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

R. Martin Chavez
Chief Financial Officer

November 14, 2017
Cautionary Note on Forward-Looking Statements

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, 2016. You should also read the forward-looking disclaimers in our Form 10-Q for the period ended September 30, 2017, particularly as it relates to 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. 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.

The statements in the presentation are current only as of its date, November 14, 2017.
Current State of our Franchise
2017YTD in Review

Net Revenues

2016YTD: $22.4bn
2017YTD: $24.2bn
+$1.8bn

Pre-Tax Margin

2016YTD: 30.8%
2017YTD: 33.1%
+330bps

Diluted EPS

2016YTD: $11.24
2017YTD: $14.11
+26%

Strong performance shows resilience of the business and operating leverage of the franchise

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1 YTD through September 30
2 2017YTD included a $496mm reduction to provision for taxes as a result of the Firm's adoption of the share-based accounting standard, resulting in an increase to diluted EPS of $1.20 and to annualized ROE of 0.9%
3 Book value per share (BVPS)
Diversified mix of businesses with majority of net revenues from fee-based or more recurring sources

Current State of the Franchise
2017YTD Net Revenue Mix

- Investment Management: 19%
- Investment Banking: 21%
- FICC Client Execution: 18%
- Equities: 22%
- Investing & Lending: 20%
- I&L: Debt excl. NII: 1%
- I&L: Equity Securities: 14%
- EQ: Securities Services: 5%
- EQ: Commissions & Fees: 9%
- I&L: Debt NII: 5%
- Investment Management: 19%
- Investment Banking: 21%
- FICC Client Execution: 18%

~60% from fee-based or more recurring revenues

1 YTD through September 30
2 Net Interest Income
Cost and Capital Management
Driving Shareholder Value

Key Drivers of Long-Term Shareholder Value

Strong Return on Equity + Book Value per Share Growth

Optimize Drivers of Shareholder Value

Allocate Capital
- Dynamically shift allocations to maximize returns
- Maintain strong capital position to protect long-term franchise
- Return excess to shareholders
- Invest for future growth

Operate Efficiently
- Defend returns in challenged revenue environments
- Deliver operating leverage in stronger revenue environments
- Attract and retain top talent
- Invest for future growth
Dynamic Capital Allocation

Maintaining leadership in core competencies while reallocation capital to capture expanding opportunity set

Adapt Market Making Franchise

3Q17 vs. 2Q13

- FICC Market/Credit RWAs: ~50% decrease
- ICS Balance Sheet: ~15% decrease

Meet Client Demand

Optimize vs. Capital Constraints

Maximize Benefit of Deposit Funding

Increase Allocation to Lending

3Q17 vs. 4Q13

- Corporate Loans: +$17bn
- Loans backed by Real Estate: +$12bn
- Loans to PWM: +$11bn

Strengthening Capital Ratios

9.2% 4Q13

13.0% 3Q17

1 In addition to our U.S. GAAP balance sheet, we prepare a balance sheet that generally allocates assets to our businesses, including ICS, which is a non-GAAP presentation. See our Form 10-Q for the period ended September 30, 2017 for more information about this non-GAAP presentation. RWAs calculated on a fully phased-in basis under the Basel III advanced approach based on the Federal Reserve Board’s final rule.

2 Common Equity Tier 1 ratio calculated from 2Q13 to 3Q17 on a fully phased-in basis under the standardized approach based on the Federal Reserve Board’s final rule.
Disciplined Capital Return

Payout Ratios

Average P/B of buybacks: 1.0x

<table>
<thead>
<tr>
<th>Year</th>
<th>GS Avg</th>
<th>U.S. Peer Avg</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>76%</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>93%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>81%</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>96%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>102%</td>
<td></td>
</tr>
<tr>
<td>2017YTD</td>
<td>103%</td>
<td></td>
</tr>
</tbody>
</table>

~$38bn Total capital return from 2012-3Q17¹ (buybacks + dividends)

393.7mm Shares at 3Q17 lowest ever²

Benefits of Share Repurchases to Key 2017YTD Metrics¹,³

<table>
<thead>
<tr>
<th>Metric</th>
<th>2012-2017 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book Value per Share</td>
<td>+$11.78</td>
</tr>
<tr>
<td>Earnings per Share</td>
<td>+44%</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>+270bps</td>
</tr>
</tbody>
</table>

¹ Capital return amount includes FY2012 through 3Q17. ² GS basic shares includes common shares outstanding and restricted stock units granted to employees with no future service requirements. ³ Adjusts reported common shareholders’ equity, average common shareholders’ equity, and basic and diluted shares to exclude the impact of share buybacks from FY2012 to 3Q17. Common shareholders’ equity and average common shareholders’ equity include dividends that could have been paid on these additional shares. Assumes no change to reported net earnings applicable to common shareholders.
Disciplined Expense Control
Track Record Positions for Operating Leverage

Change in Headcount: 3Q17 vs. 2011YE

- Warsaw: ~500
- Irving/Dallas: ~400
- Salt Lake City: ~1,400
- Bengaluru: ~1,900
- New York, New Jersey, London, Tokyo, and Hong Kong: Headcount down ~800 since 2011YE

Committed to Delivering Operating Leverage

- ~30% of global headcount in strategic locations
- ~$2.8bn in announced and completed initiatives¹
- 2 of 4 largest offices are strategic locations
- 920bps reduction in average annual compensation ratio² 2009-2016 vs. 2000-2007

¹ Comprised of $1.9bn run-rate savings completed in 2011-2012 and $0.9bn run-rate savings completed in 2016
² Ratio of firmwide compensation and benefits expense to net revenues
Executing on Strategic Priorities
Adapting Franchise to Drive Shareholder Value

Delivering on a variety of strategic initiatives from a position of strength

Debt Underwriting League Table Rank

- 2012: #7
- 2017YTD: #4
- +32% Revenues 3Q17TTM vs. 2012

Assets Under Supervision (3Q17 vs. 4Q12)

- ~$500 billion
- ~50% increase
- $1.46 trillion

Debt I&L Net Interest Income

- 2012: ~$600mm
- 3Q17TTM: ~$1.5bn
- 2.5x increase

Asset Manager Sales Credits (2016 vs. 2012)

- +32%
- GS
- -12% Industry

1 Source: Oliver Wyman
Opportunities for growth

Estimated Year 3 Net Revenue Opportunity

- **FICC opportunity**: $1.0bn+
- **Firmwide lending and financing efforts**¹:
  - Marcus loan and deposit platform $1.0bn+
  - PWM lending and GS Select $500mm+
  - Institutional lending and financing $500mm+
  - Total: $2.0bn+
- **Investment Banking coverage strategy**: $0.5bn+
- **Investment Management**: $1.0bn+
- **Equities clients coverage strategy**: $0.5bn+

**Total firmwide net revenue growth opportunity**: $5.0bn+

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Note: This presentation is intended only to reflect potential growth opportunities that the Firm believes may permit its businesses to generate additional incremental revenues. It does not provide earnings guidance or predict/forecast future activity levels, market share, revenues, pre-tax earnings or ROE.

¹ Included in our I&L segment
Forward Growth Strategy
Framework for Assessing Whitespace Opportunities

1. Addressing client needs
   - Better value and service
   - Superior product
   - Technology trends
   - Significant demand
   - Large addressable market

2. Leveraging GS competitive advantages
   - Risk management
   - Advice/structuring
   - Technology
   - Scale of delivery
   - Balance sheet capacity

3. Accretive to shareholders
   - Strong risk-adjusted returns through the cycle
   - High confidence in execution

What Makes Us Well-Positioned

- Ability to attract and retain talent
- Client-focused
- Adaptability
- Risk management culture

Identifying actionable opportunities to benefit clients and drive accretive returns
### Evaluating Growth Initiatives

**Key Opportunities**

<table>
<thead>
<tr>
<th>Clear Client Need</th>
<th>Competitive Advantage</th>
<th>Accretive to Shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Marcus Consumer Lending</strong></td>
<td><strong>$200-250bn</strong>&lt;br&gt;Unsecured consumer loans to borrowers in target credit profile&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Technology&lt;br&gt;Risk Management&lt;br&gt;No physical branches&lt;br&gt;No cannibalization&lt;br&gt;Leverage bal. sheet / deposits</td>
</tr>
<tr>
<td><strong>Marcus Deposit Platform</strong></td>
<td><strong>~$2.5tn</strong>&lt;br&gt;Retail savings, money market, and time deposits&lt;sup&gt;2&lt;/sup&gt;</td>
<td>Technology&lt;br&gt;No physical branches&lt;br&gt;No cannibalization</td>
</tr>
<tr>
<td><strong>GS Select</strong></td>
<td><strong>$2-3tn</strong>&lt;br&gt;Estimated eligible collateral at RIAs and independent brokers&lt;sup&gt;3&lt;/sup&gt;</td>
<td>Technology&lt;br&gt;No channel conflict&lt;br&gt;Leverage bal. sheet / deposits</td>
</tr>
<tr>
<td><strong>Equities Clients Coverage Strategy</strong></td>
<td><strong>~$1tn</strong>&lt;br&gt;AUM at quant funds&lt;sup&gt;4&lt;/sup&gt;</td>
<td>Deep markets and operational risk management expertise</td>
</tr>
</tbody>
</table>

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<sup>1</sup> Consumer lending addressable market per TransUnion and GS estimates.
<sup>2</sup> Deposit addressable market per FDIC, company filings and GS estimates.
<sup>3</sup> Registered Investment Advisor and Independent Broker eligible AUS collateral per Company filings and GS estimates.
<sup>4</sup> Quantitative strategies AUM per Hedge Fund Research
Marluc Lending
Addressing a Clear Consumer Need

Attractive opportunity in a large market where modest share can yield meaningful business

<table>
<thead>
<tr>
<th>Total Credit Card and Unsecured Consumer Loans</th>
<th>Interest-Earning Balances</th>
<th>Potential Addressable Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>$950bn</td>
<td>$570bn</td>
<td>$200-250bn</td>
</tr>
</tbody>
</table>

- Card Transactor/Promotional Balances ~40%
- Interest-Earning Balances ~60%
- Within Target Credit Profile ~40%
- Outside Target Credit Profile ~60%

Potential Market Share: Total Consumer Lending ~1%
Potential Market Share: Addressable Market ~6%

GS 3-Year Consumer Lending Opportunity: $13bn

Source: TransUnion Industry Insights Report: Quarterly Overview of Consumer Credit Trends, Second Quarter 2017

1 Reflects ~$1bn of loans originated as of June 30, 2017 plus estimated 3-year consumer loan growth opportunity
### Marcus Lending
**Addressing a Clear Consumer Need**

<table>
<thead>
<tr>
<th>Key Pillars</th>
<th>Features</th>
<th>Banks</th>
<th>Fin Tech Lenders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value</strong></td>
<td>- Lower interest rate than credit cards</td>
<td>☑</td>
<td>✗</td>
</tr>
<tr>
<td></td>
<td>- No origination fees</td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td></td>
<td>- Payment flexibility for on-time payers</td>
<td>☑</td>
<td>✗</td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
<td>- No late fees</td>
<td>☑</td>
<td>Some ✗</td>
</tr>
<tr>
<td></td>
<td>- No unsuccessful payment fees</td>
<td>☑</td>
<td>Some ✗</td>
</tr>
<tr>
<td><strong>Customizable</strong></td>
<td>- Choose monthly payment amount upfront</td>
<td>☑</td>
<td>Some ✗</td>
</tr>
<tr>
<td></td>
<td>- Select payment date upfront and change it</td>
<td>☑</td>
<td>☑ Some</td>
</tr>
<tr>
<td><strong>Simplicity</strong></td>
<td>- Automated online application</td>
<td>☑</td>
<td>☑ Some</td>
</tr>
<tr>
<td></td>
<td>- Simple language to explain product</td>
<td>☑</td>
<td>Some ✗</td>
</tr>
</tbody>
</table>

*We co-created our personal loan product alongside the consumer*
## Marcus Lending
Leveraging a Core GS Competency: Risk Management

### Risk Focus Permeates Business

<table>
<thead>
<tr>
<th>Product Design &amp; Customer Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Product and design experience attract quality customers</td>
</tr>
<tr>
<td>■ Data leveraged to better understand customers</td>
</tr>
<tr>
<td>■ Proprietary decision model</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dynamic Pricing</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Continually refine risk-based pricing across &gt;50 distinct segments</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Re-Underwriting Through Customer Lifecycle</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Real-time monitoring of individual and portfolio data to evaluate risk and adapt framework for future credit decisions</td>
</tr>
</tbody>
</table>

### Dynamic Credit Risk Platform

1. **Online Applications from Customers**
2. **Hard Cuts**
3. **Marcus Proprietary Credit Score**
4. **Ability to Pay Calculation**
5. **Preliminary Approval; Options Presented**
6. **Income Verification**
7. **Issued Loans**

### Business model focused on risk-adjusted returns

Business model focused on risk-adjusted returns.
Leveraging a Core GS Competency: Scale and Technology

**Marcus Lending**

GS Advantages

- Scalable
- No Legacy Products or Infrastructure
- Customer Experience
- Agile Development and Adaptation

Customer Benefits

- Interactions across channels connected in one database
- Quickly add new features, products, and services
- Meeting unmet consumer needs
- Unique features including payment deferral
- Customer feedback onboarded in timely fashion

Nimble Highly-Automated Platform

Consumer Footprint
Marcus Lending
Accretive to Shareholders

Key Portfolio Highlights\(^1\)

- $1.96bn \text{ originations}
- \(~133,000\) \text{ loans}
- \(~4\) \text{ years} \text{ avg. tenor}
- \(~12\%) \text{ avg. APR}

Illustrative Industry Through-the-Cycle Economics\(^3\)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Interest Margin</td>
<td>(~10%)</td>
</tr>
<tr>
<td>Credit Losses</td>
<td>(~4%)</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(~2.5%)</td>
</tr>
<tr>
<td>Pre-Tax ROA</td>
<td>(~3.5%)</td>
</tr>
</tbody>
</table>

**Loan Amount Mix ($ Balance)^1,2**

- Avg. Loan Amount
  - \(~$15K\)
- Avg. Loan Amount
  - 5K-10K \(8\%\)
  - 10K-15K \(24\%\)
  - 15K-20K \(22\%\)
  - 20K-25K \(21\%\)
  - 25K-30K \(25\%\)

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\(^1\) As of November 9, 2017 life to date
\(^2\) Represents aggregate dollar amount of loans in each size band
\(^3\) Based on competitor public disclosure and sell-side research of personal loans at scale. Numbers expressed as a percentage of loans
Summary of YTD Firmwide Performance and Growth Initiatives

Strong YTD performance and growth initiatives position the firm for further return expansion

<table>
<thead>
<tr>
<th>Revenue Growth</th>
<th>2017YTD(^1)</th>
<th>Estimated Impact of 3-Year Growth Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+$1.8bn YoY</td>
<td>$5bn+ net revenue opportunity</td>
</tr>
<tr>
<td>Pre-tax Earnings Growth</td>
<td>+$1.1bn YoY</td>
<td>$2.5bn+ incremental pre-tax income</td>
</tr>
<tr>
<td>ROE Expansion</td>
<td>+160bps YoY</td>
<td>150bps+ ROE expansion(^2)</td>
</tr>
<tr>
<td>ROE</td>
<td>10.3%</td>
<td>30%+ marginal ROE(^2)</td>
</tr>
</tbody>
</table>

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\(^1\) YTD through September 30. \(^2\) Assumes pre-tax earnings of $2.5 billion, taxed at our marginal rate, and estimated incremental $5bn attributed equity.