13.3%	8.4pp
ROTE ^{4,5}	12.8%	-1.0pp	N.M.	14.1%	8.9pp

Full Year Net Revenue Mix by Segment



Fee-Based or More-Recurring Revenues⁶



Investment Banking

Financial Results

	\$ in millions		vs.		vs.	
	4Q18	3Q18	4Q17	2018	2017	
Financial Advisory	\$ 1,201	31%	56%	\$ 3,507	10%	
Equity underwriting	315	-27%	-32%	1,646	32%	
Debt underwriting	528	-16%	-42%	2,709	-8%	
Total Underwriting	843	-21%	-38%	4,355	4%	
Total Investment Banking	\$ 2,044	3%	-5%	\$ 7,862	7%	

Net Revenues (\$ in millions)



Key Highlights

- Financial Advisory 2018 and 4Q18 net revenues reflect strong M&A volumes and leading market share
 - ~\$1.2 trillion of completed M&A volumes from nearly 400 transactions in 2018²
 - ~\$1.3 trillion of announced M&A volumes in 2018, including ~\$450 billion from transactions below \$5 billion in deal value²
- Strong Underwriting net revenues in 2018 driven by increased IPO activity offsetting lower debt underwriting activity; 4Q18 net revenues down significantly QoQ on lower industry-wide activity
- Continued strong levels of engagement with backlog³ up YoY

Full Year Worldwide League Table Rankings²

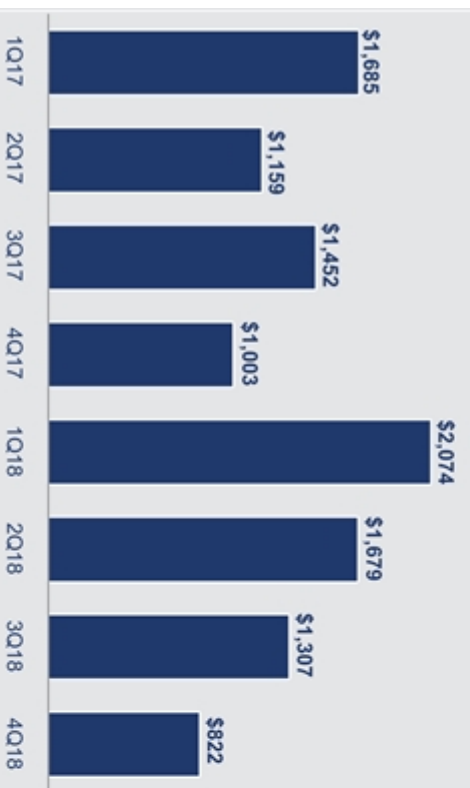
- #1 Announced M&A
- #1 Completed M&A
- #1 Equity & Equity-Related
- #1 Common Stock Offerings
- #2 High-Yield Debt
- #4 Investment-Grade Debt (\$+€)

Institutional Client Services – FICC

Financial Results

\$ in millions	vs. 3Q18		vs. 4Q17		2018 vs. 2017	
	4Q18	3Q18	4Q17	2018	2017	
FICC	\$ 822	-37%	-18%	\$ 5,882	11%	
Equities	1,604	-11%	17%	7,600	15%	
Total ICS	\$ 2,426	-22%	2%	\$ 13,482	13%	

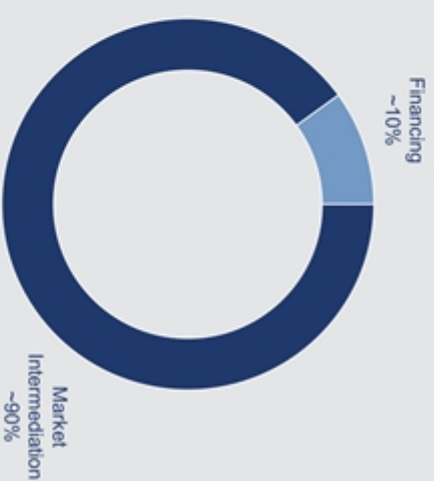
FICC Net Revenues (\$ in millions)



FICC Key Highlights

- 2018 net revenues increased YoY primarily reflecting higher client activity; 4Q18 performance challenged due to difficult market backdrop
- 4Q18 net revenues decreased YoY reflecting significantly lower net revenues in credit products, amid wider credit spreads and increased volatility, and lower net revenues in interest rate products
- Remain focused on expanding addressable market by broadening client relationships, streamlining expenses, optimizing capital and investing in automation and platform enhancements

2018 FICC Net Revenue Mix⁸

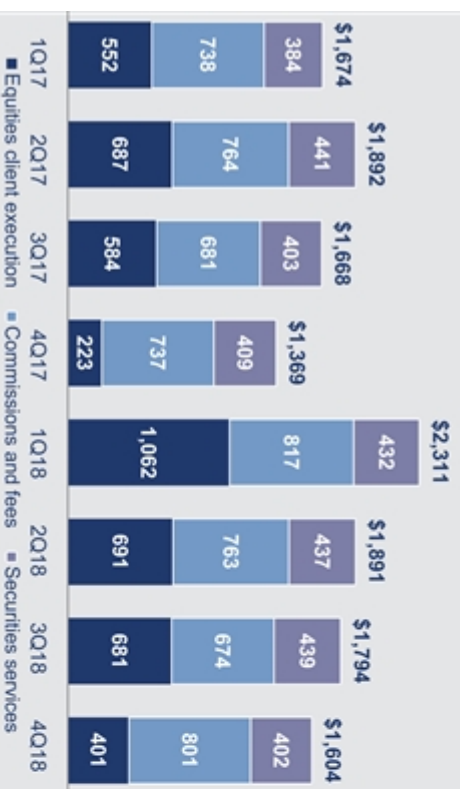


Institutional Client Services – Equities

Financial Results

	\$ in millions		vs.		2018		vs.	
	4Q18	3Q18	4Q17	2018	2017			
Equities client execution	\$ 401	-41%	80%	\$ 2,835	39%			
Commissions and fees	801	19%	9%	3,055	5%			
Securities services	402	-8%	-2%	1,710	4%			
Total Equities	\$ 1,604	-11%	17%	\$ 7,600	15%			

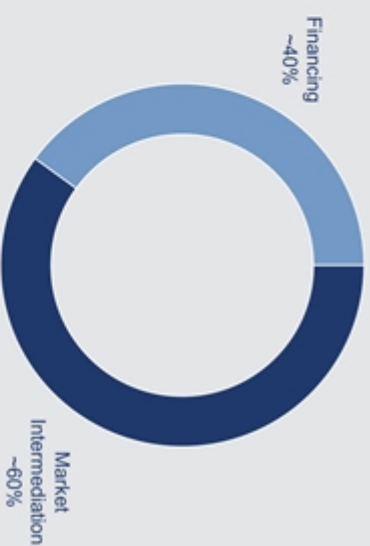
Net Revenues (\$ in millions)



Key Highlights

- 2018 net revenues higher YoY on significantly higher equities client execution net revenues
- 4Q18 net revenues increased YoY amid improved market conditions, higher levels of volatility and higher client activity
 - Equities client execution net revenues increased significantly versus a challenging 4Q17, supported by better performance in cash products
 - Commissions and fees increased driven by higher market volumes; market share in low touch improved
 - Securities services net revenues decreased slightly; average customer balances lower

2018 Equities Net Revenue Mix⁸



Investing & Lending – Equity Securities

Financial Results

	\$ in millions		vs.		2018		vs.	
	4Q18	3Q18	4Q17	2018	2017			
Equity securities	\$ 994	-11%	-18%	\$ 4,455	-3%			

Net Revenues (\$ in millions)



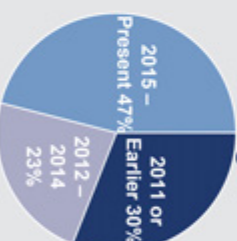
Key Highlights

- 2018 net revenues decreased slightly YoY as improved performance from private equity investments largely offset net losses from public investments
- 4Q18 net revenues reflected continued strong results in private equity investments, driven by company-specific events, including sales, and corporate performance
 - Approximately one-half of the net revenues were generated from real estate, which primarily reflected gains from sales
- Our global private and public equity portfolio consists of over 1,000 investments, which are diversified across geography and investment vintage and have a total carrying value of \$21 billion
 - In addition, our consolidated investment entities have a carrying value of \$13 billion, substantially all of which is related to real estate⁹

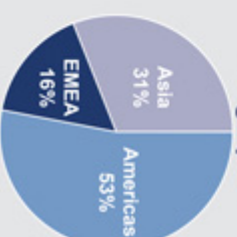
Equity I&L Asset Mix^{10,11}

	4Q18	4Q18	
Corporate	\$ 17	Public equity	\$ 1
Real estate	4	Private equity	20
Total	\$ 21	Total	\$ 21

Vintage



Geographic



Investing & Lending – Debt Securities and Loans

Financial Results

	VS. 3Q18		VS. 4Q17		VS. 2018		VS. 2017	
	4Q18	3Q18	4Q17	3Q17	2018	2017	2018	2017
<i>\$ in millions</i>								
Debt securities and loans ¹	\$ 912	-1%	23%	23%	\$ 3,795	43%	\$ 3,795	43%

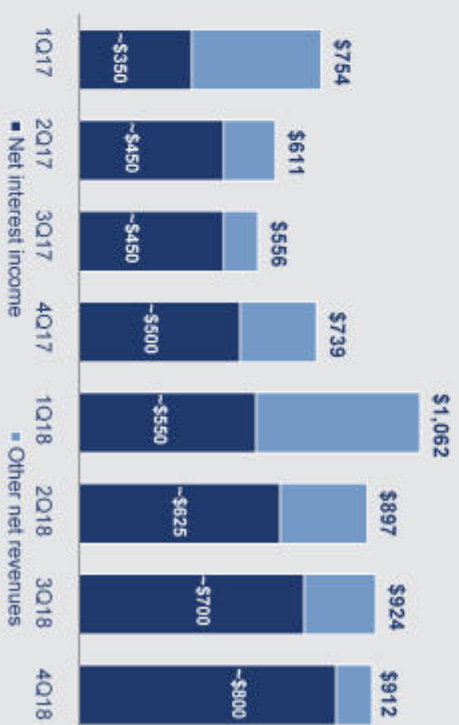
Debt I&L Asset Mix^{10,11}

	4Q18		3Q18		4Q17	
<i>\$ in billions</i>	\$	\$	\$	\$	\$	\$
Corporate loans	37	36	31	31	31	31
PVM loans	17	17	17	17	17	17
Real estate loans	19	17	17	14	14	14
Consumer loans	5	4	4	2	2	2
Other loans	4	3	3	3	3	3
Allowance for loan losses	(1)	(1)	(1)	(1)	(1)	(1)
Loans receivable	81	76	66	66	66	66
Loans, at fair value	13	13	15	15	15	15
Total loans	94	89	81	81	81	81
Debt securities	11	11	9	9	9	9
Other	8	5	8	8	8	8
Total	\$ 113	\$ 105	\$ 98	\$ 98	\$ 98	\$ 98

Key Highlights

- Record net interest income in 2018 of ~\$2.7 billion; 4Q18 included ~\$800 million of net interest income (~\$3.2 billion annual pace)
- Franchise adjacent loan portfolio that complements our current product offerings and expertise
- As of 4Q18, ~85% of total loans were secured
- 2018 and 4Q18 provision for credit losses³ of \$674 million and \$222 million, respectively, driven primarily by consumer loan growth
- Net charge-off rate 0.5% for 2018

Net Revenues³ (\$ in millions)



Investment Management

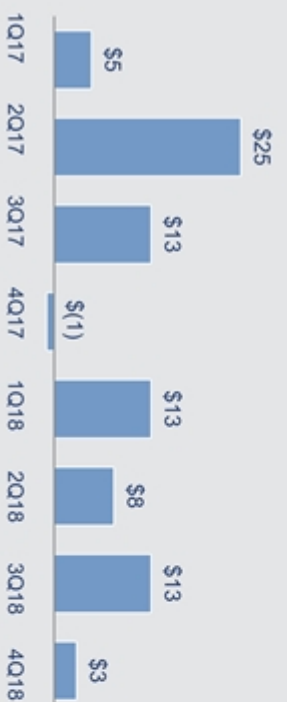
Financial Results

	\$ in millions		vs.		vs.	
	4Q18	3Q18	4Q17	2018	2017	
Management and other fees	\$ 1,365	-1%	—	\$ 5,438	6%	
Incentive fees	153	3%	19%	830	99%	
Transaction revenues	186	7%	13%	754	15%	
Total Investment Management	\$ 1,704	—	2%	\$ 7,022	13%	

Assets Under Supervision⁷

	\$ in billions		vs.		vs.	
	4Q18	3Q18	4Q17	2018	2017	
Long-term AUS	\$ 1,145	-4%	—			
Liquidity products	397	11%	15%			
Total AUS	\$ 1,542	-1%	3%			

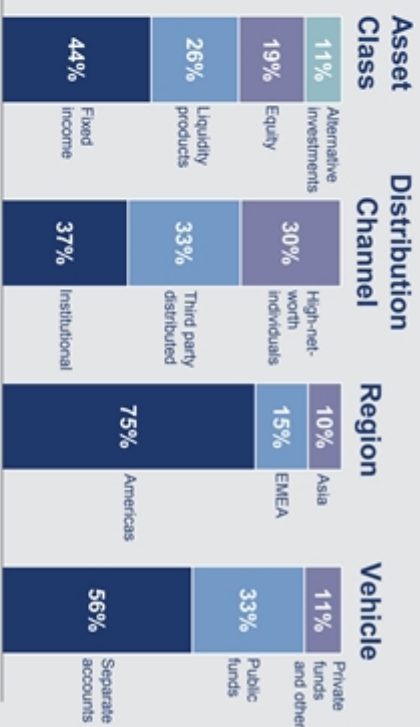
Long-Term AUS Net Flows^{7,12} (\$ in billions)



Key Highlights

- Record net revenues in 2018, driven by record management and other fees, significantly higher incentive fees and higher transaction revenues
- AUS⁷ increased \$48 billion in 2018 to \$1.54 trillion
 - Long-term net inflows of \$37 billion, primarily in fixed income and equity assets
 - Liquidity products net inflows of \$52 billion
- Net market depreciation of \$4.1 billion, primarily in equity assets
- Over past five years, total cumulative organic long-term AUS net inflows of ~\$215 billion

4Q18 AUS Mix⁷



Expenses

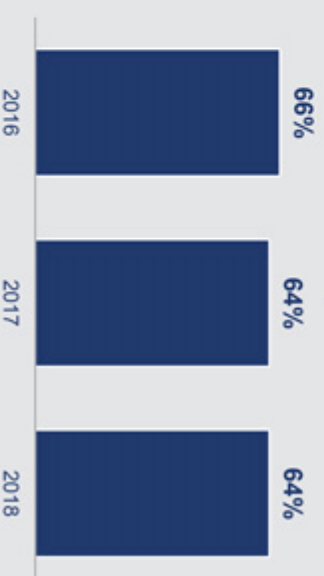
Financial Results³

	\$ in millions		vs.		2018	vs.	
	4Q18	3Q18	3Q18	4Q17		2017	
Compensation and benefits	\$ 1,857	-38%	-11%	\$12,328	6%		
Brokerage, clearing, exchange and distribution fees	830	16%	13%	3,200	11%		
Market development	208	25%	19%	740	26%		
Communications and technology	262	5%	14%	1,023	14%		
Depreciation and amortization	377	19%	8%	1,328	15%		
Occupancy	215	6%	13%	809	10%		
Professional fees	317	2%	-13%	1,214	4%		
Other expenses	1,084	84%	84%	2,819	50%		
Total operating expenses	\$ 5,150	-8%	9%	\$23,461	12%		
Provision for taxes ⁴	\$ 170	-69%	-97%	\$ 2,022	-70%		
Effective Tax Rate				16.2%	-45.3pp		

Key Highlights

- Efficiency ratio¹³ stable YoY as net revenue growth funded investments in our businesses
- 2018 operating expenses increased YoY, including:
 - Higher compensation and benefits expenses (+\$675 million); up 6%, only half the rate of net revenue growth
 - Significantly higher net provisions for litigation and regulatory proceedings (+\$656 million)
 - Revenue recognition standard impact¹⁴ (+\$297 million)
 - Substantially all of the remaining increase (+\$892 million) is from investments to drive growth (including Marcus, consolidated investments and technology) and higher activity reflected in BCE&D
- 2018 effective tax rate included a \$487 million tax benefit related to the finalization of impact of Tax Legislation⁴; 2019 effective tax rate expected to be ~22-23% excluding equity based compensation and discrete items

Efficiency Ratio¹³



Capital

Financial Metrics^{7,11,15}

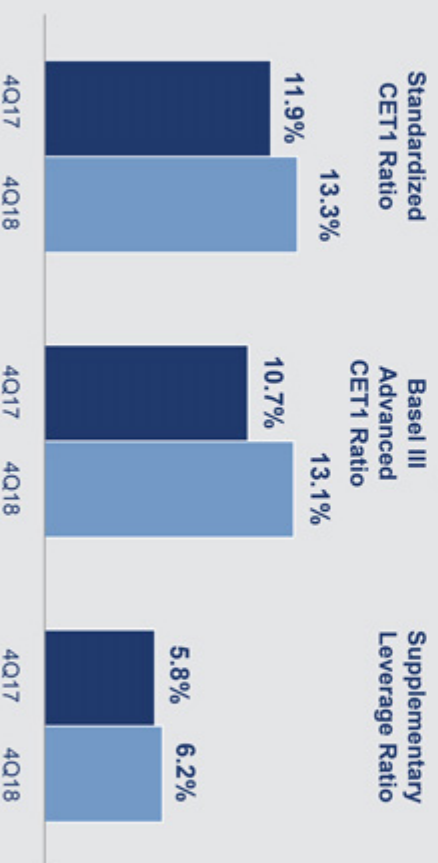
\$ in billions, except per share amounts

	4Q18	3Q18	4Q17
Common equity tier 1 (CET1)	\$ 73.1	\$ 71.8	\$ 67.0
Standardized RWAs	\$ 548	\$ 546	\$ 564
Standardized CET1 ratio	13.3%	13.1%	11.9%
Basel III Advanced RWAs	\$ 558	\$ 577	\$ 626
Basel III Advanced CET1 ratio	13.1%	12.4%	10.7%
Supplementary leverage ratio	6.2%	6.0%	5.8%
BVPS	\$ 207.36	\$ 197.33	\$ 181.00
TBVPS ⁵	\$ 196.64	\$ 186.62	\$ 170.61

Key Highlights

- Rebuilt capital ratios to pre-Tax Legislation⁶ levels
 - YoY improvement in CET1 ratios driven by retained earnings and reduced market RWAs
 - Decrease in credit RWAs also contributed to Basel III Advanced CET1 ratio YoY improvement
- Returned \$4.52 billion of capital during the year
 - Paid \$1.23 billion in common stock dividends
 - Repurchased 13.9 million shares of common stock, for a total cost of \$3.29 billion⁷

Capital and Leverage Ratios^{7,11,15}



Balance Sheet & Liquidity

Balance Sheet Allocation^{10,11}

	\$ in billions		
	4Q18	3Q18	4Q17
GCLA, segregated assets and other	\$ 313	\$ 282	\$ 285
Secured client financing	147	161	164
Institutional Client Services	308	358	319
Investing & Lending	134	126	121
Other assets	31	30	28
Total assets	\$ 933	\$ 957	\$ 917

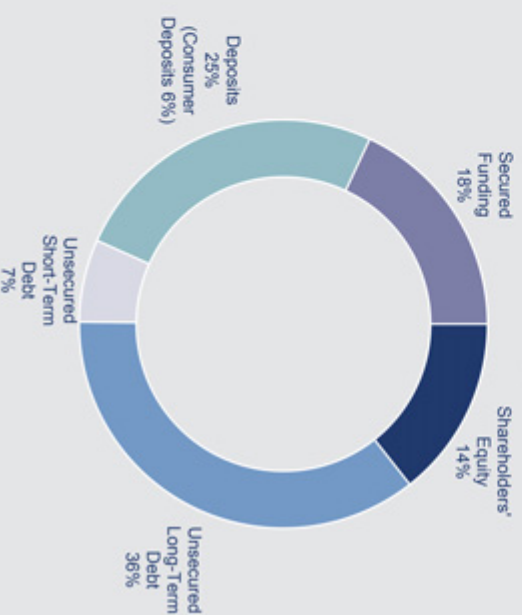
Balance Sheet Assets¹¹

	\$ in billions		
	4Q18	3Q18	4Q17
Cash and cash equivalents	\$ 130	\$ 119	\$ 110
Collateralized agreements	276	298	312
Receivables	160	159	151
Financial instruments owned	336	351	316
Other assets	31	30	28
Total assets	\$ 933	\$ 957	\$ 917

Key Highlights

- Highly liquid balance sheet and robust liquidity metrics allow the firm to capitalize on market opportunities
 - GCLA⁷ averaged \$229 billion¹¹ for 4Q18
- Well-diversified funding mix across tenor, currency, channel, structure and counterparty
- Benchmark maturities expected to outpace benchmark issuance in 2019, as deposits grow
- Deposit funding lowers overall financing costs, adds diversification and reduces credit sensitivity

Sources of Funding as of 4Q18¹¹



Cautionary Note on Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical facts, but instead represent only the firm’s beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside of the firm’s control. It is possible that the firm’s actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. For a discussion of some of the risks and important factors that could affect the firm’s future results and financial condition, see “Risk Factors” in Part I, Item 1A of the firm’s Annual Report on Form 10-K for the year ended December 31, 2017.

Information regarding the firm’s capital ratios, risk-weighted assets, supplementary leverage ratio, total assets and balance sheet data, global core liquid assets, and planned 2019 benchmark issuances consists of preliminary estimates. These estimates are forward-looking statements and are subject to change, possibly materially, including as the firm completes its financial statements.

Statements about the firm’s expected 2019 effective income tax rate constitute forward-looking statements. These statements are subject to the risk that the firm’s 2019 effective income tax rate may differ from the anticipated rate indicated in these forward-looking statements, possibly materially, due to, among other things, changes in the firm’s earnings mix, the firm’s profitability and the entities in which the firm generates profits, the assumptions the firm has made in forecasting its expected tax rate, as well as guidance that may be issued by the U.S. Internal Revenue Service.

Statements about the firm’s investment banking transaction backlog also may constitute forward-looking statements. Such statements are subject to the risk that the terms of these transactions may be modified or that they may not be completed at all; therefore, the net revenues, if any, that the firm actually earns from these transactions may differ, possibly materially, from those currently expected. Important factors that could result in a modification of the terms of a transaction or a transaction not being completed include, in the case of underwriting transactions, a decline or continued weakness in general economic conditions, outbreak of hostilities, volatility in the securities markets generally or an adverse development with respect to the issuer of the securities and, in the case of financial advisory transactions, a decline in the securities markets, an inability to obtain adequate financing, an adverse development with respect to a party to the transaction or a failure to obtain a required regulatory approval. For a discussion of other important factors that could adversely affect the firm’s investment banking transactions, see “Risk Factors” in Part I, Item 1A of the firm’s Annual Report on Form 10-K for the year ended December 31, 2017.

Footnotes



- 2019 estimated real gross domestic product (GDP) growth and 2018 estimated S&P 500 Index earnings per share (EPS) growth both per Goldman Sachs Research, U.S. credit z-spreads per Bloomberg. Corporate confidence level per Duke Fuqua CFO survey.
- Dealogic – January 1, 2018 through December 31, 2018.
- The following reclassifications have been made to previously reported amounts to conform to the current presentation.
 - Provision for credit losses, previously reported in other principal transactions revenues (and Investing & Lending segment net revenues), is now reported as a separate line item in the Consolidated Statements of Earnings.
 - Headcount consists of the firm's employees, and excludes consultants and temporary staff previously reported as part of total staff. As a result, expenses related to consultants and temporary staff previously reported in compensation and benefits expenses are now reported in professional fees.
 - Regulatory-related fees that are paid to exchanges, reported in other expenses prior to 2018, are now reported in brokerage, clearing, exchange and distribution fees.
- During the fourth quarter of 2017, the Tax Cuts and Jobs Act (Tax Legislation) was enacted and lowered U.S. corporate income tax rates as of January 1, 2018, implemented a territorial tax system and imposed a repatriation tax on deemed repatriated earnings of foreign subsidiaries. The estimated impact of Tax Legislation was an increase in income tax expense of \$4.40 billion for the fourth quarter of 2017. Excluding this expense, diluted EPS was \$19.76, return on average common shareholders' equity (ROE) was 10.8% and return on average tangible common shareholders' equity (ROTE) was 11.4% for 2017, and diluted EPS was \$5.68 for the fourth quarter of 2017. In the fourth quarter of 2018, the firm finalized this estimate to reflect the impact of updated information, including subsequent guidance issued by the U.S. Internal Revenue Service, resulting in a \$487 million income tax benefit (\$487 million total income tax benefit for 2018). Excluding this benefit, diluted EPS was \$24.02, ROE was 12.7% and ROTE was 13.4% for 2018, and diluted EPS was \$4.83 for the fourth quarter of 2018.

Management believes that presenting the firm's results excluding Tax Legislation is meaningful as excluding this item increases the comparability of period-to-period results. Diluted EPS and ROE, excluding the impact of Tax Legislation, are non-GAAP measures and may not be comparable to similar non-GAAP measures used by other companies. The tables below present the calculation of net earnings applicable to common shareholders, diluted EPS and average common shareholders' equity, excluding the impact of Tax Legislation (unaudited, in millions, except per share amounts):

	FOR THE			
	THREE MONTHS ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2018	THREE MONTHS ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2017
Net earnings / (loss) applicable to common shareholders, as reported	\$ 2,322	\$ 9,880	\$ (2,143)	\$ 3,685
Impact of Tax Legislation	(467)	(487)	4,400	4,400
Net earnings applicable to common shareholders, excluding the impact of Tax Legislation	\$ 1,855	\$ 9,373	\$ 2,257	\$ 8,085
Divided by average diluted common shares used in the calculation of diluted earnings (excluding the impact of Tax Legislation) per common share	384.3	390.2	397.4	409.1
Diluted earnings per common share, excluding the impact of Tax Legislation	\$ 4.83	\$ 24.02	\$ 5.68	\$ 19.76
	FOR THE			
	THREE MONTHS ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2017	THREE MONTHS ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2017
Average basic common shares, as reported	389.8		389.8	401.6
Effect of dilutive securities	7.6		7.6	7.5
Average diluted common shares used in the calculation of diluted earnings (excluding the impact of Tax Legislation) per common share	397.4		397.4	409.1

Footnotes (continued)



	AVERAGE FOR THE		
	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2016
Common shareholders' equity, as reported	\$ 73,985	\$ 74,721	\$ 75,059
Impact of Tax Legislation	(42)	338	(4,065)
Common shareholders' equity, excluding the impact of Tax Legislation	\$ 73,943	\$ 75,059	\$ 70,994
Goodwill and identifiable intangible assets	(4,090)	(4,090)	(4,090)
Tangible common shareholders' equity, excluding the impact of Tax Legislation	\$ 69,853	\$ 70,994	\$ 66,904

5. ROE is calculated by dividing net earnings (or annualized net earnings for annualized ROE) applicable to common shareholders by average monthly common shareholders' equity. Tangible common shareholders' equity is calculated as total shareholders' equity less preferred stock, goodwill and identifiable intangible assets. ROE is calculated by dividing net earnings (or annualized net earnings for annualized ROE) applicable to common shareholders by average monthly tangible common shareholders' equity. Tangible book value per common share (TBVPS) is calculated by dividing tangible common shareholders' equity by basic shares (380.9 million as of December 31, 2018, 382.9 million as of September 30, 2018 and 388.9 million as of December 31, 2017). Management believes that tangible common shareholders' equity and TBVPS are meaningful because they are measures that the firm and investors use to assess capital adequacy and that ROE is meaningful because it measures the performance of businesses consistently, whether they were acquired or developed internally. Tangible common shareholders' equity, ROE and TBVPS are non-GAAP measures and may not be comparable to similar non-GAAP measures used by other companies.

The table below presents the firm's average total and common shareholders' equity, as well as a reconciliation of total shareholders' equity to tangible common shareholders' equity (unaudited, \$ in millions):

	AVERAGE FOR THE		
	THREE MONTHS ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2018	AS OF DECEMBER 31, 2018
Total shareholders' equity	\$ 87,761	\$ 85,238	\$ 90,185
Preferred stock	(11,203)	(11,253)	(11,203)
Common shareholders' equity	76,558	73,985	78,982
Goodwill and identifiable intangible assets	(4,094)	(4,090)	(4,082)
Tangible common shareholders' equity	\$ 72,464	\$ 69,895	\$ 74,900

6. Consists of Investment Banking net revenues, commissions and fees within Equities, securities services net revenues within Equities, net interest income within debt securities and loans, and Investment Management net revenues.
7. For information about the firm's investment banking transaction backlog, assets under supervision (AUS), share repurchase program and global core liquid assets (GCLA), see "Results of Operations – Investment Banking," "Results of Operations – Investment Management," "Equity Capital Management and Regulatory Capital – Equity Capital Management" and "Risk Management – Liquidity Risk Management," respectively, in Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the firm's Quarterly Report on Form 10-Q for the period ended September 30, 2018. For information about the firm's risk-based capital ratios and supplementary leverage ratio, see Note 20 "Regulation and Capital Adequacy" in Part I, Item 1 "Financial Statements (Unaudited)" in the firm's Quarterly Report on Form 10-Q for the period ended September 30, 2018.
8. Financing in FICC includes net revenues primarily from short-term repurchase agreement activities. Financing in Equities includes net revenues from prime brokerage and other financing activities, including securities lending, margin lending and swaps.

Footnotes (continued)

9. Includes consolidated investment entity assets reported in "Other Assets" on the consolidated statements of financial condition, substantially all of which relate to entities engaged in real estate investment activities. These assets are generally accounted for at historical cost less depreciation. These entities are funded with approximately \$5 billion of non-recourse debt.

10. In addition to preparing the firm's consolidated statements of financial condition in accordance with U.S. GAAP, the firm prepares a balance sheet that generally allocates assets to the firm's businesses, which is a non-GAAP presentation and may not be comparable to similar non-GAAP presentations used by other companies. The firm believes that presenting the firm's assets on this basis is meaningful because it is consistent with the way management views and manages risks associated with the firm's assets and better enables investors to assess the liquidity of the firm's assets. For more information about the firm's balance sheet allocation, see "Balance Sheet and Funding Sources - Balance Sheet Allocation" in Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the firm's Quarterly Report on Form 10-Q for the period ended September 30, 2018.

The tables below presents the reconciliations of the balance sheet allocation to the firm's businesses to the firm's U.S. GAAP balance sheet (unaudited, \$ in billions):

	GCLA		Secured		Institutional		Investing & Lending	Total
	Segregated Assets and Other	Client Financing	Client Financing	Client Services	Client Services			
As of December 31, 2018								
Cash and cash equivalents	\$ 130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130
Collateralized agreements	98	-	117	61	276	-	-	276
Receivables	-	30	30	42	160	88	-	160
Financial instruments owned	85	-	-	205	336	46	-	336
Subtotal	\$ 313	\$ 147	\$ 147	\$ 308	\$ 134	\$ 134	\$ 902	\$ 902
Other assets								31
Total assets								\$ 933
As of September 30, 2018								
Cash and cash equivalents	\$ 119	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119
Collateralized agreements	101	-	128	69	298	-	-	298
Receivables	-	33	33	45	159	81	-	159
Financial instruments owned	62	-	-	244	351	45	-	351
Subtotal	\$ 282	\$ 161	\$ 161	\$ 358	\$ 126	\$ 126	\$ 927	\$ 927
Other assets								30
Total assets								\$ 957
As of December 31, 2017								
Cash and cash equivalents	\$ 110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110
Collateralized agreements	122	-	124	65	312	1	-	312
Receivables	-	40	40	37	151	74	-	151
Financial instruments owned	53	-	-	217	316	46	-	316
Subtotal	\$ 285	\$ 164	\$ 164	\$ 319	\$ 121	\$ 121	\$ 889	\$ 889
Other assets								28
Total assets								\$ 917

11. Represents a preliminary estimate and may be revised in the firm's Annual Report on Form 10-K for the year ended December 31, 2018.

12. 1Q17 includes \$5 billion of outflows in connection with the divestiture of the firm's local Australian-focused investment capabilities and fund platform. 2Q17 includes \$20 billion of inflows in connection with the acquisition of a portion of Venus Investors outsourced chief investment officer business.

Footnotes (continued)



13. Efficiency ratio is calculated by dividing total operating expenses by total net revenues.
14. In the first quarter of 2018, the firm adopted ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)," which required a change in the presentation of certain costs from a net presentation within revenues to a gross basis and vice versa. For information about ASU No. 2014-09, see Note 3 "Significant Accounting Policies" in Part I, Item 1 "Financial Statements (Unaudited)" in the firm's Quarterly Report on Form 10-Q for the period ended September 30, 2018.
15. As of December 31, 2017, the firm's capital ratios on a fully phased-in basis were non-GAAP measures and may not be comparable to similar non-GAAP measures used by other companies. Management believes that the firm's capital ratios on a fully phased-in basis are meaningful because they are measures that the firm and investors use to assess capital adequacy. The table below presents reconciliations, for both the Standardized approach and the Basel III Advanced approach, of common equity tier 1 and risk-weighted assets on a transitional basis to a fully phased-in basis as of December 31, 2017 (unaudited, \$ in billions):

	AS OF DECEMBER 31, 2017	
	STANDARDIZED	BASEL III ADVANCED
Common equity tier 1, transitional basis	\$ 67.1	\$ 67.1
Transitional adjustments	(0.1)	(0.1)
Common equity tier 1, fully phased-in basis	\$ 67.0	\$ 67.0
Risk-weighted assets, transitional basis	\$ 556	\$ 618
Transitional adjustments	8	8
Risk-weighted assets, fully phased-in basis	\$ 564	\$ 626
Common equity tier 1 ratio, transitional basis	12.1%	10.9%
Common equity tier 1 ratio, fully phased-in basis	11.9%	10.7%