

November 5, 2018

**Goldman Sachs Presentation to  
Bank of America Merrill Lynch  
Future of Financials Conference**

**Stephen M. Scherr  
Chief Financial Officer**

# Cautionary Note on Forward-Looking Statements

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- Today's presentation includes forward-looking statements. These 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. Forward-looking statements include statements about potential revenue and growth opportunities. It is possible that the Firm's actual results, including the incremental revenues, if any, from such opportunities, and financial condition, may differ, possibly materially, from the anticipated results, financial condition and incremental revenues 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 our Annual Report on Form 10-K for the year ended December 31, 2017. You should also read the forward-looking disclaimers in our Form 10-Q for the period ended September 30, 2018, particularly as it relates to capital ratios, the Tax Cuts and Jobs Act and information on the calculation of non-GAAP financial measures that is posted on the Investor Relations portion of our website: [www.gs.com](http://www.gs.com). Statements about our revenue and growth opportunities are subject to the risk that the Firm's businesses may be unable to generate additional incremental revenues or take advantage of growth opportunities
- Statements on the year-to-date (YTD) are as of September 30, unless otherwise noted
- The statements in the presentation are current only as of its date, November 5, 2018

# Leadership Action Plan



## Our Commitment

### Current Work Streams

- **Conducting comprehensive front-to-back reviews of our businesses**
- **Evaluating business adjacencies, with focus on growth**
- **Working to increase transparency and accountability, including new disclosure and financial targets**
- **Planning to provide an update on our strategy in Spring 2019**

### Business Objectives

1

**Drive more durable franchise revenues across the firm**

2

**Generate above-average earnings growth vs. the industry**

3

**Optimize investment spend and capital allocation**

**We are committed to producing best-in-class total shareholder returns**

# Client Centric Strategy



Driving innovation and growth to serve client needs

Address client needs

Provide differentiated service

Deliver one firm



## Corporations and Governments

### Services

- ✓ Strategic advice
- ✓ Access to capital
- ✓ Hedging and risk management

### Opportunities

- Cash management
- Employee financial health
- Corporate liquidity management
- Commercial lending



## Institutions

### Services

- ✓ Differentiated ideas
- ✓ 24/7 access to global markets and liquidity
- ✓ Seamless “best” execution
- ✓ Bespoke solutions

### Opportunities

- Automation and electronic execution
- Increased financing



## Individuals

### Services

- ✓ Attractive savings options
- ✓ Transparent and flexible lending solutions
- ✓ Tailored wealth management
- ✓ Addressing customer pain points; one-stop shop for financial well-being

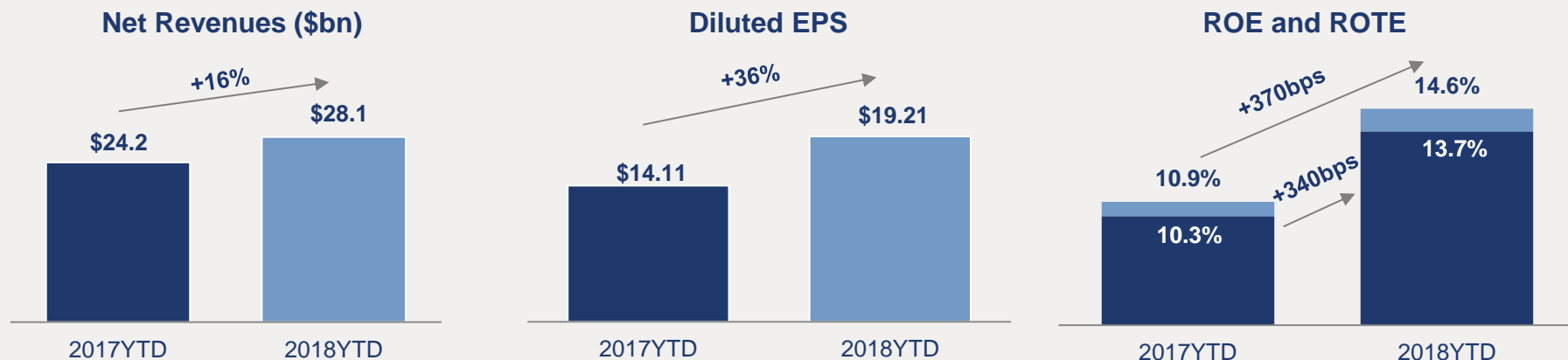
### Opportunities

- Digital wealth management
- Personal financial management tools
- Additional financial products

We seek to expand the firm’s addressable market

# 2018YTD in Review

## Firm Performance



Highest YTD Net Revenues  
in 8 Years

Record YTD Diluted EPS

Highest annualized 9MYTD  
returns in 9 Years

Strong YTD performance across our diversified client franchise shows the embedded operating leverage of the franchise

# Announced Growth Initiatives



## Monitoring Our Progress

### 2018YTD Revenue Progress

### Key Performance Indicators

**Investment Banking**

Expand Client Coverage  
~\$0.2bn

~80% of targeted clients with assigned coverage

~\$40bn deal volume from new clients

>40 committed senior hires<sup>1</sup>  
>3,000 YTD meetings with new clients

**Institutional Client Services**

FICC Initiatives<sup>2</sup> ~\$0.3bn

+45bps FICC institutional wallet share<sup>3,4</sup>

+180bps Equities global low-touch market share<sup>3</sup>

+~19% increase in Equities financing balances<sup>3,5</sup>

Equities Initiatives ~\$0.4bn

**Investment Management**

GSAM, PWM and Ayco ~\$0.4bn

>\$60bn organic LTFB net inflows<sup>3</sup>

Net increase of >70 PWM advisors<sup>3</sup>

~\$24bn PWM and GS Select loans (+\$3bn since YE16)

PWM Lending and GS Select ~\$0.2bn

**Investing & Lending**

Marcus Deposits and Loans ~\$0.2bn

>2mm Marcus customers

~\$27bn Marcus deposits and ~\$4bn Marcus loans

~\$9bn net balance sheet deployed for institutional lending & financing<sup>3</sup>

Inst'l. Lending & Financing ~\$0.8bn

**Firmwide ~\$2.5bn**

**YTD, we have achieved ~50% of our 2020 opportunity**

<sup>1</sup> 2018YTD <sup>2</sup> FICC Initiatives include a portion of net revenues recorded in Investment Banking and I&L segments <sup>3</sup> Since 2016YE <sup>4</sup> Per Coalition, includes top 1,300 institutional clients in the FICC wallet, excludes corporates, as of 1H18

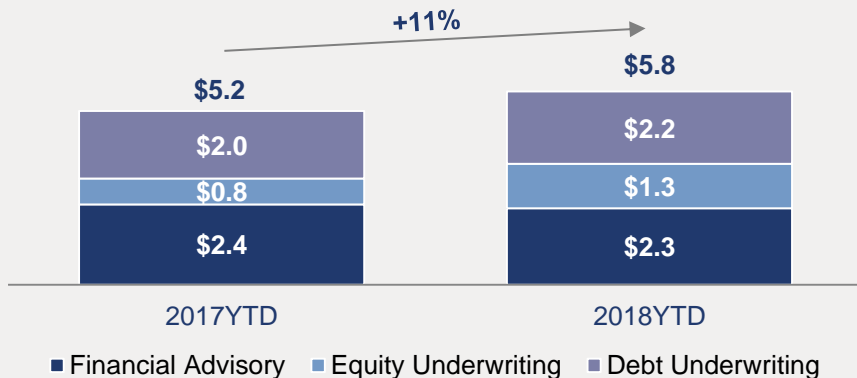
<sup>5</sup> Includes physical and synthetic balances

# Investment Banking

## State of the Franchise



### YoY Net Revenue Growth (\$bn)



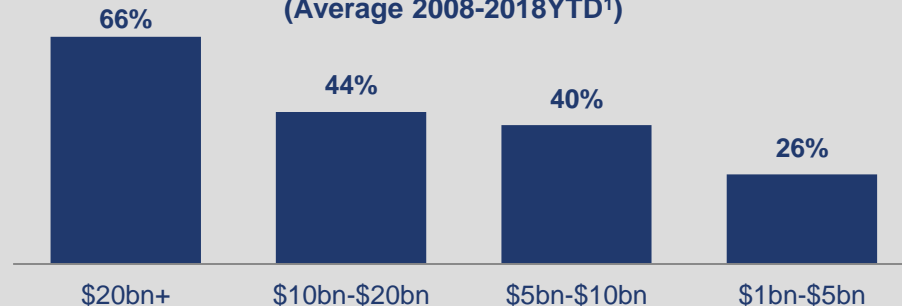
### YTD League Tables<sup>1,2</sup>



### Strategic Objectives

- Maintain #1 global Investment Banking franchise, leveraging corporate relationships to deliver the full capabilities of the firm
  - Expand our product offering, including cash management and Ayco
- Grow our client footprint, deepening penetration with existing corporate clients and financial sponsors; grow regions with lower share
- Protect share gains in Debt Underwriting, including acquisition finance
- Harness technology to better serve our clients

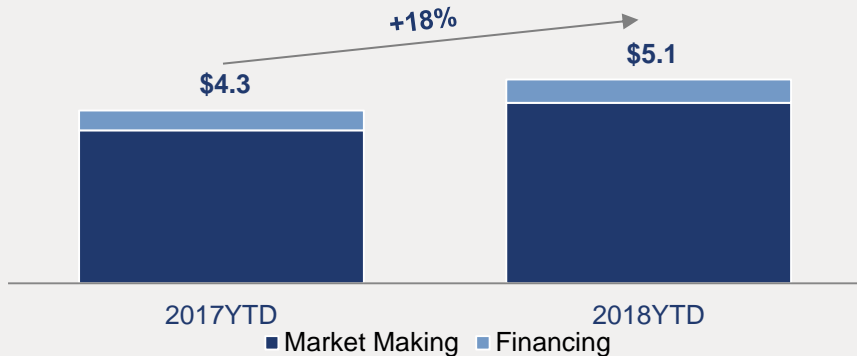
### GS Announced M&A Market Share by Deal Size (Average 2008-2018YTD<sup>1</sup>)



<sup>1</sup> Source: Dealogic <sup>2</sup> All rankings as of 2018YTD

## State of the Franchise

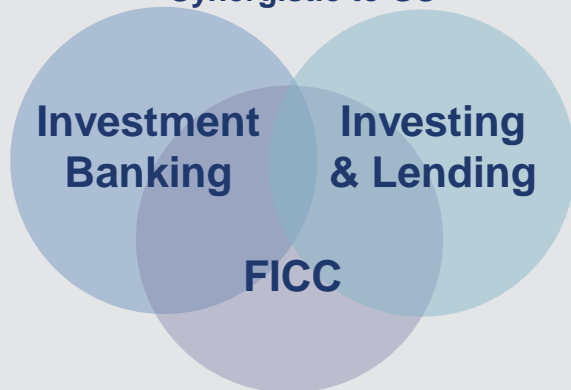
### YoY Net Revenue Growth (\$bn)



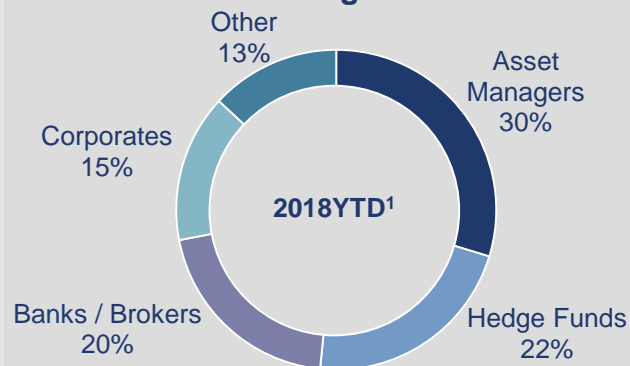
### Strategic Objectives

- Expand wallet share with asset managers, banks, and insurance companies; broaden corporate coverage
- Optimize capital deployment and expense efficiency
- Understand, analyze, and transform risk for our clients
- Deliver platforms for content, execution, and analytics

### Synergistic to GS



### Strong Client Franchise: Client Mix



**#2**  
Institutional  
Wallet Share<sup>2</sup>

**+45bps**  
Institutional  
Client  
Wallet Share<sup>2,3</sup>



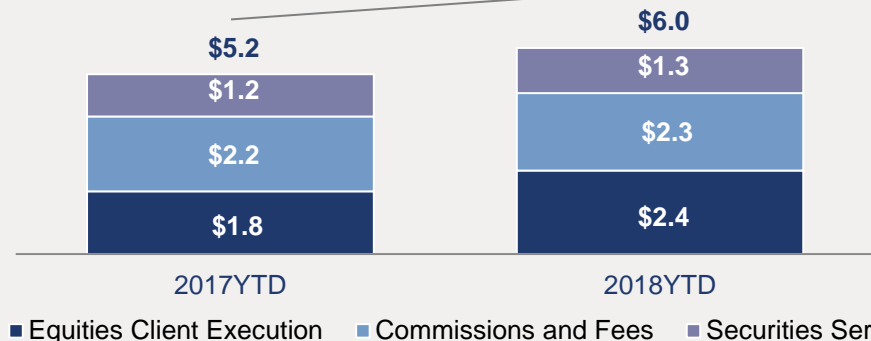
# ICS: Equities

## State of the Franchise



### YoY Net Revenue Growth (\$bn)

+15%

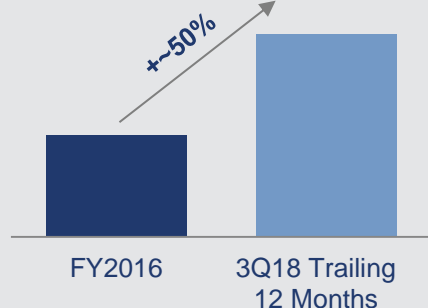
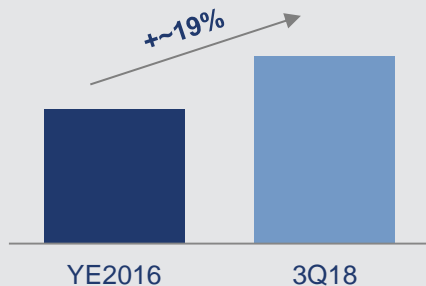


### Strategic Objectives

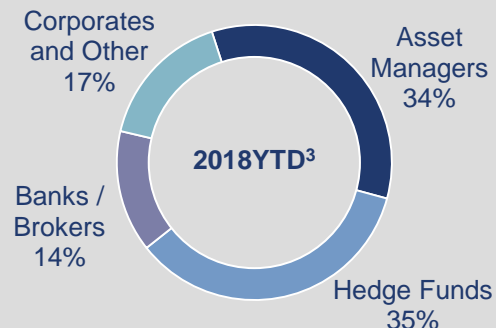
- Consolidate market share post MiFID II
- Deliver integrated execution and financing solutions to systematic and traditional clients
- Expand and diversify our client base through innovative structured products
- Leverage corporate relationships and derivative franchise strength to drive incremental business

### Client Financing Balances<sup>1</sup>

### Structured Products Net Revenues<sup>2</sup>



### Strong Client Franchise: Client Mix



**#3**  
Institutional  
Wallet Share<sup>4,5</sup>

**+31%**  
Low-Touch &  
Quant Balances<sup>6</sup>

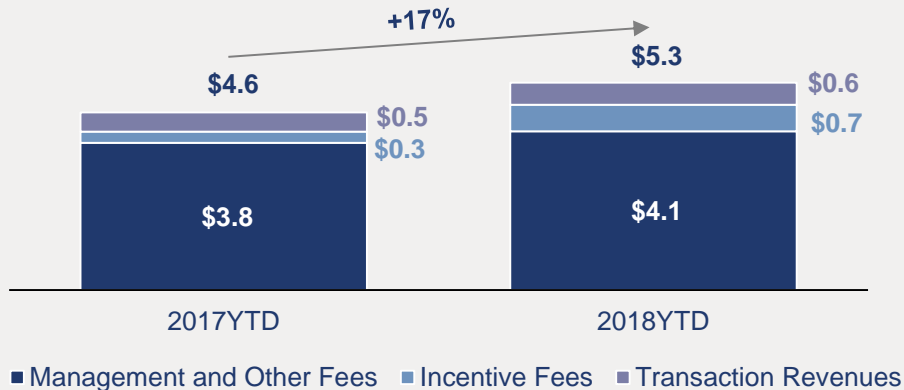
<sup>1</sup> Includes physical and synthetic balances <sup>2</sup> Structured Products are primarily comprised of certain equity derivative products <sup>3</sup> Based on gross sales credits, excludes Securities Services. <sup>4</sup> Per Coalition, excludes corporates <sup>5</sup> As of 1H18 <sup>6</sup> 2018YTD vs. 2016YE

# Investment Management

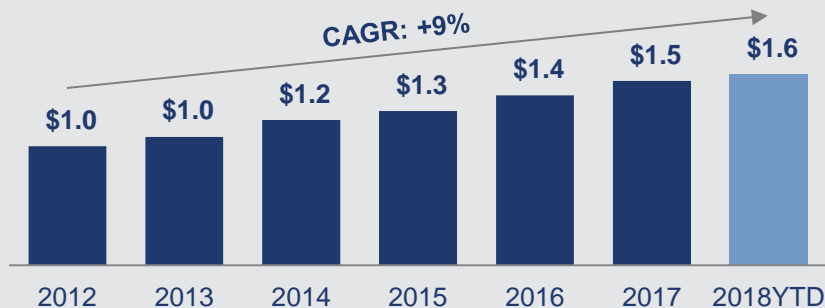
## State of the Franchise



### YoY Net Revenue Growth (\$bn)



### Firmwide AUS Growth (\$tn)



### Strategic Objectives

- Increase coverage of ultra-high-net-worth clients (including family offices) and expand across regions
- Expand Ayco corporate financial counseling by adding new clients
- Continue to expand Advisory, particularly OCIO and insurance
- Drive growth via our diversified products across alternatives, classic GSAM, Environmental, Social, and Governance, and ActiveBeta
- Leverage engineering capabilities from Marcus to serve new clients

### Organic LTFB Net Sales Since 2016YE<sup>1</sup>

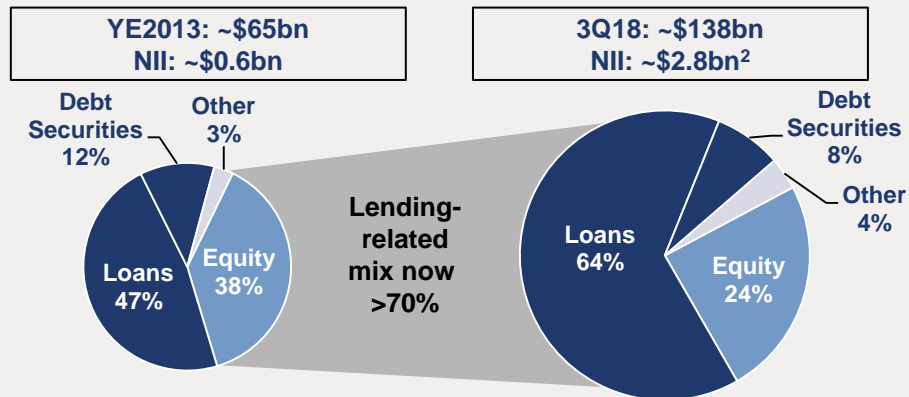


<sup>1</sup> Firmwide organic LTFB Net Sales were \$61bn since 2016YE, including \$3bn net outflows related to merchant banking activities

# Investing & Lending

## State of the Franchise – Lending

### I&L Asset Growth Focused on Lending<sup>1</sup>

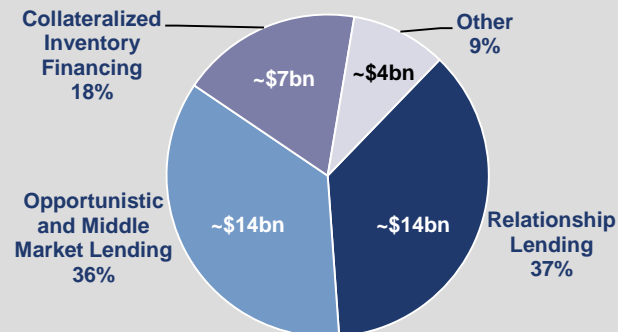


### Strategic Objectives

- Build diversified lending portfolios by serving existing clients and new clients through franchise-adjacent opportunities
- Increase our more durable, recurring Net Interest Income revenues
- Prudently manage credit risk through-the-cycle using disciplined underwriting processes focused on risk-adjusted returns
- Build a meaningful consumer business over time by solving customer “pain points” and utilizing technology to deliver at scale

3Q18 Loan Portfolio	(\$bn) <sup>3</sup>	Secured
Corporate	~\$39bn	77%
Private Wealth Management	~\$24bn	99%
Commercial Real Estate	~\$12bn	100%
Residential Real Estate	~\$8bn	100%
Marcus	~\$4bn	-
Other	~\$4bn	72%
<b>Total Loans (Gross)</b>	<b>~\$90bn</b>	<b>84%</b>

### 3Q18 Corporate Loans (\$39bn)



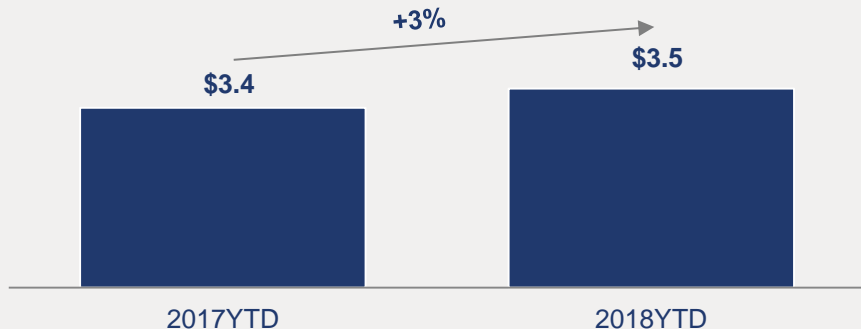
<sup>1</sup> See Appendix for information about our non-GAAP balance sheet presentation. Equity includes CIEs of \$4.18bn and \$12.64bn at 2013YE and 3Q18, respectively <sup>2</sup> 3Q18 annualized <sup>3</sup> Includes gross loans held for investment and loans accounted for at fair value. Excludes allowance for loan losses of \$974mm

# Investing & Lending

## State of the Franchise – Equity Investing

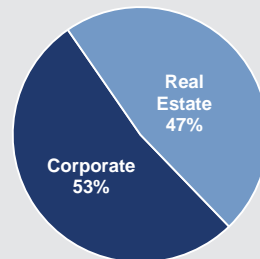


### Equity I&L YoY Net Revenue Growth (\$bn)

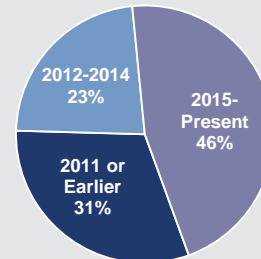


### Equity and Related Assets

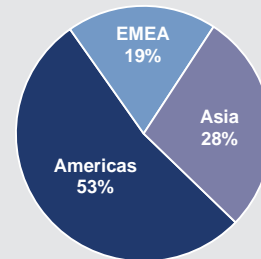
#### Asset Type<sup>1</sup>



#### Vintage<sup>2</sup>



#### Geography<sup>2</sup>



### Key Investing Strengths

- ✓ Experienced and tenured senior investing team
- ✓ Integrated into GS franchise for sourcing and value creation in portfolio
- ✓ Generates revenues in I&L, contributes to Management and Incentive fees in Investment Management and fees in Investment Banking
- ✓ Diversified global portfolio across asset, vintage and geography
- ✓ Strong contributor to firm performance

### Key Highlights

**>1,000  
individual  
investments<sup>3</sup>**

**Leverages GS'  
Global  
Sourcing  
Network**

**\$11.6bn  
Cumulative  
revenues over  
last 3 years<sup>4</sup>**

# Expense Discipline

## Funding Investments for Growth

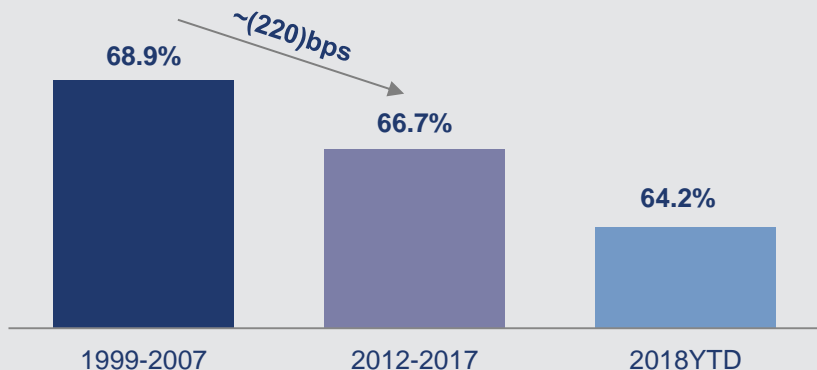
### Disciplined Expense Approach

- Manage expenses comprehensively
  - Pay-for-performance philosophy
- Deliver positive operating leverage as revenues grow
- Utilize organic revenue growth to fund investments

### Investing in Technology

- Innovation driven by client needs, emphasizing offensive vs. maintenance tech spend
- Building scalable platforms to deliver operating leverage
- Engineering leadership to drive market structure evolution
- Applying robust framework for growth investments

### Improving Efficiency Ratio Over Time<sup>1</sup>



<sup>1</sup> Average annual values: calculated as operating expenses divided by total net revenues gross of provision for loan losses

Corporations	Institutions	Individuals
Cash Management	Systematic Market Making	New Marcus Products
Ayco	Content, Data, and Analytics	Online Lending and Deposits
Liquidity Management	Automation	Clarity Money

# Strong Financial Position

## Key Principles

## Key Metrics

**Significant  
Liquidity  
Resources**

**\$235bn  
average GCLA YTD**

**Highly Liquid  
Balance Sheet**

**>90% of cash financial  
instruments turn over  
every 6 months**

**Maintain Strong  
Capital Ratios**

**In excess of  
regulatory required minimums**

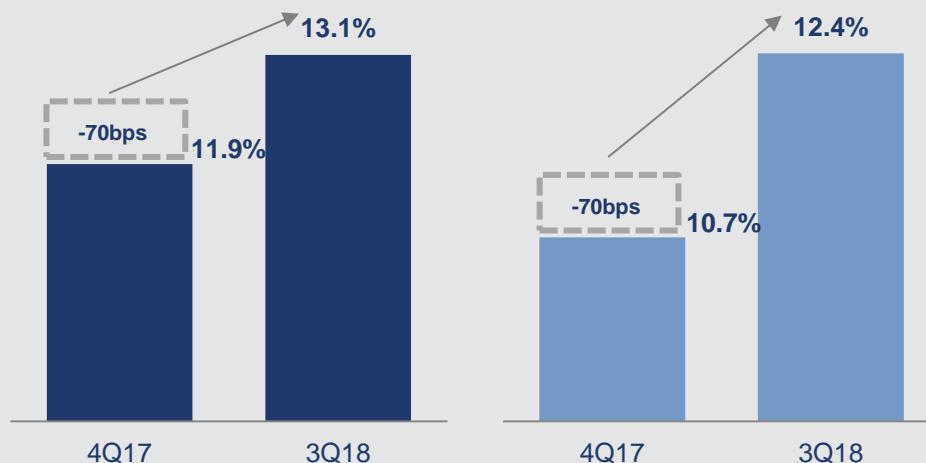
**Return Excess  
Capital**

**>\$42bn  
of gross capital  
return since the  
beginning of 2012**

## Capital Ratios Rebuilt Post Tax Reform Impact<sup>1</sup>

### Standardized CET1

### Basel III Advanced CET1



Impact of US Tax Legislation

**Dynamic capital management allowed for a complete rebuild of capital ratios in 3 quarters**

<sup>1</sup> For 4Q17, the fully phased-in Basel III Advanced and Standardized capital ratios were non-GAAP measures, see appendix for more information about these non-GAAP measures

**Clients**

**Talent**

**Growth**

**Efficiency**

**Accountability**

**Leading shareholder returns**

## Appendix



## Non-GAAP Disclosures

- In addition to our U.S. GAAP balance sheet, we prepare a balance sheet that generally allocates assets to our business, including I&L, which is a non-GAAP presentation. See our Form 10-Q for the period ended September 30, 2018 for more information about this non-GAAP presentation
- As of December 31, 2017, our 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. We believe that our 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

	As of December 31 <sup>st</sup> , 2017	
	<i>\$mm</i>	
	Standardized	Advanced
Common Equity Tier 1, Transitional Basis	\$67,110	\$67,110
Transitional Adjustments	(117)	(117)
Common Equity Tier 1, Fully Phased-in Basis	\$66,993	\$66,993
Risk-weighted Assets, Transitional Basis	\$555,611	\$617,646
Transitional Adjustments	8,364	8,446
Risk-weighted Assets, Fully Phased-in Basis	\$563,975	\$626,092
Common Equity Tier 1 Ratio, Transitional Basis	12.1%	10.9%
Common Equity Tier 1 Ratio, Fully Phased-in Basis	11.9%	10.7%

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