

GOLDMAN SACHS GROUP INC
Form 10-Q
November 03, 2016
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2016

or

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from

to

Commission File Number: 001-14965

The Goldman Sachs Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of

incorporation or organization)
200 West Street, New York, N.Y.
(Address of principal executive offices)

13-4019460
(I.R.S. Employer

Identification No.)
10282
(Zip Code)

(212) 902-1000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

As of October 21, 2016, there were 397,649,217 shares of the registrant's common stock outstanding.

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THE GOLDMAN SACHS GROUP, INC.

QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Earnings**(Unaudited)**

	Three Months		Nine Months	
	Ended September		Ended September	
<i>in millions, except per share amounts</i>	2016	2015	2016	2015
Revenues				
Investment banking	\$1,537	\$1,556	\$ 4,787	\$ 5,480
Investment management	1,386	1,331	3,908	4,400
Commissions and fees	753	859	2,447	2,517
Market making	2,715	1,730	7,067	7,964
Other principal transactions	1,163	543	1,978	3,822
Total non-interest revenues	7,554	6,019	20,187	24,183
Interest income	2,389	2,119	7,267	6,304
Interest expense	1,775	1,277	5,016	3,940
Net interest income	614	842	2,251	2,364
Net revenues, including net interest income	8,168	6,861	22,438	26,547
Operating expenses				
Compensation and benefits	3,207	2,351	9,200	10,619
Brokerage, clearing, exchange and distribution fees	613	665	1,929	1,950
Market development	92	123	326	409
Communications and technology	207	200	609	601

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Depreciation and amortization	247	222	731	706
Occupancy	245	182	609	572
Professional fees	222	253	673	714
Other expenses	467	819	1,454	3,270
Total non-compensation expenses	2,093	2,464	6,331	8,222
Total operating expenses	5,300	4,815	15,531	18,841
Pre-tax earnings	2,868	2,046	6,907	7,706
Provision for taxes	774	620	1,856	2,388
Net earnings	2,094	1,426	5,051	5,318
Preferred stock dividends	(6)	96	117	324
Net earnings applicable to common shareholders	\$2,100	\$1,330	\$ 4,934	\$ 4,994
Earnings per common share				
Basic	\$ 4.96	\$ 2.95	\$ 11.40	\$ 11.03
Diluted	4.88	2.90	11.24	10.84
Dividends declared per common share				
	\$ 0.65	\$ 0.65	\$ 1.95	\$ 1.90
Average common shares				
Basic	422.4	449.0	431.5	451.2
Diluted	430.2	458.6	438.8	460.9

The accompanying notes are an integral part of these condensed consolidated financial statements.

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THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income**(Unaudited)**

<i>\$ in millions</i>	Three Months		Nine Months	
	Ended September 2016	2015	Ended September 2016	2015
Net earnings	\$2,094	\$1,426	\$5,051	\$5,318
Other comprehensive income/(loss) adjustments, net of tax:				
Currency translation	(19)	(39)	(58)	(94)
Debt valuation adjustment	(13)		(75)	
Pension and postretirement liabilities	1	36	(36)	(74)
Other comprehensive loss	(31)	(3)	(169)	(168)
Comprehensive income	\$2,063	\$1,423	\$4,882	\$5,150

The accompanying notes are an integral part of these condensed consolidated financial statements.

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THE GOLDMAN SACHS GROUP, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Financial Condition**(Unaudited)**

<i>\$ in millions, except per share amounts</i>	As of September 2016	December 2015
Assets		
Cash and cash equivalents	\$ 99,535	\$ 75,105
Cash and securities segregated for regulatory and other purposes (includes \$36,058 and \$38,504 at fair value as of September 2016 and December 2015, respectively)	54,526	56,838
Collateralized agreements:		
Securities purchased under agreements to resell and federal funds sold (includes \$93,352 and \$119,450 at fair value as of September 2016 and December 2015, respectively)	94,220	120,905
Securities borrowed (includes \$78,788 and \$69,801 at fair value as of September 2016 and December 2015, respectively)	185,468	172,099
Receivables:		
Brokers, dealers and clearing organizations	25,681	25,453
Customers and counterparties (includes \$3,297 and \$4,992 at fair value as of September 2016 and December 2015, respectively)	53,855	46,430
Loans receivable	49,064	45,407
Financial instruments owned, at fair value (includes \$55,800 and \$54,426 pledged as collateral as of September 2016 and December 2015, respectively)	292,420	293,940
Other assets	25,218	25,218
Total assets	\$879,987	\$861,395
Liabilities and shareholders' equity		
Deposits (includes \$14,096 and \$14,680 at fair value as of September 2016 and December 2015, respectively)	\$124,550	\$ 97,519
Collateralized financings:		
Securities sold under agreements to repurchase, at fair value	73,905	86,069
Securities loaned (includes \$1,969 and \$466 at fair value as of September 2016 and December 2015, respectively)	5,256	3,614

Other secured financings (includes \$22,006 and \$23,207 at fair value as of September 2016 and December 2015, respectively)	22,478	24,753
Payables:		
Brokers, dealers and clearing organizations	8,862	5,406
Customers and counterparties	195,625	204,956
Financial instruments sold, but not yet purchased, at fair value	115,154	115,248
Unsecured short-term borrowings, including the current portion of unsecured long-term borrowings (includes \$16,741 and \$17,743 at fair value as of September 2016 and December 2015, respectively)	42,825	42,787
Unsecured long-term borrowings (includes \$30,266 and \$22,273 at fair value as of September 2016 and December 2015, respectively)	190,586	175,422
Other liabilities and accrued expenses (includes \$665 and \$1,253 at fair value as of September 2016 and December 2015, respectively)	13,636	18,893
Total liabilities	792,877	774,667

Commitments, contingencies and guarantees

Shareholders equity

Preferred stock, par value \$0.01 per share; aggregate liquidation preference of \$11,203 and \$11,200 as of September 2016 and December 2015, respectively	11,203	11,200
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