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

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Chief Financial Officer

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

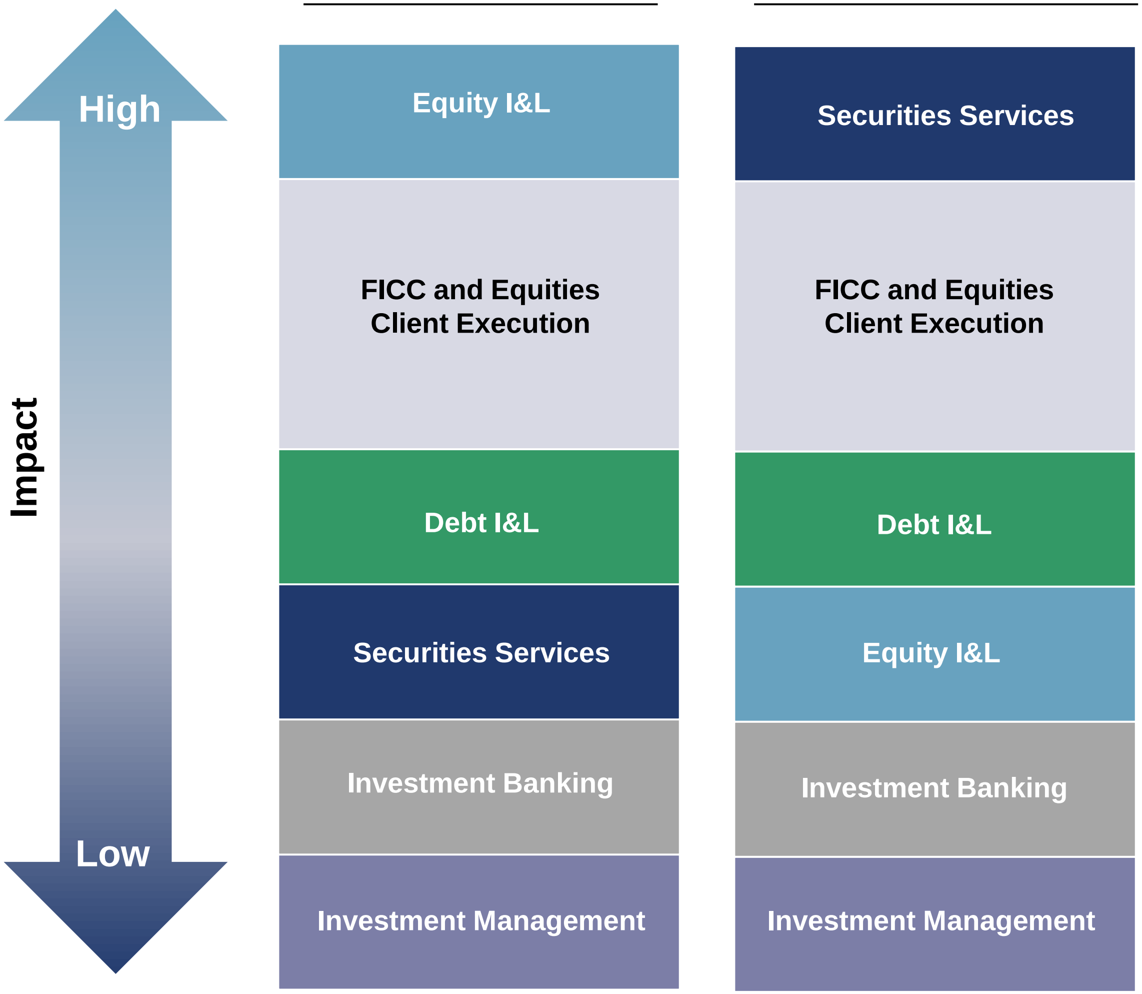
- Generating strong returns is critical to a sustainable operation for clients, shareholders and regulators
- Trying to put “excess capital” to work may encourage excessive risk taking

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

Risk-Based Basel III | **Non Risk-Based SLR[1]**



Capital needs change across multiple metrics

- Equity I&L faces higher capital requirements under a risk-based approach versus a non-risk based approach
- Conversely, Securities Services faces higher capital requirements under a non-risk-based approach like SLR
- Businesses like Investment Banking and Investment Management are of low capital intensity under both types of approach

[1] *Supplementary Leverage Ratio*

Assessing the Capital We Allocate to Clients

Transaction Type	Risk Management Process	Key Statistics
Flow	■ Limit based — VaR — Counterparty Credit — Stress Test ■ Balance Sheet Review	■ >170 VaR limits ■ >4,500 stress test limits ■ >30,000 counterparty credit limits
One-off	**Key Capital Commitment Committees:** ■ Investment Policy Committee ■ Capital ■ Commitments	**Transactions Reviewed in 2014:** ■ ~40 ■ > 600 ■ > 400

Performance Assessment

- 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

Return on Attributed Equity (ROAE)

Capital Philosophy | Capital Intensity | **Capital Allocation** | Performance

Net Revenues

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

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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

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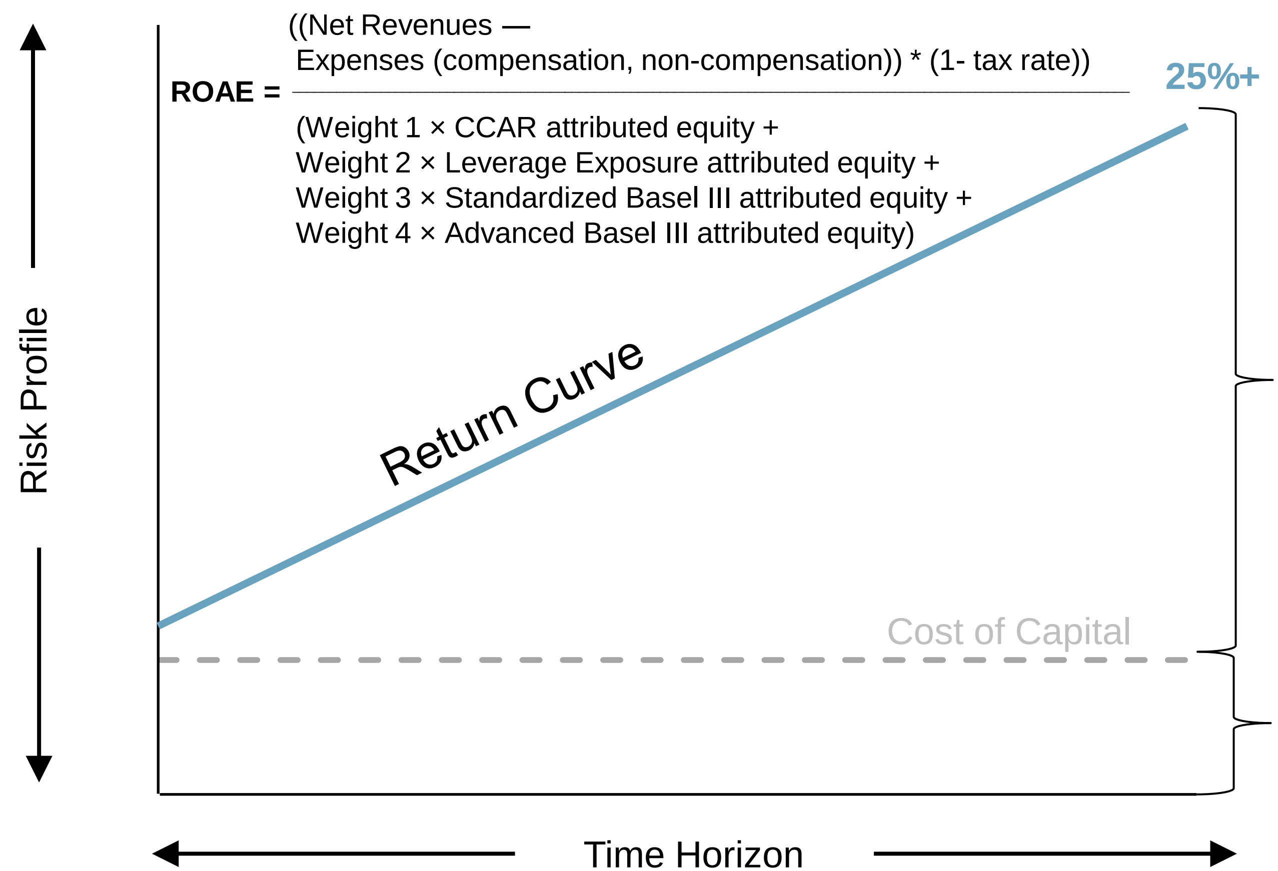
ROAE

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

Return Curve



- Private equity investments
- Mezzanine lending
- OTC derivatives
- Lower risk, high velocity, short duration (US Treasuries, equities)
- Requires evaluation of ancillary franchise benefits

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

Capital Calculator[1]

Capital Philosophy | Capital Intensity | **Capital Allocation** | Performance

Top-Down

	SLR	Basel III RWA Advanced	Basel III RWA Standardized	CCAR	Attributed Equity	ROAE
Firm Total	10,000	20,000	5,000	35,000	70,000	11%
Securities Division						
Franchise						
Equities Franchise						
FICC Franchise						
Investment Banking						
Investing & Lending						
Investment Management						

Bottom-Up

	SLR	Basel III RWA Advanced	Basel III RWA Standardized	CCAR	Attributed Equity	ROAE
Firm Total	10,000	20,000	5,000	35,000	70,000	11%
Securities Division						
Franchise						
FICC Franchise						
Global Credit						
US Flow Trading						
US High Yield						
9CC8MR5Y89						

[1]Data reflects illustrative numbers

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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 Ratio[1]	Supplementary Leverage Ratio	Basel III Common Equity Tier 1 Ratio (Fully Phased)
	3Q13 7.9% → *3Q14* **9.0%**	*First Disclosure 1Q14* 4.2% → *3Q14* **4.9%**	*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	✓	✓	✓

[1]*The 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 > **Performance**

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 less[1], approximately $30bn of capital return in the past 5 years
Superior Returns	+650bps of ROE outperformance versus global peers 2009-2013[2]

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

[2] *Reflects 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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