

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):
October 15, 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$.01 per share	GS	NYSE
Depository Shares, Each Representing 1/1,000th Interest in a Share of Floating Rate Non-Cumulative Preferred Stock, Series A	GS PrA	NYSE
Depository Shares, Each Representing 1/1,000th Interest in a Share of Floating Rate Non-Cumulative Preferred Stock, Series C	GS PrC	NYSE
Depository Shares, Each Representing 1/1,000th Interest in a Share of Floating Rate Non-Cumulative Preferred Stock, Series D	GS PrD	NYSE
Depository Shares, Each Representing 1/1,000th Interest in a Share of 5.50% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series J	GS PrJ	NYSE
Depository Shares, Each Representing 1/1,000th Interest in a Share of 6.375% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K	GS PrK	NYSE
Depository Shares, Each Representing 1/1,000th Interest in a Share of 6.30% Non-Cumulative Preferred Stock, Series N	GS PrN	NYSE
5.793% Fixed-to-Floating Rate Normal Automatic Preferred Enhanced Capital Securities of Goldman Sachs Capital II	GS/43PE	NYSE
Floating Rate Normal Automatic Preferred Enhanced Capital Securities of Goldman Sachs Capital III	GS/43PF	NYSE
Medium-Term Notes, Series A, Index-Linked Notes due 2037 of GS Finance Corp.	GCE	NYSE Arca
Medium-Term Notes, Series B, Index-Linked Notes due 2037	GSC	NYSE Arca
Medium-Term Notes, Series E, Index-Linked Notes due 2028 of GS Finance Corp.	FRLG	NYSE Arca

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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Signature

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Item 2.02 Results of Operations and Financial Condition.

On October 15, 2019, The Goldman Sachs Group, Inc. (Group Inc. and, together with its consolidated subsidiaries, the firm) reported its earnings for the third quarter ended September 30, 2019. 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 October 15, 2019, at 11:00 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 August 9, 2019, the Attorney General of Malaysia announced that criminal charges had been filed against seventeen current and former directors of Goldman Sachs International, Goldman Sachs (Asia) LLC and Goldman Sachs (Singapore) PTE in connection with three offerings of debt securities by 1Malaysia Development Berhad (1MDB).

The firm is cooperating with the U.S. Department of Justice and all other governmental and regulatory investigations relating to 1MDB. The firm is also engaged in discussions with certain governmental and regulatory authorities with respect to potential resolution of their investigations. There can be no assurance that the discussions will lead to resolution of any of those matters.

See the disclosures concerning 1MDB-related matters in our Quarterly Report on Form 10-Q for the period ended June 30, 2019.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 [Press release of Group Inc. dated October 15, 2019 containing financial information for its third quarter ended September 30, 2019.](#)

The quotation on page 1 of Exhibit 99.1 and the information under the caption "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 October 15, 2019, for the conference call on October 15, 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.

101 Pursuant to Rule 406 of Regulation S-T, the cover page information is formatted in iXBRL (Inline eXtensible Business Reporting Language).

104 Cover Page Interactive Data File (formatted in iXBRL in Exhibit 101).

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: October 15, 2019

By: /s/ Stephen M. Scherr

Name: Stephen M. Scherr

Title: Chief Financial Officer



Third Quarter 2019 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

Third Quarter 2019 Earnings Results

Goldman Sachs Reports Third Quarter Earnings Per Common Share of \$4.79

“Our results through the third quarter reflect the underlying strength of our global client franchise and its ability to produce solid results in the context of a mixed operating environment. We continue to execute on our strategic priorities, including investing in important growth opportunities in our existing and new businesses and in delivering for our clients in the most efficient and effective manner possible. We believe that this focus will best position the firm to generate long-term, industry-leading returns for our shareholders.”

- David M. Solomon, *Chairman and Chief Executive Officer*

Financial Summary

Net Revenues		Net Earnings		EPS	
3Q	\$8.32 billion	3Q	\$1.88 billion	3Q	\$4.79
3Q YTD	\$26.59 billion	3Q YTD	\$6.55 billion	3Q YTD	\$16.32

Annualized ROE ¹		Annualized ROTE ¹		Book Value Per Share	
3Q	9.0%	3Q	9.5%	3Q	\$218.82
3Q YTD	10.4%	3Q YTD	11.0%	3Q Growth	2.2%

NEW YORK, October 15, 2019 – The Goldman Sachs Group, Inc. (NYSE: GS) today reported net revenues of \$8.32 billion and net earnings of \$1.88 billion for the third quarter ended September 30, 2019. Net revenues were \$26.59 billion and net earnings were \$6.55 billion for the first nine months of 2019.

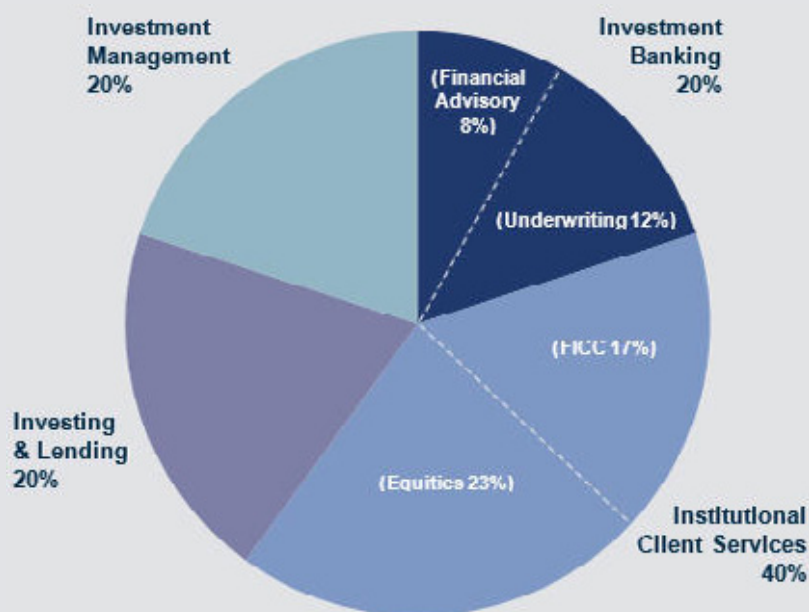
Diluted earnings per common share (EPS) was \$4.79 for the third quarter of 2019 compared with \$6.28 for the third quarter of 2018 and \$5.81 for the second quarter of 2019, and was \$16.32 for the first nine months of 2019 compared with \$19.21 for the first nine months of 2018.

Annualized return on average common shareholders' equity (ROE)¹ was 9.0% for the third quarter of 2019 and 10.4% for the first nine months of 2019. Annualized return on average tangible common shareholders' equity (ROTE)¹ was 9.5% for the third quarter of 2019 and 11.0% for the first nine months of 2019.

Highlights

- The firm ranked #1 in worldwide announced and completed mergers and acquisitions for the year-to-date². The firm also ranked #1 in worldwide equity and equity-related offerings, common stock offerings and initial public offerings for the year-to-date².
- Investing & Lending net revenues included record quarterly net interest income in debt securities and loans of \$891 million.
- Investment Management net revenues included record quarterly management and other fees of \$1.46 billion. Assets under supervision^{3,4} increased \$102 billion⁵ during the quarter to a record \$1.76 trillion.
- Book value per common share was \$218.82, 2.2% higher compared with the end of the second quarter of 2019 and 10.9% higher compared with the end of the third quarter of 2018.

Quarterly Net Revenue Mix by Segment



Investment Banking	
Financial Advisory	\$716 million
Underwriting	<u>\$971 million</u>
	\$1.69 billion

Institutional Client Services	
FICC	\$1.41 billion
Equities	<u>\$1.88 billion</u>
	\$3.29 billion

Investing & Lending
\$1.68 billion

Investment Management
\$1.67 billion

Net Revenues

Net revenues were \$8.32 billion for the third quarter of 2019, 6% lower than the third quarter of 2018 and 12% lower than the second quarter of 2019. The decrease compared with the third quarter of 2018 primarily reflected lower net revenues in Investing & Lending and Investment Banking, partially offset by higher net revenues in Institutional Client Services.

Net Revenues
\$8.32 billion

Investment Banking

Net revenues in Investment Banking were \$1.69 billion for the third quarter of 2019, 15% lower than the third quarter of 2018 and 9% lower than the second quarter of 2019.

Net revenues in Financial Advisory were \$716 million, 22% lower compared with a strong third quarter of 2018, reflecting a decrease in completed mergers and acquisitions transactions.

Net revenues in Underwriting were \$971 million, 9% lower than the third quarter of 2018, due to lower net revenues in equity underwriting, reflecting a significant decline in industry-wide initial public offerings, and in debt underwriting, reflecting a decrease in industry-wide leveraged finance transactions.

The firm's investment banking transaction backlog³ increased compared with the end of the second quarter of 2019.

Investment Banking	
\$1.69 billion	
Financial Advisory	\$716 million
Underwriting	\$971 million

Institutional Client Services

Net revenues in Institutional Client Services were \$3.29 billion for the third quarter of 2019, 6% higher than the third quarter of 2018 and 5% lower than the second quarter of 2019.

Net revenues in Fixed Income, Currency and Commodities (FICC) Client Execution were \$1.41 billion, 8% higher than the third quarter of 2018, reflecting higher net revenues in commodities, credit products, mortgages and interest rate products, partially offset by lower net revenues in currencies. During the quarter, FICC Client Execution operated in an environment generally characterized by solid client activity.

Net revenues in Equities were \$1.88 billion, 5% higher than the third quarter of 2018, primarily due to higher commissions and fees, reflecting increased client activity, and higher net revenues in securities services, reflecting improved spreads. Net revenues in equities client execution were unchanged, reflecting significantly higher net revenues in cash products, offset by significantly lower net revenues in derivatives. During the quarter, Equities operated in an environment generally characterized by lower client activity compared with the second quarter of 2019.

Institutional Client Services	
\$3.29 billion	
FICC	\$1.41 billion
Equities	\$1.88 billion

Investing & Lending

Net revenues in Investing & Lending were \$1.68 billion for the third quarter of 2019, 17% lower than the third quarter of 2018 and 34% lower than the second quarter of 2019.

Net revenues in equity securities were \$662 million, 40% lower than the third quarter of 2018, reflecting significantly lower net gains from investments in private equities as well as net losses from investments in public equities.

Net revenues in debt securities and loans were \$1.02 billion, 10% higher than the third quarter of 2018, driven by significantly higher net interest income. The third quarter of 2019 included net interest income of \$891 million.

Investing & Lending	
\$1.68 billion	
Equity Securities	\$662 million
Debt Securities and Loans	\$1.02 billion

Investment Management

Net revenues in Investment Management were \$1.67 billion for the third quarter of 2019, 2% lower than the third quarter of 2018 and 5% higher than the second quarter of 2019.

The decrease in net revenues compared with the third quarter of 2018 was due to significantly lower incentive fees. This decrease was partially offset by higher management and other fees (including the impact of the acquisition of United Capital Financial Partners, Inc. (United Capital)), reflecting higher average assets under supervision, partially offset by shifts in the mix of client assets and strategies.

During the quarter, total assets under supervision^{3,4} increased \$102 billion to \$1.76 trillion. Long-term assets under supervision increased \$85 billion, including net inflows of \$69 billion⁵, primarily in equity and fixed income assets, and net market appreciation of \$16 billion, primarily in fixed income assets. Liquidity products increased \$17 billion⁵.

Investment Management	
\$1.67 billion	
Management and Other Fees	\$1.46 billion
Incentive Fees	\$ 45 million
Transaction Revenues	\$166 million

Provision for Credit Losses

Provision for credit losses was \$291 million for the third quarter of 2019, 67% higher than the third quarter of 2018 and 36% higher than the second quarter of 2019. The increase compared with the third quarter of 2018 primarily reflected higher impairments.

Provision for Credit Losses
\$291 million

Operating Expenses

Operating expenses were \$5.62 billion for the third quarter of 2019, essentially unchanged compared with the third quarter of 2018 and 8% lower than the second quarter of 2019. The firm's efficiency ratio³ for the first nine months of 2019 was 66.2%, compared with 64.2% for the first nine months of 2018.

Operating expenses, compared with the third quarter of 2018, reflected higher expenses for consolidated investments (increase was primarily in depreciation and amortization, occupancy and other expenses) and higher brokerage, clearing, exchange and distribution fees, reflecting an increase in activity levels. In addition, the third quarter of 2019 included higher expenses related to technology and the firm's credit card activities (increases were primarily in depreciation and amortization, communications and technology, professional fees and other expenses) and also included expenses related to United Capital. These increases were offset by lower compensation and benefits expenses and lower net provisions for litigation and regulatory proceedings.

Net provisions for litigation and regulatory proceedings for the third quarter of 2019 were \$47 million compared with \$136 million for the third quarter of 2018.

Headcount increased 6% during the third quarter of 2019, primarily reflecting the timing of campus hires and the acquisition of United Capital.

Operating Expenses

\$5.62 billion

YTD Efficiency Ratio

66.2%

Provision for Taxes

The effective income tax rate for the first nine months of 2019 increased to 20.7% from 20.1% for the first half of 2019, primarily due to a decrease in the impact of permanent tax benefits in the first nine months of 2019 compared with the first half of 2019.

YTD Effective Tax Rate

20.7%

Other Matters

- On October 14, 2019, the Board of Directors of The Goldman Sachs Group, Inc. declared a dividend of \$1.25 per common share to be paid on December 30, 2019 to common shareholders of record on December 2, 2019.
- During the quarter, the firm returned \$1.14 billion of capital to common shareholders, including \$673 million of share repurchases (3.1 million shares at an average cost of \$217.66) and \$466 million of common stock dividends.³
- Global core liquid assets³ averaged \$238 billion⁴ for the third quarter of 2019, compared with an average of \$225 billion for the second quarter of 2019.

Declared Quarterly Dividend Per Common Share

\$1.25

Common Share Repurchases

**3.1 million shares
for \$673 million**

Average GCLA

\$238 billion

Goldman Sachs Reports
Third Quarter 2019 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 information about 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, 2018.

Information regarding the firm’s assets under supervision, capital ratios, risk-weighted assets, supplementary leverage ratio, 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 transactions may be modified or not completed at all and associated net revenues may not be realized or may be materially less than those currently expected. Important factors that could have such a result include, for underwriting transactions, a decline or weakness in general economic conditions, outbreak of hostilities, volatility in the securities markets or an adverse development with respect to the issuer of the securities and, for 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 information about 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, 2018.

Conference Call

A conference call to discuss the firm’s financial results, outlook and related matters will be held at 11:00 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
Third Quarter 2019 Earnings Results

The Goldman Sachs Group, Inc. and Subsidiaries

Segment Net Revenues (unaudited)⁶

\$ in millions

	THREE MONTHS ENDED			% CHANGE FROM	
	SEPTEMBER 30, 2019	JUNE 30, 2019	SEPTEMBER 30, 2018	JUNE 30, 2019	SEPTEMBER 30, 2018
INVESTMENT BANKING					
Financial Advisory	\$ 716	\$ 776	\$ 916	(8) %	(22) %
Equity underwriting	385	482	432	(20)	(11)
Debt underwriting	586	605	632	(3)	(7)
Total Underwriting	971	1,087	1,064	(11)	(9)
Total Investment Banking	1,687	1,863	1,980	(9)	(15)
INSTITUTIONAL CLIENT SERVICES					
FICC Client Execution	1,410	1,469	1,307	(4)	8
Equities client execution	681	772	681	(12)	–
Commissions and fees	728	777	674	(6)	8
Securities services	468	458	439	2	7
Total Equities	1,877	2,007	1,794	(6)	5
Total Institutional Client Services	3,287	3,476	3,101	(5)	6
INVESTING & LENDING					
Equity securities	662	1,541	1,111	(57)	(40)
Debt securities and loans	1,019	989	924	3	10
Total Investing & Lending	1,681	2,530	2,035	(34)	(17)
INVESTMENT MANAGEMENT					
Management and other fees	1,457	1,395	1,382	4	5
Incentive fees	45	44	148	2	(70)
Transaction revenues	166	153	174	8	(5)
Total Investment Management	1,668	1,592	1,704	5	(2)
Total net revenues	\$ 8,323	\$ 9,461	\$ 8,820	(12)	(6)

Geographic Net Revenues (unaudited)^{3,6}

\$ in millions

	THREE MONTHS ENDED		
	SEPTEMBER 30, 2019	JUNE 30, 2019	SEPTEMBER 30, 2018
Americas	\$ 4,941	\$ 5,652	\$ 5,351
EMEA	2,329	2,689	2,254
Asia	1,053	1,120	1,215
Total net revenues	\$ 8,323	\$ 9,461	\$ 8,820
Americas	59%	60%	61%
EMEA	28%	28%	25%
Asia	13%	12%	14%
Total	100%	100%	100%

Goldman Sachs Reports
Third Quarter 2019 Earnings Results

The Goldman Sachs Group, Inc. and Subsidiaries

Segment Net Revenues (unaudited)⁶

\$ in millions

	NINE MONTHS ENDED		% CHANGE FROM SEPTEMBER 30, 2018
	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018	
INVESTMENT BANKING			
Financial Advisory	\$ 2,379	\$ 2,306	3 %
Equity underwriting	1,138	1,331	(15)
Debt underwriting	1,843	2,181	(15)
Total Underwriting	2,981	3,512	(15)
Total Investment Banking	5,360	5,818	(8)
INSTITUTIONAL CLIENT SERVICES			
FICC Client Execution	4,718	5,060	(7)
Equities client execution	2,135	2,434	(12)
Commissions and fees	2,219	2,254	(2)
Securities services	1,296	1,308	(1)
Total Equities	5,650	5,996	(6)
Total Institutional Client Services	10,368	11,056	(6)
INVESTING & LENDING			
Equity securities	3,050	3,461	(12)
Debt securities and loans	2,998	2,883	4
Total Investing & Lending	6,048	6,344	(5)
INVESTMENT MANAGEMENT			
Management and other fees	4,184	4,073	3
Incentive fees	147	677	(78)
Transaction revenues	484	568	(15)
Total Investment Management	4,815	5,318	(9)
Total net revenues	\$ 26,591	\$ 28,536	(7)

Geographic Net Revenues (unaudited)^{3,6}

\$ in millions

	NINE MONTHS ENDED	
	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018
Americas	\$ 15,838	\$ 17,161
EMEA	7,477	7,478
Asia	3,276	3,897
Total net revenues	\$ 26,591	\$ 28,536
Americas	60%	60%
EMEA	28%	26%
Asia	12%	14%
Total	100%	100%

Goldman Sachs Reports
Third Quarter 2019 Earnings Results

The Goldman Sachs Group, Inc. and Subsidiaries

Consolidated Statements of Earnings (unaudited)⁶

In millions, except per share amounts and headcount

	THREE MONTHS ENDED			% CHANGE FROM	
	SEPTEMBER 30, 2019	JUNE 30, 2019	SEPTEMBER 30, 2018	JUNE 30, 2019	SEPTEMBER 30, 2018
REVENUES					
Investment banking	\$ 1,687	\$ 1,863	\$ 1,980	(9)%	(15)%
Investment management	1,556	1,480	1,580	5	(2)
Commissions and fees	758	807	704	(6)	8
Market making	2,384	2,423	2,281	(2)	5
Other principal transactions	930	1,817	1,419	(49)	(34)
Total non-interest revenues	7,315	8,390	7,964	(13)	(8)
Interest income	5,459	5,760	5,061	(5)	8
Interest expense	4,451	4,689	4,205	(5)	6
Net interest income	1,008	1,071	856	(6)	18
Total net revenues	8,323	9,461	8,820	(12)	(6)
Provision for credit losses	291	214	174	36	67
OPERATING EXPENSES					
Compensation and benefits	2,731	3,317	3,019	(18)	(10)
Brokerage, clearing, exchange and distribution fees	853	823	714	4	19
Market development	169	186	167	(9)	1
Communications and technology	283	290	250	(2)	13
Depreciation and amortization	473	399	317	19	49
Occupancy	252	234	203	8	24
Professional fees	350	302	310	16	13
Other expenses	505	569	588	(11)	(14)
Total operating expenses	5,616	6,120	5,568	(8)	1
Pre-tax earnings	2,416	3,127	3,078	(23)	(22)
Provision for taxes	539	706	554	(24)	(3)
Net earnings	1,877	2,421	2,524	(22)	(26)
Preferred stock dividends	84	223	71	(62)	18
Net earnings applicable to common shareholders	\$ 1,793	\$ 2,198	\$ 2,453	(18)	(27)
EARNINGS PER COMMON SHARE					
Basic ³	\$ 4.83	\$ 5.86	\$ 6.35	(18)%	(24)%
Diluted	\$ 4.79	\$ 5.81	\$ 6.28	(18)	(24)
AVERAGE COMMON SHARES					
Basic	370.0	374.5	385.4	(1)	(4)
Diluted	374.3	378.0	390.5	(1)	(4)
SELECTED DATA AT PERIOD-END					
Common shareholders' equity	\$ 80,809	\$ 79,689	\$ 75,559	1	7
Basic shares ³	369.3	372.2	382.9	(1)	(4)
Book value per common share	\$ 218.82	\$ 214.10	\$ 197.33	2	11
Headcount	37,800	35,600	36,300	6	4

Goldman Sachs Reports
Third Quarter 2019 Earnings Results

The Goldman Sachs Group, Inc. and Subsidiaries

Consolidated Statements of Earnings (unaudited)⁶

In millions, except per share amounts

	NINE MONTHS ENDED		% CHANGE FROM SEPTEMBER 30, 2018
	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018	
REVENUES			
Investment banking	\$ 5,360	\$ 5,818	(8) %
Investment management	4,469	4,947	(10)
Commissions and fees	2,308	2,361	(2)
Market making	7,346	8,031	(9)
Other principal transactions	3,811	4,603	(17)
Total non-interest revenues	23,294	25,760	(10)
Interest income	16,816	14,211	18
Interest expense	13,519	11,435	18
Net interest income	3,297	2,776	19
Total net revenues	26,591	28,536	(7)
Provision for credit losses	729	452	61
OPERATING EXPENSES			
Compensation and benefits	9,307	10,471	(11)
Brokerage, clearing, exchange and distribution fees	2,438	2,370	3
Market development	539	532	1
Communications and technology	859	761	13
Depreciation and amortization	1,240	951	30
Occupancy	711	594	20
Professional fees	950	897	6
Other expenses	1,556	1,735	(10)
Total operating expenses	17,600	18,311	(4)
Pre-tax earnings	8,262	9,773	(15)
Provision for taxes	1,713	1,852	(8)
Net earnings	6,549	7,921	(17)
Preferred stock dividends	376	383	(2)
Net earnings applicable to common shareholders	\$ 6,173	\$ 7,538	(18)
EARNINGS PER COMMON SHARE			
Basic ³	\$ 16.43	\$ 19.42	(15) %
Diluted	\$ 16.32	\$ 19.21	(15)
AVERAGE COMMON SHARES			
Basic	374.7	387.4	(3)
Diluted	378.2	392.3	(4)

Goldman Sachs Reports
Third Quarter 2019 Earnings Results

The Goldman Sachs Group, Inc. and Subsidiaries

Condensed Consolidated Statements of Financial Condition (unaudited)⁴

\$ in billions

	AS OF	
	SEPTEMBER 30, 2019	JUNE 30, 2019
ASSETS		
Cash and cash equivalents	\$ 94	\$ 91
Collateralized agreements	279	276
Receivables	169	168
Financial instruments owned	425	371
Other assets	40	39
Total assets	\$ 1,007	\$ 945
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits	\$ 183	\$ 166
Collateralized financings	140	103
Payables	188	185
Financial instruments sold, but not yet purchased	116	111
Unsecured short-term borrowings	52	50
Unsecured long-term borrowings	217	221
Other liabilities	19	18
Total liabilities	915	854
Shareholders' equity	92	91
Total liabilities and shareholders' equity	\$ 1,007	\$ 945

Capital Ratios and Supplementary Leverage Ratio (unaudited)^{3,4}

\$ in billions

	AS OF	
	SEPTEMBER 30, 2019	JUNE 30, 2019
Common equity tier 1 capital	\$ 75.7	\$ 75.6
STANDARDIZED CAPITAL RULES		
Risk-weighted assets	\$ 557	\$ 548
Common equity tier 1 capital ratio	13.6%	13.8%
BASEL III ADVANCED CAPITAL RULES		
Risk-weighted assets	\$ 566	\$ 559
Common equity tier 1 capital ratio	13.4%	13.5%
Supplementary leverage ratio	6.2%	6.4%

Average Daily VaR (unaudited)^{3,4}

\$ in millions

	THREE MONTHS ENDED	
	SEPTEMBER 30, 2019	JUNE 30, 2019
RISK CATEGORIES		
Interest rates	\$ 49	\$ 41
Equity prices	28	27
Currency rates	12	10
Commodity prices	12	12
Diversification effect	(43)	(38)
Total	\$ 58	\$ 52

Goldman Sachs Reports
Third Quarter 2019 Earnings Results

The Goldman Sachs Group, Inc. and Subsidiaries

Assets Under Supervision (unaudited)^{3,4}

\$ in billions

ASSET CLASS	AS OF		
	SEPTEMBER 30, 2019	JUNE 30, 2019	SEPTEMBER 30, 2018
Alternative investments	\$ 182	\$ 174	\$ 175
Equity	392	350	349
Fixed income	784	749	668
Total long-term AUS	1,358	1,273	1,192
Liquidity products	404	387	358
Total AUS	\$ 1,762	\$ 1,660	\$ 1,550

	THREE MONTHS ENDED		
	SEPTEMBER 30, 2019	JUNE 30, 2019	SEPTEMBER 30, 2018
Beginning balance	\$ 1,660	\$ 1,599	\$ 1,513
Net inflows / (outflows):			
Alternative investments	8	1	3
Equity	41	4	7
Fixed income	20	12	3
Total long-term AUS net inflows / (outflows)	69	17	13
Liquidity products	17	12	8
Total AUS net inflows / (outflows)	86 ⁵	29 ⁷	21
Net market appreciation / (depreciation)	16	32	16
Ending balance	\$ 1,762	\$ 1,660	\$ 1,550

Footnotes

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

The table below presents average equity and a reconciliation of average common shareholders' equity to average tangible common shareholders' equity:

<i>Unaudited, \$ in millions</i>	AVERAGE FOR THE	
	THREE MONTHS ENDED SEPTEMBER 30, 2019	NINE MONTHS ENDED SEPTEMBER 30, 2019
Total shareholders' equity	\$ 91,054	\$ 90,265
Preferred stock	(11,203)	(11,203)
Common shareholders' equity	79,851	79,062
Goodwill and identifiable intangible assets	(4,704)	(4,347)
Tangible common shareholders' equity	\$ 75,147	\$ 74,715

2. Dealogic – January 1, 2019 through September 30, 2019.
3. For information about the following items, see the referenced sections 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 June 30, 2019: (i) investment banking transaction backlog – see "Results of Operations – Investment Banking" (ii) assets under supervision – see "Results of Operations – Investment Management" (iii) efficiency ratio – see "Results of Operations – Operating Expenses" (iv) share repurchase program – see "Equity Capital Management and Regulatory Capital – Equity Capital Management" (v) global core liquid assets – see "Risk Management – Liquidity Risk Management" (vi) basic shares – see "Balance Sheet and Funding Sources – Balance Sheet Analysis and Metrics" and (vii) VaR – see "Risk Management – Market Risk Management."
- For information about the following items, see the referenced sections in Part I, Item 1 "Financial Statements (Unaudited)" in the firm's Quarterly Report on Form 10-Q for the period ended June 30, 2019: (i) risk-based capital ratios and supplementary leverage ratio – see Note 20 "Regulation and Capital Adequacy" (ii) geographic net revenues – see Note 25 "Business Segments" and (iii) unvested share-based awards that have non-forfeitable rights to dividends or dividend equivalents in calculating basic EPS – see Note 21 "Earnings Per Common Share."
4. Represents a preliminary estimate for the third quarter of 2019 and may be revised in the firm's Quarterly Report on Form 10-Q for the period ended September 30, 2019.
5. Includes \$58 billion of inflows in assets under supervision (substantially all in equity and fixed income assets) in connection with the acquisitions of Standard & Poor's Investment Advisory Services and United Capital Financial Partners, Inc.
6. The following reclassifications have been made to previously reported amounts for the third quarter and first nine months of 2018 to conform to the current presentation: (i) 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 and (ii) 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 these consultants and temporary staff, previously reported in compensation and benefits, are now reported in professional fees.
7. Includes \$13 billion of inflows in assets under supervision (substantially all in equity and fixed income assets) in connection with the acquisition of Rocaton Investment Advisors.

Third Quarter 2019 Earnings Results Presentation

October 15, 2019

Results Snapshot

Net Revenues

3Q \$8.32 billion
3Q YTD \$26.59 billion

Net Earnings

3Q \$1.88 billion
3Q YTD \$6.55 billion

EPS

3Q \$4.79
3Q YTD \$16.32

Annualized ROE¹

3Q 9.0%
3Q YTD 10.4%

Annualized ROTe¹

3Q 9.5%
3Q YTD 11.0%

3Q19 Book Value

BVPS \$218.82
TBVPS¹ \$205.59

Highlights

#1 in Announced and Completed M&A²

Record quarterly management and other fees

#1 in Equity and equity-related offerings²

Record AUS^{3,4}

Record NII in Debt I&L

Successful launch of Apple Card

Macro Perspectives

Constructive Fundamentals

Continued positive global growth		
2020 GS Research Estimated GDP Growth:	U.S. +2.1%	Global +3.5%
Supportive sentiment and fundamentals		
Strong Consumer Sentiment	Low Global Inflation	Low U.S. Unemployment

Macro Factors

- U.S. – China Trade Concerns
- Brexit Deadline
- Idiosyncratic Events (Argentina & Oil Shock)
- Accommodative Central Banks

Mixed Backdrop in 3Q19

<p>Increased Volatility</p> <p>Average VIX +43% in August vs. July</p>	<p>Inverted Yield Curve</p> <p>First inversion of U.S. 2-yr vs. 10-yr yield curve since 2007</p>	<p>Continued U.S. Central Bank Support</p> <p>Two 25bp interest rate cuts in the quarter</p>	<p>Market Recovery</p> <p>S&P 500 and MSCI World recovered in September from August declines</p>
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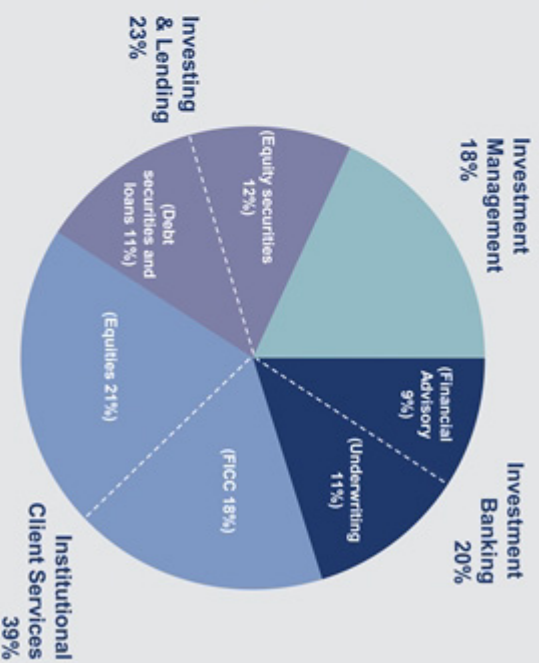
Financial Overview



Financial Results

	\$ in millions, except per share amounts		vs.		3Q19 YTD	3Q18 YTD
	3Q19	2Q19	3Q18	vs. 3Q18		
Investment Banking	\$ 1,687	-9%	-15%	-8%	\$ 5,360	-8%
Institutional Client Services	3,287	-5%	6%	-6%	10,368	-6%
Investing & Lending	1,681	-34%	-17%	-5%	6,048	-5%
Investment Management	1,668	5%	-2%	-9%	4,815	-9%
Net revenues	\$ 8,323	-12%	-6%	-7%	\$ 26,591	-7%
Provision for credit losses	291	36%	67%	61%	729	61%
Operating expenses	5,616	-8%	1%	-4%	17,600	-4%
Pre-tax earnings	2,416	-23%	-22%	-15%	8,262	-15%
Provision for taxes	539	-24%	-3%	-8%	1,713	-8%
Net earnings	1,877	-22%	-26%	-17%	6,549	-17%
Net earnings to common	\$ 1,793	-18%	-27%	-18%	\$ 6,173	-18%
Diluted EPS	\$ 4.79	-18%	-24%	-15%	\$ 16.32	-15%
ROE¹	9.0%	-2.1pp	-4.1pp	-3.3pp	10.4%	-3.3pp
ROTE¹	9.5%	-2.2pp	-4.3pp	-3.6pp	11.0%	-3.6pp

3Q19 YTD Net Revenue Mix by Segment

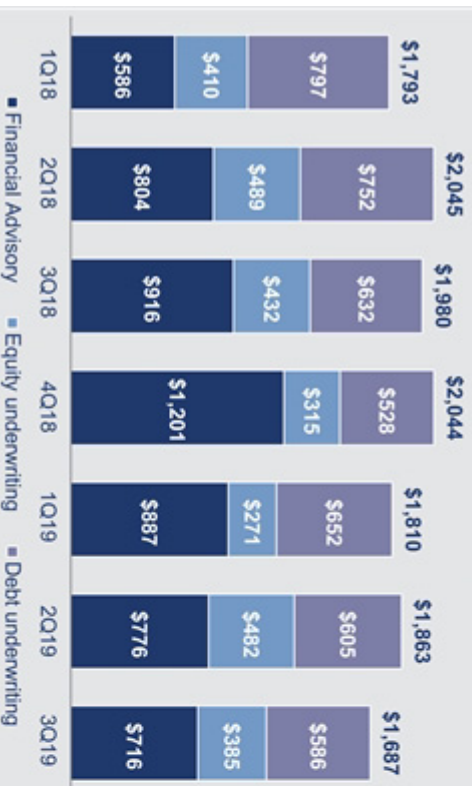


Investment Banking

Financial Results

	\$ in millions		vs.		vs.	
	3Q19	2Q19	3Q18	3Q18	3Q19 YTD	3Q18 YTD
Financial Advisory	\$ 716	-8%	-22%	\$ 2,379	3%	
Equity underwriting	385	-20%	-11%	1,138	-15%	
Debt underwriting	586	-3%	-7%	1,843	-15%	
Total Underwriting	971	-11%	-9%	2,981	-15%	
Investment Banking	\$ 1,687	-9%	-15%	\$ 5,360	-8%	

Investment Banking Net Revenues (\$ in millions)



Key Investment Banking Highlights

- Financial Advisory 3Q19 net revenues significantly lower YoY, reflecting a decrease in completed M&A transactions
- Underwriting 3Q19 net revenues lower YoY due to a significant decline in industry-wide IPOs and a decrease in industry-wide leveraged finance transactions; lower QoQ on lower equity underwriting, primarily from IPOs
- Overall backlog³ increased QoQ, reflecting higher advisory and debt underwriting backlog

Year-to-date Worldwide League Table Rankings²

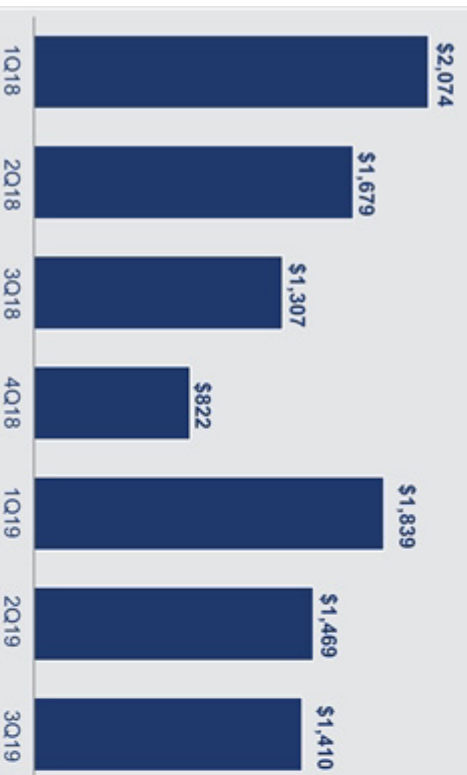
- #1 Announced M&A
- #1 Completed M&A
- #1 Equity & equity-related
- #1 Common stock offerings
- #1 Initial public offerings
- #2 High-yield debt

Institutional Client Services – FICC

Financial Results

	\$ in millions		vs.		vs.	
	3Q19	2Q19	3Q18	3Q19 YTD	3Q18 YTD	
FICC	\$ 1,410	-4%	8%	\$ 4,718	-7%	
Equities	1,877	-6%	5%	5,650	-6%	
ICS	\$ 3,287	-5%	6%	\$ 10,368	-6%	

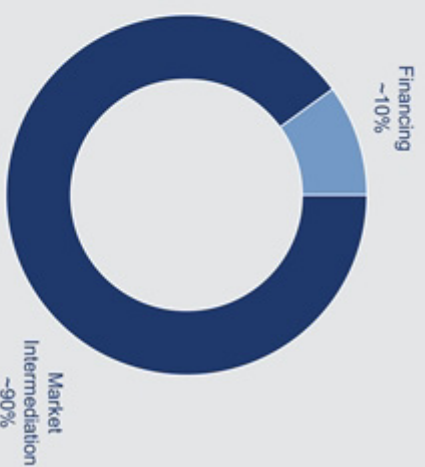
FICC Net Revenues (\$ in millions)



Key FICC Highlights

- 3Q19 net revenues increased YoY, reflecting higher net revenues in commodities, credit products, mortgages and interest rate products, partially offset by lower net revenues in currencies
 - Our businesses broadly improved, reflecting the strength of our client-centric model and diversification of our global business
- 3Q19 net revenues were slightly lower QoQ, but reflected solid client activity during the quarter
- Continue to invest to serve our clients electronically, automate workflows and improve straight-through processing

3Q19 YTD FICC Net Revenue Mix³



Institutional Client Services – Equities

Financial Results

	\$ in millions		vs.		vs.	
	3Q19	2Q19	3Q18	3Q19 YTD	3Q18 YTD	
FICC	\$ 1,410	-4%	8%	\$ 4,718	-7%	
Equities client execution	681	-12%	-%	2,135	-12%	
Commissions and fees	728	-6%	8%	2,219	-2%	
Securities services	468	2%	7%	1,296	-1%	
Equities	1,877	-6%	5%	5,650	-6%	
ICS	\$ 3,287	-5%	6%	\$ 10,368	-6%	

Equities Net Revenues (\$ in millions)



Key Equities Highlights

- 3Q19 net revenues were higher YoY:
 - Commissions and fees were higher, reflecting increased client activity
 - Net revenues in securities services were higher, reflecting improved spreads
 - Net revenues in equities client execution were unchanged, reflecting significantly higher net revenues in cash products, offset by significantly lower net revenues in derivatives
- 3Q19 net revenues decreased QoQ, reflecting significantly lower net revenues in derivatives within equities client execution

3Q19 YTD Equities Net Revenue Mix³

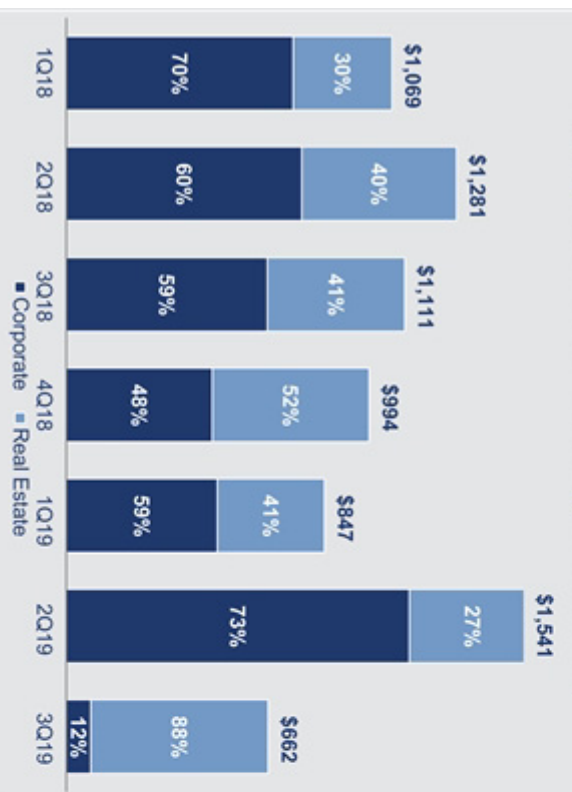


Investing & Lending – Equity Securities

Financial Results

	\$ in millions		vs.		3Q19 YTD	3Q18 YTD	vs.
	3Q19	2Q19	3Q18	2Q18			
Equity securities	\$ 662	-57%	-40%		\$ 3,050		-12%
Debt securities and loans	1,019	3%	10%		2,998		4%
Investing & Lending	\$ 1,681	-34%	-17%		\$ 6,048		-5%

Equity I&L Net Revenues (\$ in millions)



Key Equity I&L Highlights

- 3Q19 net revenues were significantly lower QoQ and YoY, reflecting significantly lower net gains from investments in private equities as well as net losses from investments in public equities
 - 3Q19 net losses of \$267 million from investments in public equities, primarily from investments in Uber, Avantor and Tradeweb
- Our global equity portfolio has a total carrying value of \$22 billion
- In addition, our consolidated investment entities⁶ have a carrying value of \$16 billion, funded with liabilities of approximately \$9 billion, substantially all of which were nonrecourse

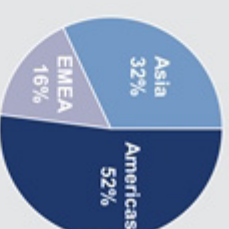
Equity I&L Asset Mix^{4,6}

	\$ in billions	3Q19		\$ in billions	3Q19
Corporate	\$	18	Public equity	\$	2
Real estate		4	Private equity		20
Total	\$	22	Total	\$	22

Vintage



Geographic



Investing & Lending – Debt Securities and Loans

Financial Results

	\$ in millions		vs.		3Q19 YTD	3Q18 YTD
	3Q19	2Q19	3Q19	3Q18		
Equity securities	\$ 662	-57%	-40%	\$ 3,050	-12%	
Debt securities and loans	1,019	3%	10%	2,998	4%	
Investing & Lending	\$ 1,681	-34%	-17%	\$ 6,048	-5%	

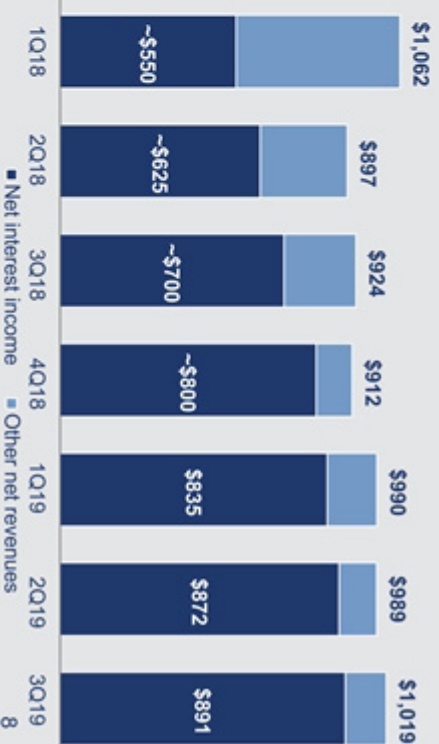
Debt I&L Asset Mix^{4,6}

	\$ in billions		2019
	3Q19	2Q19	
Corporate loans	\$ 41	\$ 43	
PMM loans	18	17	
Real estate loans	18	17	
Consumer loans	6	5	
Other loans	4	3	
Allowance for loan losses	(1)	(1)	
Loans receivable	86	84	
Loans, at fair value	14	14	
Total loans	100	98	
Debt securities	14	13	
Other	6	9	
Total	\$ 120	\$ 120	

Key Debt I&L Highlights

- Record net interest income in 3Q19 of \$891 million (~\$3.6 billion annual pace)
- As of 3Q19, ~84% of total loans were secured
- Annualized net charge-off rate of 0.5% for 3Q19

Debt I&L Net Revenues (\$ in millions)



Investment Management

Financial Results

	\$ in millions		vs.		3Q19 YTD		vs.	
	3Q19	2Q19	3Q18	YTD	3Q18 YTD			
Management and other fees	\$ 1,457	4%	5%	\$ 4,184	3%			
Incentive fees	45	2%	-70%	147	-78%			
Transaction revenues	166	8%	-5%	484	-15%			
Investment Management	\$ 1,668	5%	-2%	\$ 4,815	-9%			

Assets Under Supervision^{3,4}

	\$ in billions		vs.		vs.	
	3Q19	2Q19	3Q18	2Q19	3Q18	
Long-term AUS	\$ 1,358	\$ 1,273	\$ 1,192	7%	14%	
Liquidity products	404	387	358	4%	13%	
Total AUS	\$ 1,762	\$ 1,660	\$ 1,550	6%	14%	

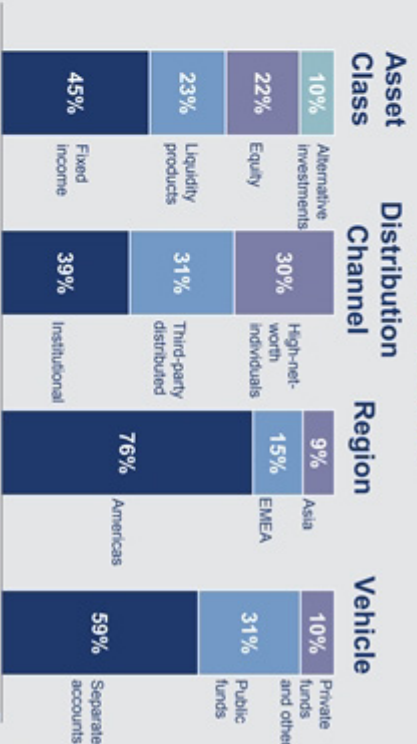
Long-Term AUS Net Flows^{3,4,7,8} (\$ in billions)



Key Investment Management Highlights

- 3Q19 net revenues increased QoQ, driven by management and other fees, primarily reflecting the impact of the acquisition of United Capital; decreased slightly YoY on significantly lower incentive fees
- AUS^{3,4} increased \$102 billion in 3Q19 to a record \$1.76 trillion
 - Net inflows of \$86 billion
 - Includes \$58 billion⁷ from acquisitions of S&P's Investment Advisory Services and United Capital
 - Organic liquidity products net inflows of \$16 billion
 - Organic long-term AUS net inflows of \$12 billion, primarily in alternative investment and fixed income assets
 - Net market appreciation of \$16 billion
- Over the past five years, total cumulative organic long-term AUS net inflows of ~\$195 billion

3Q19 AUS Mix^{3,4}



Expenses

Financial Results

	\$ in millions		vs.		vs.	
	3Q19	2Q19	3Q18	3Q19 YTD	3Q18 YTD	
Compensation and benefits	\$ 2,731	-18%	-10%	\$ 9,307	-11%	
Brokerage, clearing, exchange and distribution fees	853	4%	19%	2,438	3%	
Market development	169	-9%	1%	539	1%	
Communications and technology	283	-2%	13%	859	13%	
Depreciation and amortization	473	19%	49%	1,240	30%	
Occupancy	252	8%	24%	711	20%	
Professional fees	350	16%	13%	950	6%	
Other expenses	505	-11%	-14%	1,556	-10%	
Operating expenses	\$ 5,616	-8%	1%	\$ 17,600	-4%	
Provision for taxes	\$ 539	-24%	-3%	\$ 1,713	-8%	
<i>Efficiency Ratio³</i>	67.5%	2.8pp	4.4pp	66.2%	2.0pp	

Key Expense Highlights

- 3Q19YTD total operating expenses decreased YoY, reflecting:
 - Lower compensation and benefits expenses
 - Partially offset by higher non-compensation expenses, which included:
 - Higher expenses related to consolidated investments and technology (primarily reflected in depreciation and amortization, occupancy, communications and technology, and other expenses)
 - Higher expenses related to the firm's credit card activities (primarily reflected in professional fees and other expenses)
 - Partially offset by lower net provisions for litigation and regulatory proceedings
- YTD efficiency ratio³ higher YoY, reflecting lower net revenues, partially offset by a decrease in operating expenses
- 3Q19YTD effective income tax rate of 20.7%, up from 20.1% for 2Q19YTD, primarily due to a decrease in the impact of permanent tax benefits in the first nine months of 2019 compared with the first half of 2019
 - 2019 effective tax rate expected to be ~22%

Capital

Financial Metrics^{3,4}

	\$ in billions	
	3Q19	2Q19
Common equity tier 1 (CET1) capital	\$ 75.7	\$ 75.6
Standardized RWAs	\$ 557	\$ 548
Standardized CET1 capital ratio	13.6%	13.8%
Basel III Advanced RWAs	\$ 566	\$ 559
Basel III Advanced CET1 capital ratio	13.4%	13.5%
Supplementary leverage ratio	6.2%	6.4%

In millions, except per share amounts

	3Q19	2Q19
Basic shares ³	369.3	372.2
Book value per common share	\$ 218.82	\$ 214.10
Tangible book value per common share ¹	\$ 205.59	\$ 203.05

Key Capital Highlights

- CET1 capital ratios decreased QoQ
 - Increase in Standardized RWAs reflects higher credit RWAs
 - Increase in Basel III Advanced RWAs reflects higher credit RWAs, partially offset by lower operational RWAs
- Returned \$1.14 billion of capital during the quarter
 - Repurchased 3.1 million shares of common stock, for a total cost of \$673 million
 - Paid \$466 million in common stock dividends, reflecting a dividend of \$1.25 per common share
- Record low basic shares³ of 369.3 million
- Book value per common share increased ~11% YoY to \$218.82

Balance Sheet & Liquidity

Balance Sheet Allocation^{4,6}

	\$ in billions	
	3Q19	2Q19
GCLA, segregated assets and other	\$ 298	\$ 293
Secured client financing	134	132
Institutional Client Services	398	344
Investing & Lending	142	142
Other assets	35	34
Total assets	\$ 1,007	\$ 945

Balance Sheet Assets⁴

	\$ in billions	
	3Q19	2Q19
Cash and cash equivalents	\$ 94	\$ 91
Collateralized agreements	279	276
Receivables	169	168
Financial instruments owned	425	371
Other assets	40	39
Total assets	\$ 1,007	\$ 945

Key Balance Sheet & Liquidity Highlights

- The firm's balance sheet increased by \$62 billion QoQ, reflecting client demand, notably in Repo and Equities
- Maintained highly liquid balance sheet and robust liquidity metrics
 - GCLA³ averaged \$238 billion⁴ for 3Q19
- Deposits increased more than \$30 billion YoY to \$183 billion, with consumer deposits of \$55 billion now representing the firm's largest source of deposit funding
- Continue to expect benchmark maturities to significantly outpace benchmark issuance in 2019

Sources of Funding⁴ (\$ in billions)



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 statements. For information about some of the risks and important factors that could affect the firm's future results and financial condition and the forward-looking statements below, see "Risk Factors" in Part I, Item 1A of the firm's Annual Report on Form 10-K for the year ended December 31, 2018.

Information regarding the firm's assets under supervision, capital ratios, risk-weighted assets, supplementary leverage ratio, balance sheet data and global core liquid assets (GCLA) 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 regarding (i) the firm's planned 2019 benchmark issuances, (ii) the firm's expected 2019 effective income tax rate, (iii) estimated GDP growth, (iv) the timing and profitability of business initiatives, (v) the level of future compensation expense as a percentage of operating expenses, and (vi) the firm's investment banking transaction backlog are forward-looking statements. Statements regarding the firm's planned 2019 benchmark issuances are subject to the risk that actual issuances may differ, possibly materially, due to changes in market conditions, business opportunities or the firm's funding needs. Statements about the firm's expected 2019 effective income tax rate are subject to the risk that the firm's 2019 effective income tax rate may differ from the anticipated rate indicated, possibly materially, due to, among other things, changes in the firm's earnings mix or profitability, the entities in which the firm generates profits and the assumptions made in forecasting the firm's expected tax rate and potential future guidance from the U.S. IRS. Statements regarding estimated GDP growth are subject to the risk that actual GDP growth may differ, possibly materially, due to, among other things, changes in general economic conditions. Statements about the timing and benefits of business initiatives are based on the firm's current expectations regarding our ability to implement these initiatives and may change, possibly materially, from what is currently expected. Statements about the level of compensation expense, including as a percentage of operating expenses, as the firm's platform business initiatives reach scale are subject to the risks that the compensation costs to operate the firm's businesses, including platform initiatives, may be greater than currently expected. Statements about the firm's investment banking transaction backlog are subject to the risk that transactions may be modified or not completed at all and associated net revenues may not be realized or may be materially less than those currently expected. Important factors that could have such a result include, for underwriting transactions, a decline or weakness in general economic conditions, outbreak of hostilities, volatility in the securities markets or an adverse development with respect to the issuer of the securities and, for 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.

Footnotes

- Annualized return on average common shareholders' equity (ROE) is calculated by dividing annualized net earnings 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. Annualized return on average tangible common shareholders' equity (ROTE) is calculated by dividing annualized net earnings 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. 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 ROTE is meaningful because it measures the performance of businesses consistently, whether they were acquired or developed internally. Tangible common shareholders' equity, ROTE and TBVPS are non-GAAP measures and may not be comparable to similar non-GAAP measures used by other companies.

The table below presents average and ending equity, and a reconciliation of average and ending common shareholders' equity to average and ending tangible common shareholders' equity.

	AVERAGE FOR THE				AS OF	
	THREE MONTHS ENDED SEPTEMBER 30, 2019	NINE MONTHS ENDED SEPTEMBER 30, 2019	SEPTEMBER 30, 2019	SEPTEMBER 30, 2019	JUNE 30, 2019	
Unaudited, \$ in millions						
Total shareholders' equity	\$ 91,054	\$ 90,285	\$ 92,012	\$ 90,892		
Preferred stock	(11,203)	(11,203)	(11,203)	(11,203)		
Common shareholders' equity	79,851	79,082	80,809	79,689		
Goodwill and identifiable intangible assets	(4,704)	(4,347)	(4,886)	(4,114)		
Tangible common shareholders' equity	\$ 75,147	\$ 74,735	\$ 75,923	\$ 75,575		

- Dealogue – January 1, 2019 through September 30, 2019.
- For information about the following items, see the referenced sections in Part 1, 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 June 30, 2019: (i) Investment banking transaction backlog – see "Results of Operations – Investment Banking" (ii) Financing net revenues in FICC and Equities – see "Results of Operations – Institutional Client Services" (iii) assets under supervision – see "Results of Operations – Investment Management" (iv) efficiency ratio – see "Results of Operations – Operating Expenses" (v) basic shares – see "Balance Sheet and Funding Sources – Balance Sheet Analysis and Metrics" (vi) share repurchase program – see "Equity Capital Management and Regulatory Capital – Equity Capital Management" and (vii) global core liquid assets – see "Risk Management – Liquidity Risk Management."
- For information about risk-based capital ratios and supplementary leverage ratio, see Note 20 "Regulation and Capital Adequacy" in Part 1, Item 1 "Financial Statements" in the firm's Quarterly Report on Form 10-Q for the period ended June 30, 2019.
- Represents a preliminary estimate for the third quarter of 2019 and may be revised in the firm's Quarterly Report on Form 10-Q for the period ended September 30, 2019.
- Includes consolidated investment entities reported in "Other assets" in the consolidated statements of financial condition, substantially all of which related to entities engaged in real estate investment activities. These assets are generally accounted for at historical cost less depreciation.

Footnotes

6. 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 further 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 June 30, 2019.

The table 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, segregated assets and other	Secured client financing	Institutional Client Services	Investing & Lending	Other assets	Total
As of September 30, 2019						
Cash and cash equivalents	\$ 94	\$ –	\$ –	\$ –	\$ –	\$ 94
Collateralized agreements	113	103	63	–	–	279
Receivables	–	31	46	92	–	169
Financial instruments owned	86	–	289	50	–	425
Other assets	5	–	–	–	–	40
Total assets	\$ 298	\$ 134	\$ 398	\$ 142	\$ 35	\$ 1,007
As of June 30, 2019						
Cash and cash equivalents	\$ 91	\$ –	\$ –	\$ –	\$ –	\$ 91
Collateralized agreements	120	96	60	–	–	276
Receivables	–	36	39	93	–	168
Financial instruments owned	77	–	245	49	–	371
Other assets	5	–	–	–	–	34
Total assets	\$ 293	\$ 132	\$ 344	\$ 142	\$ 34	\$ 945

7. 3Q19 includes \$58 billion of inflows in assets under supervision (substantially all in equity and fixed income assets) in connection with the acquisitions of Standard & Poor's Investment Advisory Services and United Capital Financial Partners, Inc.
8. 2Q19 includes \$13 billion of inflows in assets under supervision (substantially all in equity and fixed income assets) in connection with the acquisition of Rocaion Investment Advisors.