

# Goldman Sachs Presentation to Deutsche Bank Global Financial Services Investor Conference

**Gary D. Cohn**  
**President and Chief Operating Officer**

June 2, 2015

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## Cautionary Note on Forward-Looking Statements

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Today's presentation and any presentation summary on our website may include 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. 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 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, 2014. You should also read the forward-looking disclaimers in our Form 10-Q for the quarter ended March 31, 2015, 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](http://www.gs.com).

The statements in the presentation are current only as of its date, June 2, 2015.

# Clients and their needs drive our business

We have a diverse, global and broad client franchise

## Investment Banking

## Institutional Client Services

## Investing & Lending

## Investment Management



# Diversified Client-Driven Franchise

Leading position and strong financial results in each of our businesses

## Investment Banking

19% of 2014 Net Revenues

- Delivers the whole firm to clients
- #1 ranked merger advisor and equity underwriting franchise
- More than 8,000 clients globally in nearly 100 countries across a broad range of industries
- Advice, capital raising, hedging and risk management solutions; leading defense franchise

## Institutional Client Services

44% of 2014 Net Revenues

- Among the few global players with leading FICC and Equities franchises, with ~7,000 active clients
- Comprehensive capabilities across:
  - FICC: Credit, Rates, Currencies, Mortgages and Commodities
  - Equities: Cash, Derivatives and Prime Services
- Robust ROAE framework creates discipline and drives opportunities

## Investing & Lending

20% of 2014 Net Revenues

- Operates as an extension of our client franchise
- Generating strong risk-adjusted returns from Investing & Lending portfolios over the long-term
  - Private Equity
  - Corporate, PWM and Real Estate Lending
  - Middle Market and Specialty Financing
- Investing in a Volcker-compliant manner

## Investment Management

17% of 2014 Net Revenues

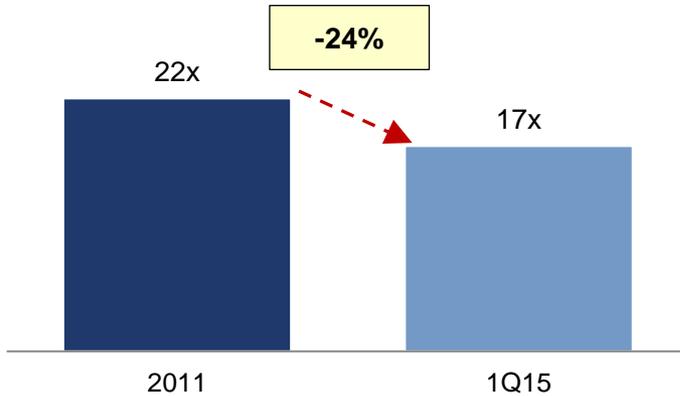
- Strong Fixed Income and Equity performance with 82% and 73% of fund assets ranked in the top two quartiles over 3 and 5 years, respectively<sup>1</sup>
- ~14,000 clients across PWM, Institutions and Third Party Distributors
- Global, broad and deep offerings; managing assets across all major asset classes and serving clients in over 120 countries

<sup>1</sup> Performance calculated using period-end data for global long-term fund assets (non-money market) for all share classes ranked by Morningstar as of 1Q15

# Competitive Dynamics

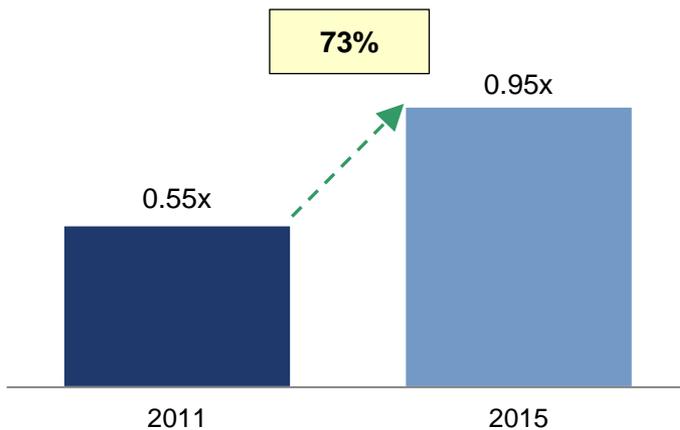
Lagging ROEs drive strategic reassessments and more rational marketplace

## Peer Group Average Gross Leverage<sup>1,2</sup>

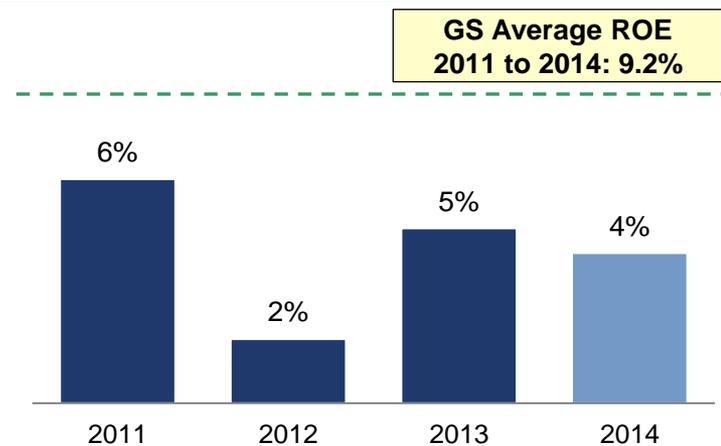


- Increased capital requirements and tougher macro backdrop have led to asset reductions across the industry
- Deleveraging and improved credit profiles have boosted multiples, though ROEs continue to lag at an average of 4.2% in 2014
- Lagging returns have led many peers to rethink their strategic priorities and businesses

## Peer Group Average Price to Book Value<sup>1,3</sup>



## Peer Group Average ROE<sup>1</sup>



<sup>1</sup> Peer data represents average for JPM, MS, C, BAC, CS, DB, UBS and BARC

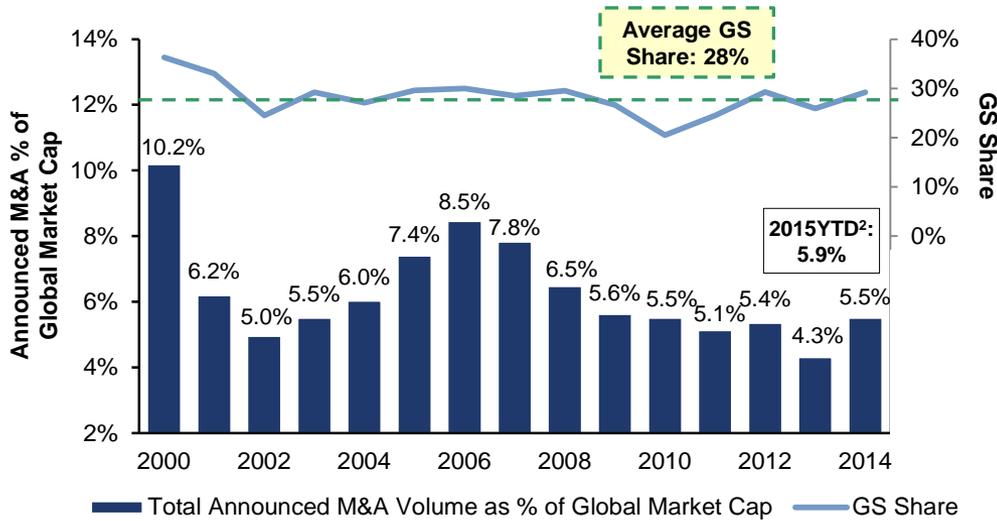
<sup>2</sup> Euro banks' gross leverage calculation reflects IFRS, except for CS which reflects US GAAP

<sup>3</sup> 2015 through 5/22/15

# Quest for Growth

## M&A

### Announced M&A % of Global Market Cap and GS Volume Share<sup>1</sup>



### Top Announced M&A Sectors<sup>1</sup>

GS Global Rank	Time Period	Leading Industry	Industry % of Global Volume
#1	2000-2002	TMT	35%
#1	2003	FIG	22%
#1	2004-2005	TMT	22%
#1	2006-2007	Nat. Resources	23%
#1	2008	FIG	24%
#1, #2	2009-2012	Nat. Resources	28%
#1	2013	TMT	23%
#1	2014-2015YTD <sup>3</sup>	Nat. Resources	22%

#### Long-term Performance

- While dominant sectors have varied over different periods, GS held the #1 rank in announced M&A in 13 of the last 15 years
- GS average share 2000-2014: 28%
- Participated in 18 of the 20 largest completed M&A deals since our IPO in 1999

#### Current Performance

- Advisory net revenues in 1Q15 were ~1.8x our closest peer<sup>4</sup>
- 1Q15 total investment banking backlog up significantly YoY

<sup>1</sup> Source: M&A from Thomson Reuters. Global market cap from Factset

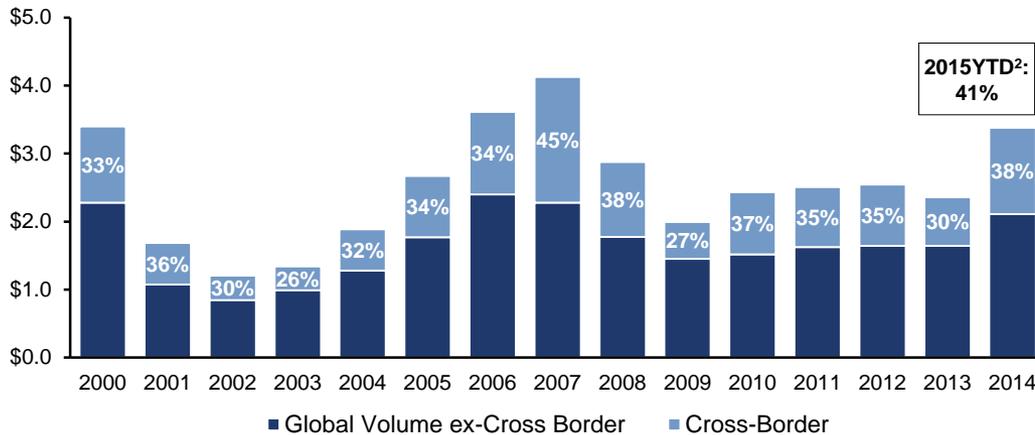
<sup>2</sup> Annualized announced M&A as of 5/20/15

<sup>3</sup> As of 5/20/15; <sup>4</sup> Peers include JPM, MS, C, BAC, CS, DB and UBS

# Quest for Growth

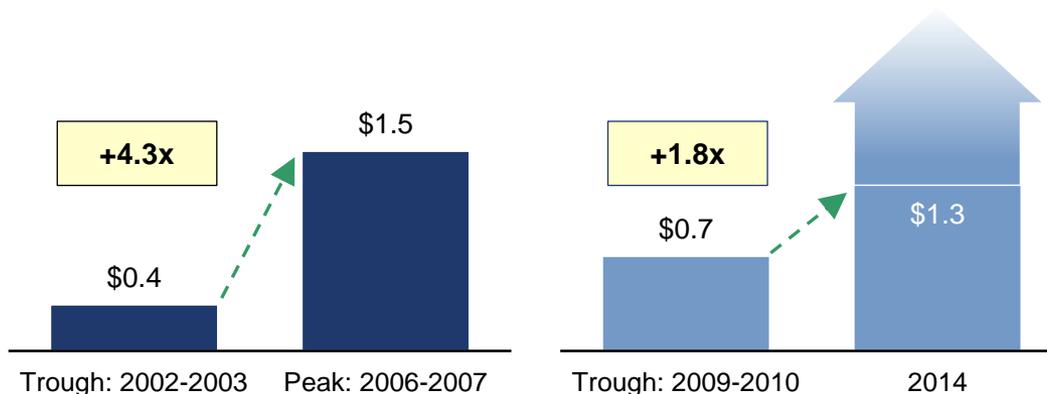
## Cross-border

Cross-Border Announced M&A Activity (\$ trillion)<sup>1</sup>



- Cross-border transactions have increased in share in the recent upcycle
- In the last M&A cycle, cross-border transactions grew **4.3x** from the trough, vs. only **1.8x** in the current cycle
- GS historically has shown leadership, with almost 30% share of cross-border transactions since 2000
- GS has ranked #1 in announced cross-border transactions in 12 of the last 15 years

Cross-Border Opportunity: Comparing M&A Cycles (\$ trillion)<sup>1,3</sup>



<sup>1</sup> Source: Thomson Reuters

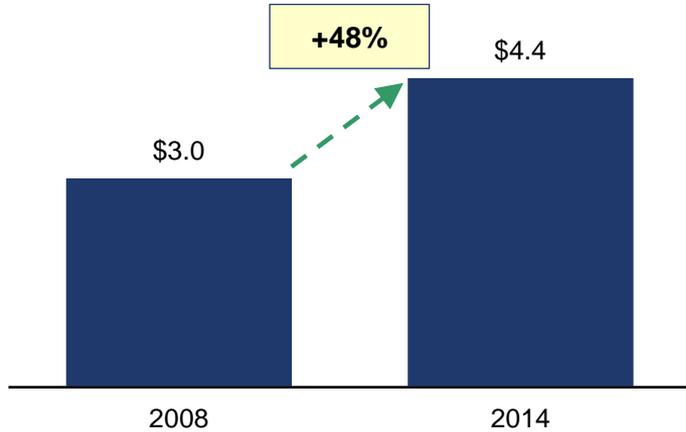
<sup>2</sup> As of 5/20/15

<sup>3</sup> Trough and peak periods represent average annual announced cross-border M&A volume during the period

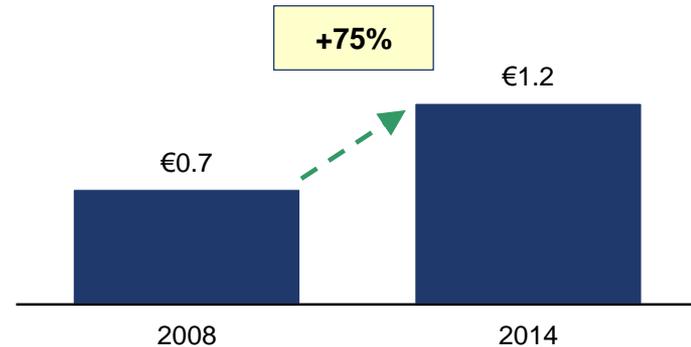
# Low Interest Rates

How GS helps Investment Banking clients navigate the low rate environment

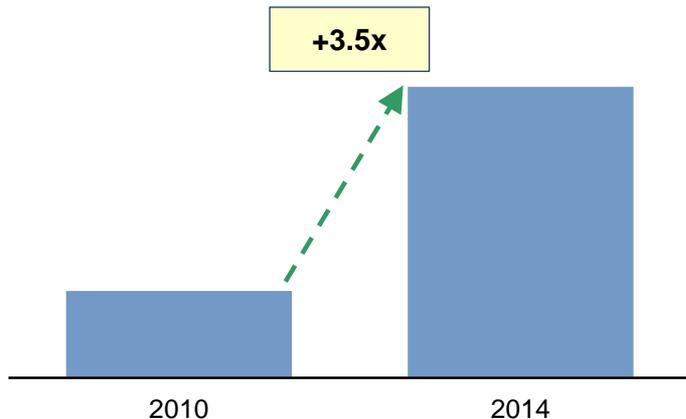
US Corporate Bond Market Growth (\$tn)<sup>1</sup>



European Corporate Bond Market Growth (€tn)<sup>2</sup>



GS European HY Debt Underwriting Volumes



- Significant opportunity in European bank disintermediation
- Growth in European corporate bond market penetration to US levels would equate to an increase of ~5 times<sup>1,2</sup>
- New EU leverage constraints and competitor retrenchment have opened new opportunities
- GS Europe HY Debt U/W rank averaged #3 from 2011 to 2014, up 4 spots from an average of #7 from 2005 to 2010<sup>3</sup>

<sup>1</sup> Source: Federal Reserve; represents non-financial corporate bond market. US corporate bonds represent 58% of US credit

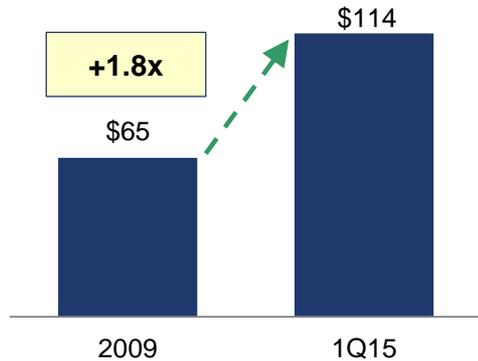
<sup>2</sup> Source: ECB. Represents non-financial corporate bond market in all countries in the European Monetary Union; EU corporate bonds represent 11% of EU credit

<sup>3</sup> Source: Bloomberg

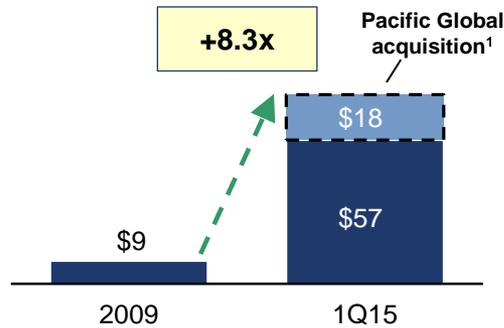
# Low Interest Rates

## How GS helps Asset Management clients navigate the low rate environment

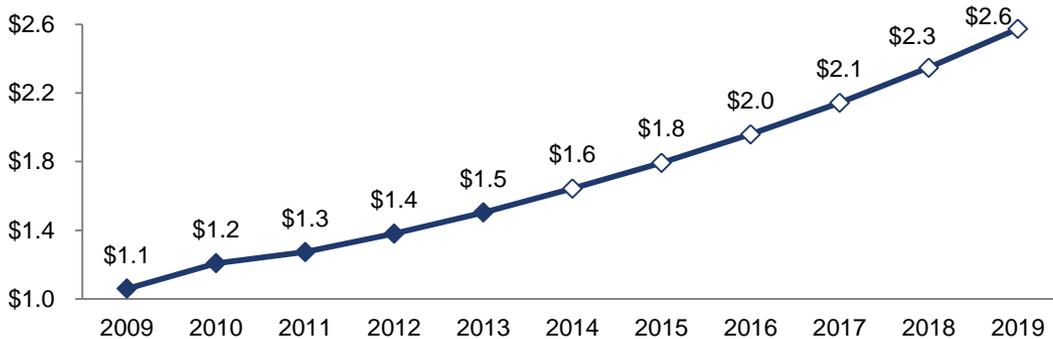
**GS Asset Management Insurance Assets (\$bn)**



**GS Asset Management Advisory & Solutions Assets (\$bn)**



**Global Outsourced Insurance Assets (\$ trillion)<sup>2</sup>**



**Insurance & Advisory Incremental AUS Opportunity: \$100-150bn**

- GS is a leader in global fixed income and asset liability management
- Our insurance clients have increasingly sought our advice and risk management expertise
  - GS Asset Management Insurance Assets grew 1.8x since 2009
  - Industry projected to grow more than 1.6x over next ~5 years<sup>2</sup>
- Our advisory clients also include a growing number of corporate pensions seeking outsourcing solutions
  - Announced acquisition of \$18bn Pacific Global Advisors pension management and solutions portfolio

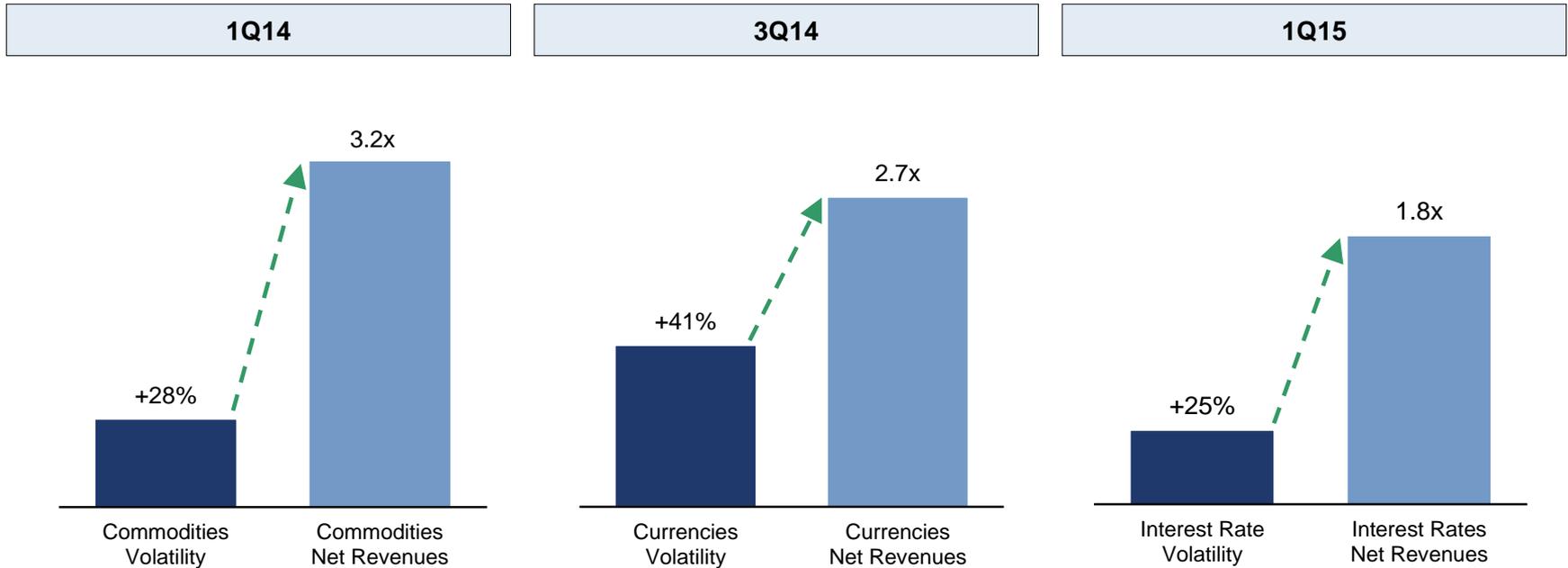
<sup>1</sup> Pacific Global Advisors acquisition announced in April 2015

<sup>2</sup> Source: The Insurance Investment Outsourcing Report, November 2014. Data from 2014 to 2019 represent estimates

# Diverging Monetary Policy

Revenue is leveraged to higher volatility in a normal environment

## Recent performance: Volatility and Quarterly GS ICS Product Net Revenues<sup>1</sup>



- Cold weather drives significant increase in natural gas prices, better operating environment and increased opportunities
- Pick-up in volatility amid idiosyncratic market events and strong-dollar trends drives activity
- Expectation of a Federal Reserve shift to higher rates vs. accommodative monetary policy elsewhere drives global activity

**In these examples, avg. increase of ~30% in volatility translated into avg. quarterly net revenue growth of 2.6x**

<sup>1</sup> GS net revenues versus trailing 4 quarter average; volatility indices versus prior quarter-end. Commodities volatility per the MLCX Index; Currencies volatility per the CVIX Index; Interest Rate volatility per the MOVE Index

# Technology-Driven Change

## Technology is critical for us and our clients

### Risk Management & Capital Efficiency

#### ■ SecDB

- Tracking risk across the firm
- 23 billion prices calculated daily across 2.8mm positions and 500k market scenarios
- 7.5 quintillion instructions executed around the clock
- Hundreds of stress tests run on a regular basis

#### ■ ROAE framework

- Dynamic top-down and bottom-up capital attribution process
- Full capital and cost allocations enable real view of returns

### Commercial Opportunities

#### ■ Symphony

- Cloud-based, encrypted platform for secure instant communication and content



Communicate  
Ideas



Share  
Analysis



Disseminate  
Pricing and  
Request Quotes



Facilitate Pre-Trade  
and Post-Trade  
Workflows

#### ■ Marquee

- GS' open architecture platform for electronic delivery of content to institutional clients including:
  - Ideas and intellectual capital
  - Market analytics and data
  - Trade execution

# Technology-Driven Change

GS Marquee supports all phases of our clients' transaction life-cycle



**Portfolio Construction**  
Strategy Studio



**Market Data & Research**  
GS Markets



**Sales & Pre-Trade**  
SIMON

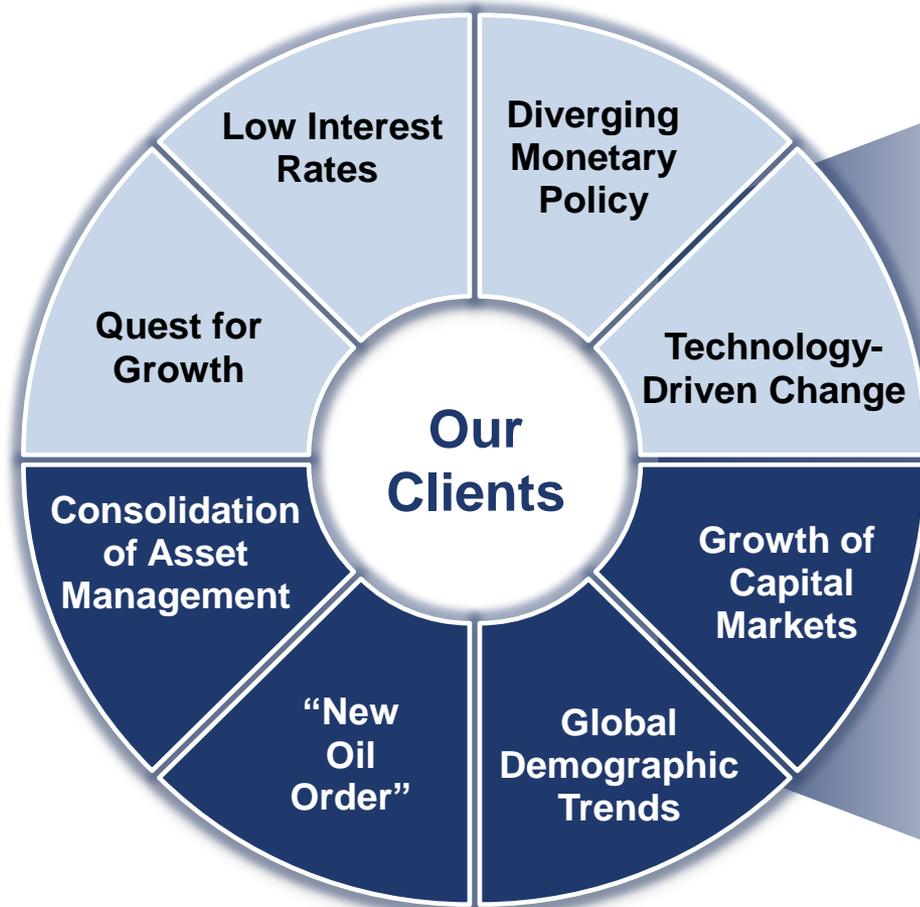


**Post-Trade**  
Trade Tracker



**Execution**  
Marquee Trader

# Other Important Trends Affecting our Clients



<b>GS Key Highlights</b>
Leading position across all of our businesses
Strengthened financial profile
Expense discipline and capital efficiency
Significant operating leverage
Improved competitive positioning
Positioned for revenue leverage

**Additional trends affecting our clients create further opportunities for GS**

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