

Goldman Sachs Presentation to Bank of America Merrill Lynch Banking and Financial Services Conference

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November 12, 2014



Cautionary Note on Forward-Looking Statements

Today's presentation may include forward-looking statements. These statements represent the Firm's belief regarding future events that, by their nature, are uncertain and outside of the Firm's control. The Firm's actual results and financial condition may differ, possibly materially, from what is indicated in those forward-looking statements.

For a discussion of some of the risks and factors that could affect the Firm's future results and financial condition, please see the description of "Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2013. You should also read the forward-looking disclaimers in our quarterly Form 10-Q for the period ended September 30, 2014, particularly as it relates to estimated capital and leverage ratios, and information on the calculation of non-GAAP financial measures that is posted on the Investor Relations portion of our website: www.gs.com.

The statements in the presentation are current only as of its date, November 12, 2014.

Our Approach to Capital

Capital Philosophy

Capital Intensity

Capital Allocation

Performance

Financial stability is the starting point for an effective capital management strategy

- Provides the firm with the ability to be both offensive and defensive in its capital deployment

We don't scale our business to our capital base, we scale our capital base to our business

- Clients are at the center of everything that we do and drive our returns
- We benefit from a diverse set of businesses

Disciplined and dynamic capital return is required

- Generating strong returns is critical to a sustainable operation for clients, shareholders and regulators
- Trying to put "excess capital" to work may encourage excessive risk taking

Buybacks are the preferred mechanism for capital return

- Buybacks provide important capital return flexibility in both pace and amount
- Manages employee compensation-based dilution
- Reduces share count and enhances earnings per share
- Tax efficient for shareholders

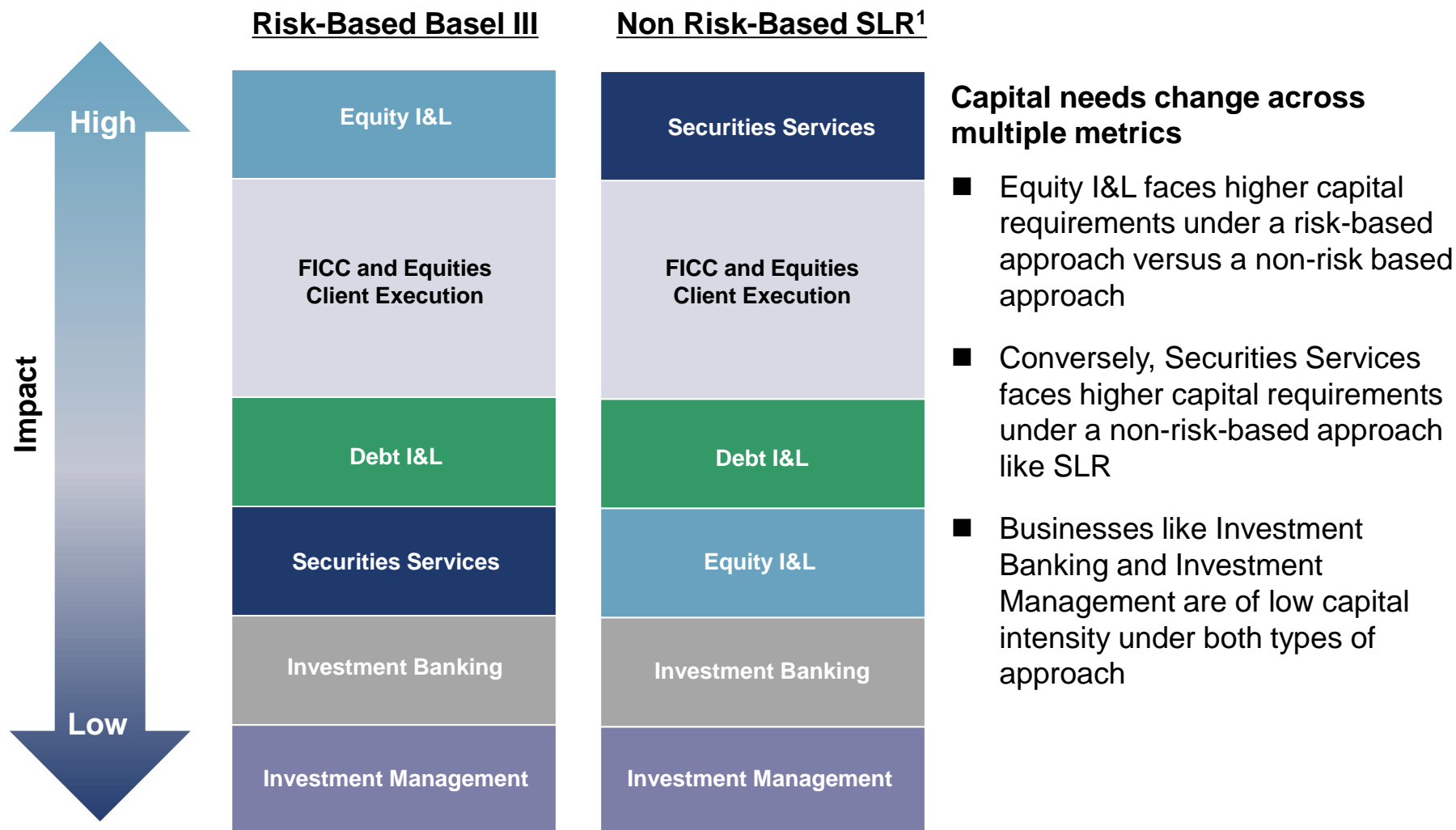
Client Needs That Require Capital

Capital Philosophy

Capital Intensity

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Performance



¹Supplementary Leverage Ratio

Assessing the Capital We Allocate to Clients

Capital Philosophy

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Transaction Type

Risk Management Process

Key Statistics

Performance Assessment

Flow

- Limit based
 - VaR
 - Counterparty Credit
 - Stress Test
- Balance Sheet Review

- >170 VaR limits
- >4,500 stress test limits
- >30,000 counterparty credit limits

- Full cost
 - Liquidity, hedging, funding, FVA, DVA, CVA
- Daily P&L
 - Desk level P&L reviewed by controllers
- Daily estimated balance sheet
- Monthly Finance Committee
- Detailed risk & returns
 - Across a variety of metrics

One-off

Key Capital

Commitment Committees:

- Investment Policy Committee
- Capital
- Commitments

Transactions Reviewed in 2014:

- ~40
- > 600
- > 400

Return on Attributed Equity (ROAE)

Capital Philosophy

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Net Revenues

- Our goal is to fully cost out our revenues and account for liquidity, hedging, funding, FVA/DVA/CVA

Expenses

- Our expenses include both compensation and non-compensation expenses
- We fully allocate technology and administrative costs

Attributed Equity

- We weigh a multitude of internal and external factors when attributing our equity including Basel III capital requirements, CCAR stresses and SLR requirements

ROAE

Because we are subject to multiple capital constraints, we need a multifactor model to assess our risk-adjusted performance

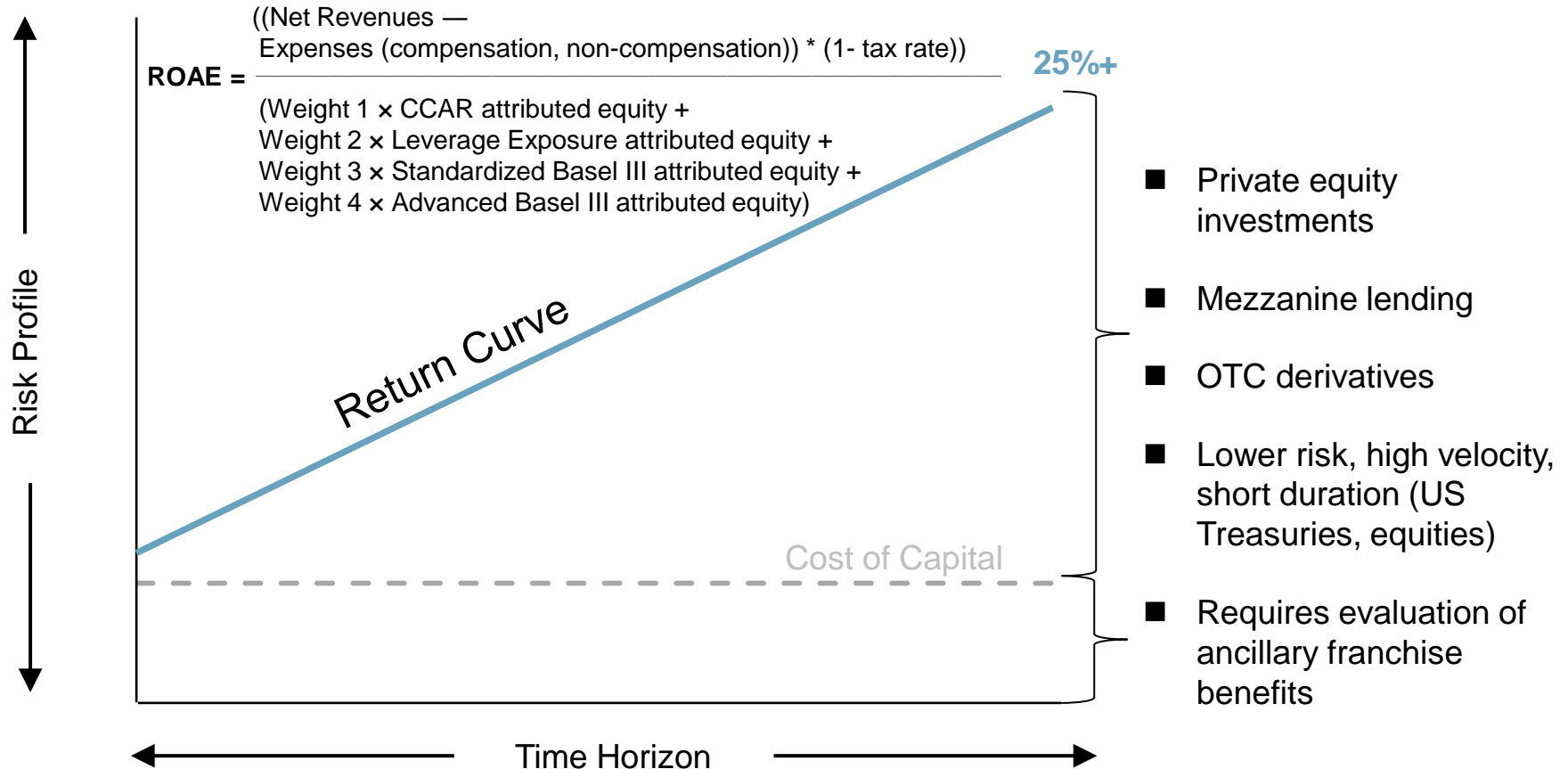
Return Curve

Capital Philosophy

Capital Intensity

Capital Allocation

Performance



Overall, firmwide ROAE is a balance of client activity levels and transaction types

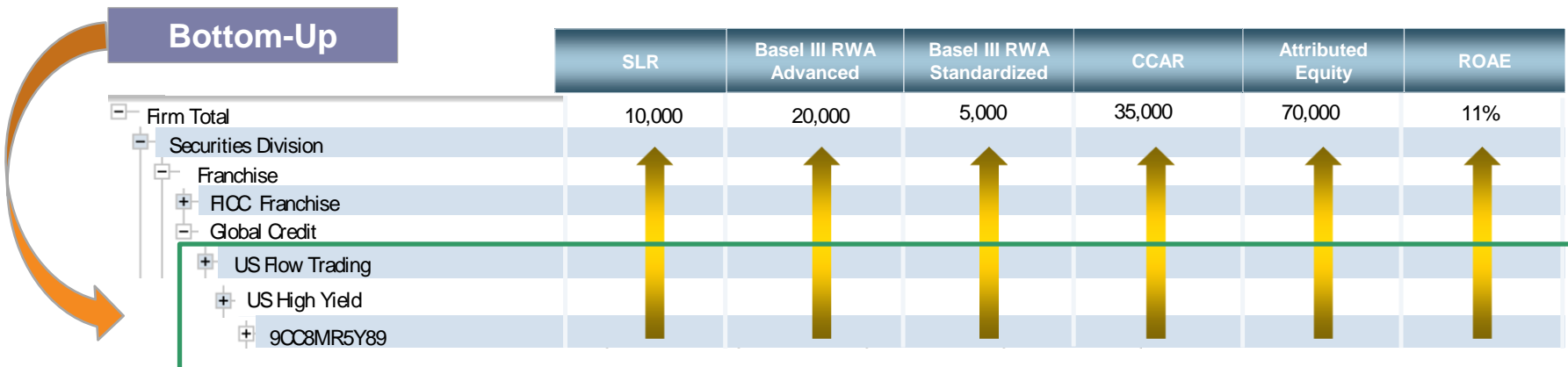
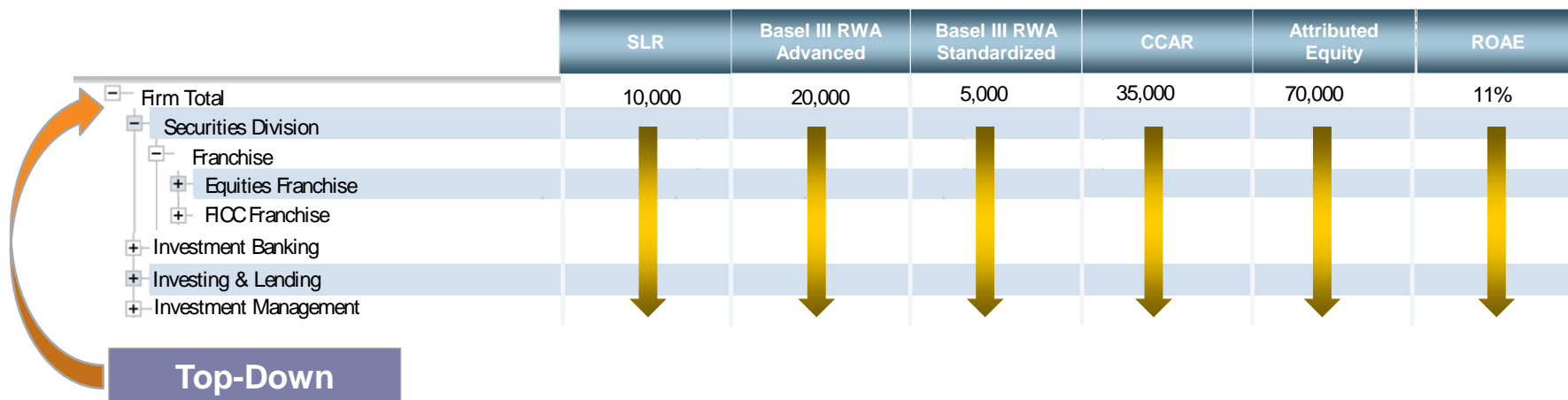
Capital Calculator¹

Capital Philosophy

Capital Intensity

Capital Allocation

Performance



¹Data reflects illustrative numbers

Behavioral Changes

Capital Philosophy

Capital Intensity

Capital Allocation

Performance

As the capital rules have finalized, we have taken significant actions to improve the balance sheet and key regulatory metrics

Tier 1 Leverage Ratio¹

3Q13

7.9%

3Q14

9.0%

Supplementary Leverage Ratio

First Disclosure
1Q14

4.2%

3Q14

4.9%

Basel III Common Equity Tier 1 Ratio (Fully Phased)

First Disclosure
1Q12

~8%

3Q14

10.6%

Examples of Key Actions

Business & Asset Sales



Fund Harvesting /
Distributions



Preferred Shares



Growth in Common
Equity



Balance Sheet
Reduction



Rule Changes/Capital
Efficiencies



¹The Tier 1 Leverage ratio, which was the firm's most constraining ratio in CCAR 2014, was for 3Q13 computed under the previous definition of capital effective as of that date

Client Needs Drive Activity

Capital Philosophy

Capital Intensity

Capital Allocation

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Client Franchise

- #1 in Announced and Completed M&A 2014YTD, #1 in Equity Underwriting 2014YTD, top 10 Asset Manager, leading FICC & Equities franchises

Diverse Set of Businesses

- Global, diversified, institutionally-focused investment bank

People

- Partnership culture, average tenure of 23 years for Management Committee members, more than 260,000 total applications for employment in 2014YTD

Dynamic Capital Allocation

- Tools, mark-to-market, ~20% QoQ balance sheet reduction in 4Q08, \$56bn QoQ reduction in 2Q14

Return Discipline

- U.S. Reinsurance, Rothesay, 2011 expense initiative, post-crisis comp ratio ~880bps less¹, approximately \$30bn of capital return in the past 5 years

Superior Returns

- +650bps of ROE outperformance versus global peers 2009-2013²

¹Pre-crisis (2000-2007) average compensation ratio of 47.3% versus post-crisis (2009-2013) average of 38.5%

²Reflects average premium of GS reported ROE versus global peer average ROEs. Peers include JPM, MS, BAC, C, BARC, UBS, DB and CS

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