

# **Goldman Sachs Presentation to Bernstein Strategic Decisions Conference**

**John Waldron  
President and Chief Operating Officer**

May 27, 2020



# Agenda

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**1 Operating Backdrop**

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**2 Business Continuity and Client Engagement**

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**3 Progress on Growth Strategy**

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**4 Ongoing Focus on Risk Management**

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# Navigating an Unprecedented Macroeconomic Environment

## Market and Economic Shocks<sup>1</sup>

### S&P 500

Fastest Ever 20% Decline

### 1Q20 Global GDP -2.2%

First Contraction in 10+ years

### VIX

All-Time High

### 14.7% Unemployment

Highest in U.S. since  
Great Depression

## Central Bank & Government Response

**Rapid** →

Fed toolkit deployed in ~2 weeks

**Large** →

Fiscal response unprecedented  
in magnitude

**Coordinated** →

Facilitated globally via U.S. dollar  
liquidity swap arrangement

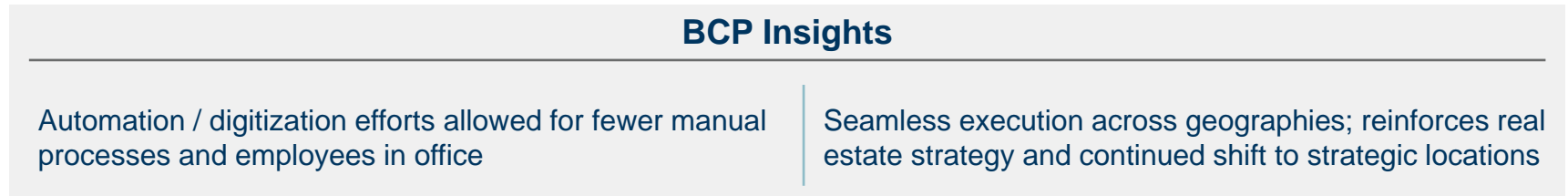
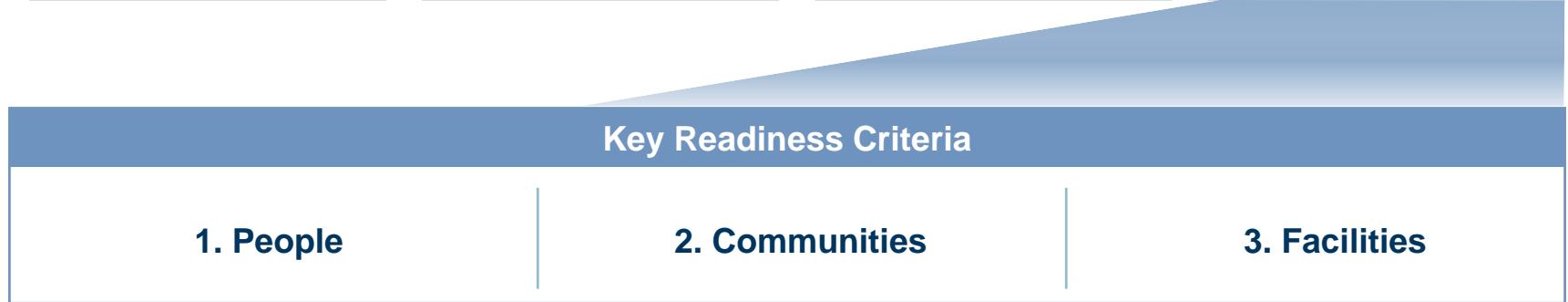
## Forward Outlook

**Continued Near-term  
Contraction Anticipated**

**Recovery May Be Uneven by  
Region/Sector**

**Highly Dependent on  
Public Health Outlook**

# Business Continuity Planning: Agility, Continuity, Resiliency



# Helping Clients Navigate an Unprecedented Environment

## Client Coverage and Digital Engagement

**+30%** IB client engagement<sup>1</sup>

**+25%** Marquee external monthly active users YTD<sup>2</sup>

**+300%** YoY increase in visits to Marcus Consumer Content hub<sup>3</sup>

## Thought Leadership<sup>4</sup>

**740+** webcasts

**220K+** participants

**+90%** YoY increase in research readership<sup>5</sup>

## Top of Clients' Minds



Corporations



Institutions



Individuals

- Liquidity and capital structure
- Scenario analysis and tail risk
- Return to office strategy
- Global supply chain management
- Geopolitical risk
- Portfolio repositioning

# Remain Committed to our Strategy

## Grow and Strengthen Existing Businesses

Expand our global footprint:  
Investment Banking, Global Markets,  
Ultra High Net Worth

Increase financing activities

Grow asset management



**Higher Wallet Share**

## Diversify Our Products and Services

Build Transaction Banking

Grow third party Alternatives

Scale digital Consumer Banking,  
High Net Worth and Mass Affluent



**More Durable Earnings**

## Operate More Efficiently

Increase organizational and  
process efficiency

Remix to lower cost  
deposit funding

Optimize capital footprint



**Higher Margins and Returns**

# Continued Strength of Core Franchise

## Investment Banking

- Robust debt, equity underwriting activity
- M&A likely muted for near-term

## Global Markets

- High volumes, portfolio repositioning
- Focus on liquidity, risk distribution; financing opportunity intact

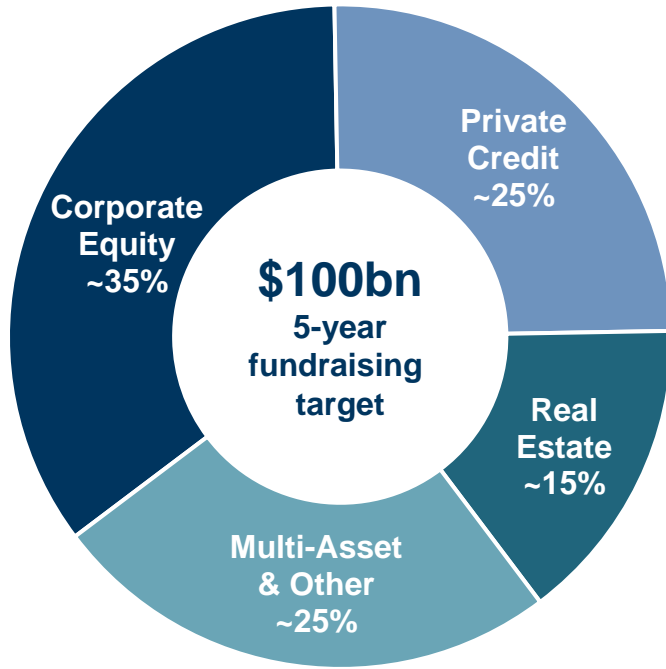
## Asset Management

- Continued long-term AUS inflows into global, broad, deep platform
- Proven track record over the cycle

## Consumer & Wealth Management

- Solid performance in PWM across key revenue lines and regions
- Clients employing a long-term, opportunistic approach

# Alternatives: Solutions-Oriented Approach Amid Dislocation

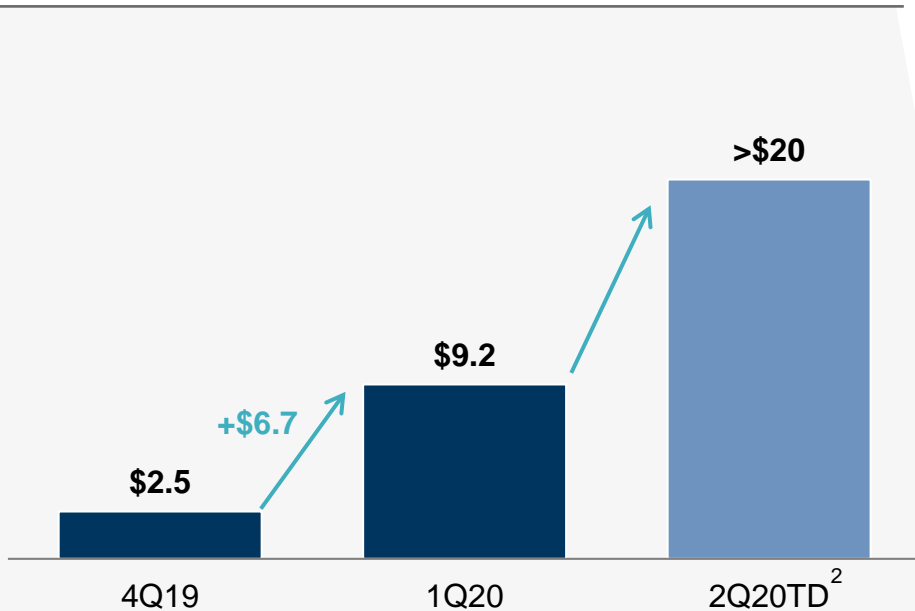


- ✓ Integrated One Goldman Sachs solutions
- ✓ Dislocation opportunities
- ✓ Breadth of strategies
- ✓ Funds scheduled to close in 2020 represent >\$20bn in capital



# Transaction Banking: Strong Performance Since Inception

Deposits (\$bn)<sup>1</sup>



✓ **175+** total clients, up from ~25 at 2019YE

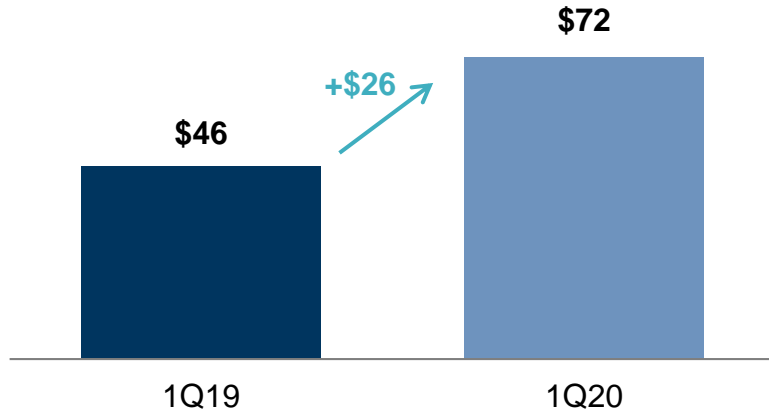
✓ **\$9tn+** payment value processed with 125 currency options

✓ **First** global payments partnership announced with SAP

# Consumer: Building a Leading Digital Consumer Bank

Deposits: Valuable Funding Source (\$bn)

Lending: Cognizant of Credit Cycle (\$bn)



**4.9**

iOS App Rating

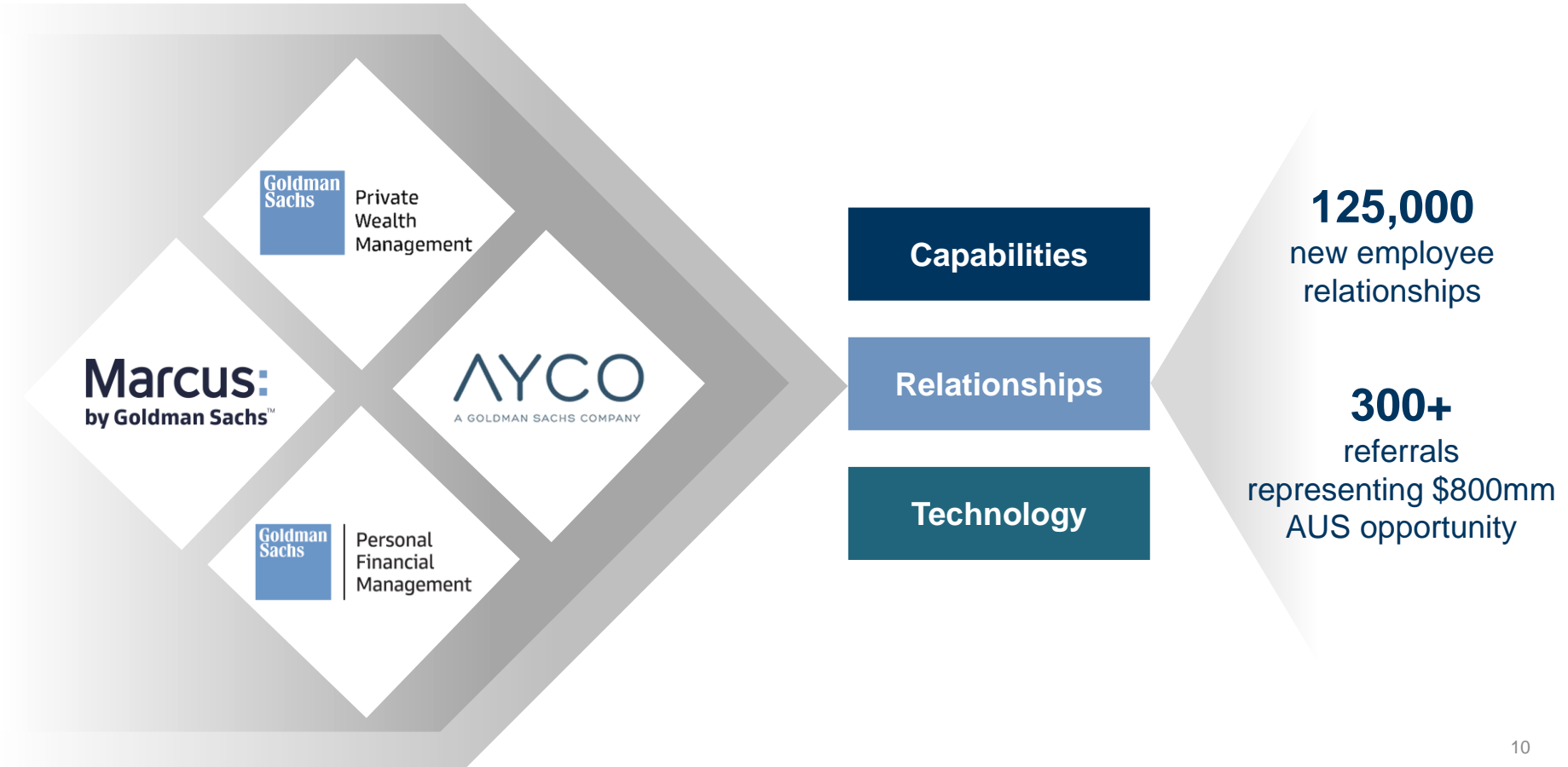
**13.4%**

ALLL to Gross  
Consumer Loans<sup>1</sup>

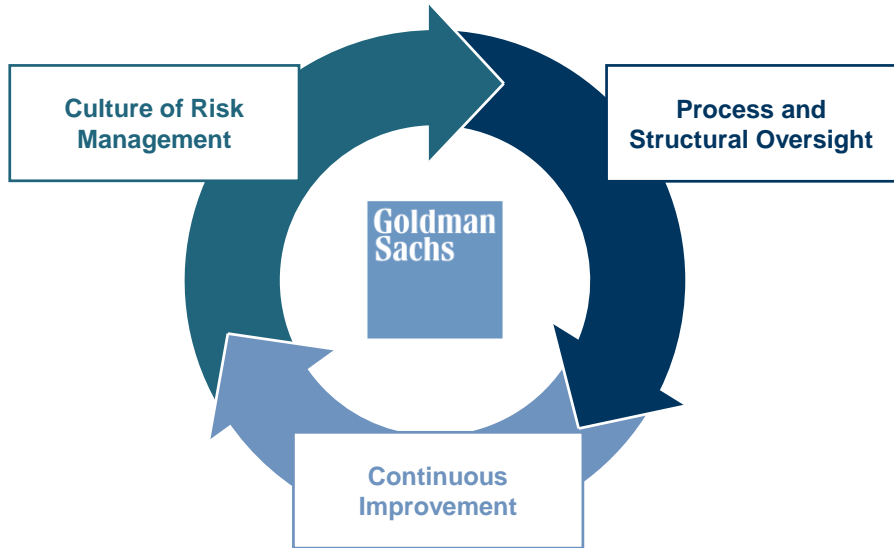
**~740**

Avg. FICO at Origination<sup>2</sup>

# Wealth Management: Creating Value Across Segments



# Strong Risk Management Oversight



## Culture of Risk Management

- ✓ Disciplined risk-reward approach
- ✓ Deep bench of risk managers
- ✓ Consensus-driven decision making

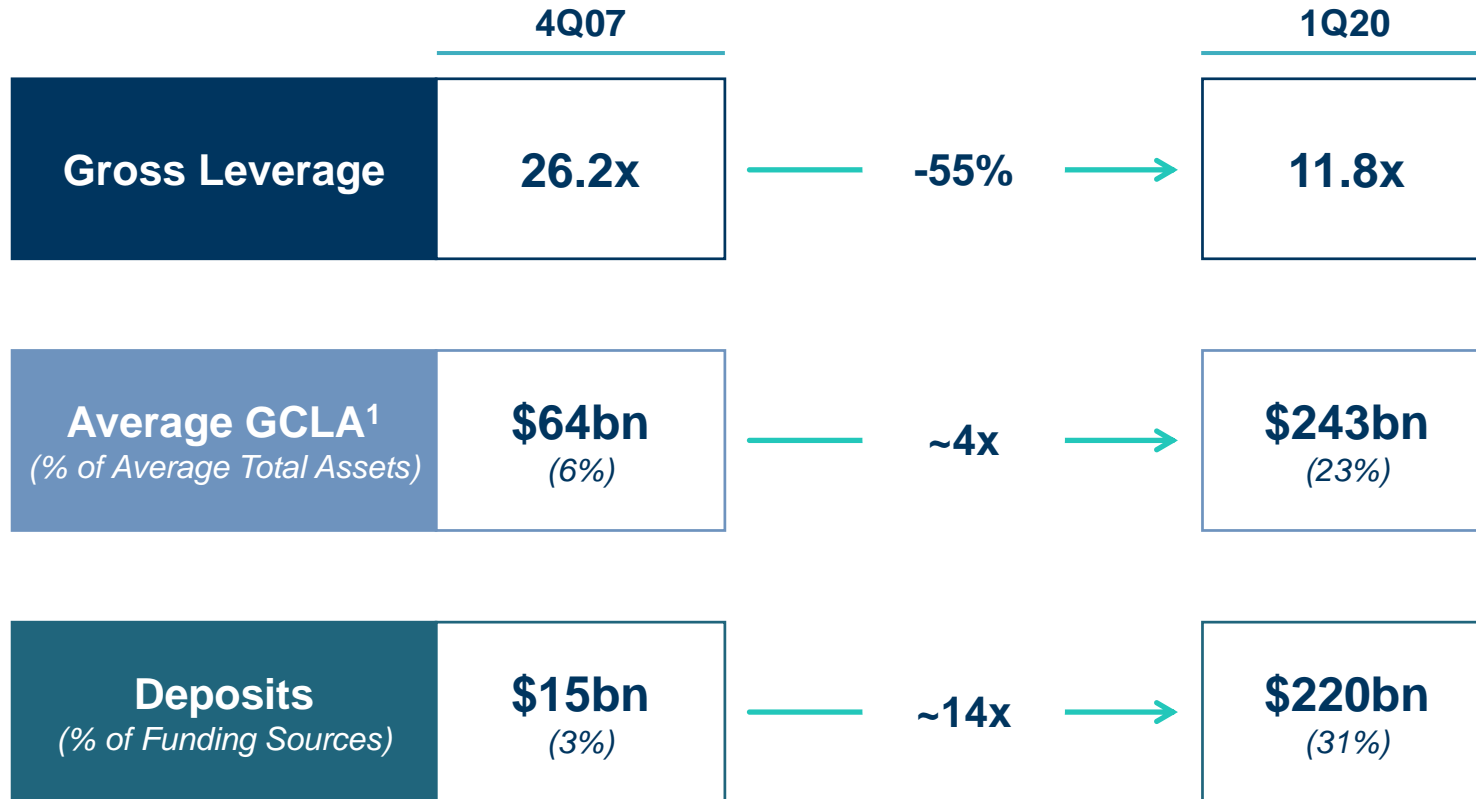
## Process and Structural Oversight

- ✓ Independent controls and governance
- ✓ Comprehensive stress testing
- ✓ Mark-to-market discipline

## Continuous Improvement

- ✓ Cycle preparedness
- ✓ Reputational risk and compliance
- ✓ Cyber risk

# Strong Capital and Liquidity Entering COVID-19 Crisis



# Diversified and High Quality Loan Portfolio

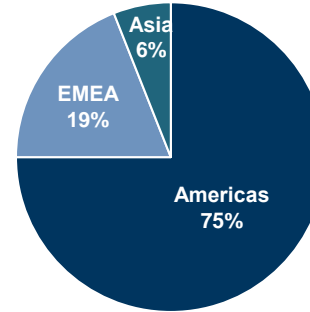
## 1Q20 Portfolio Overview

\$128bn of Funded Loans

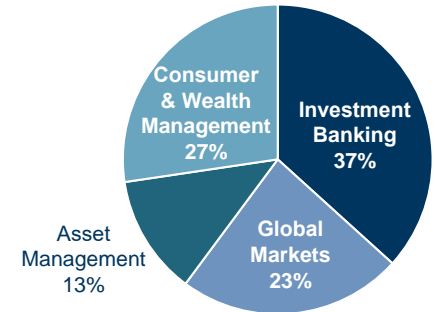
78% of Total Loans Secured

## 1Q20 Loans Breakdown<sup>1</sup>

### By Geography



### By Segment



## 1Q20 Key Credit Metrics<sup>2</sup>

**2.5%**

ALLL to  
Total Gross Loans

**1.8%**

ALLL to Gross  
Wholesale Loans

**0.5%**

Net Annualized  
Charge-off  
Rate

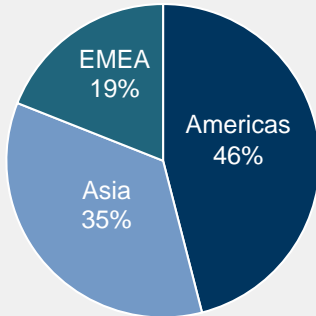
# Asset Risk: Asset Management Balance Sheet

## 1Q20 Equity Portfolio: \$19bn Private, \$2bn Public

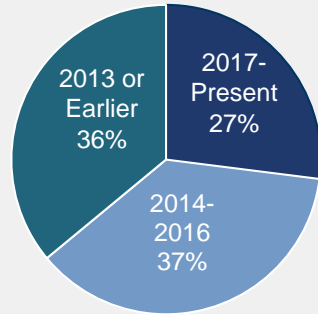


Portfolio rigorously evaluated and appropriately marked to reflect inherent investment risk

### By Geography



### By Vintage

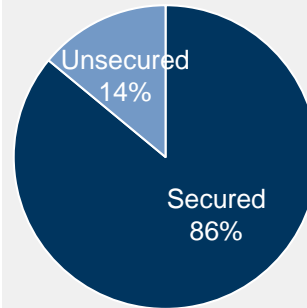


## 1Q20 Debt Portfolio: \$16bn Loans, \$13bn Debt Investments

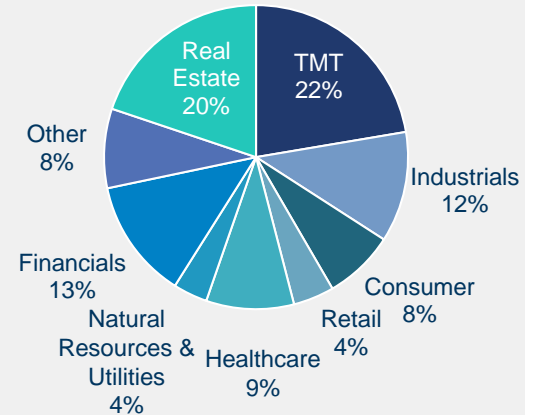


Loan portfolio largely secured; diversified with loans and investments across various tranches in the capital structure

### Loan Portfolio



### Debt Securities By Sector



# Path Forward Remains Consistent Through Crisis





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# End Notes

Note: All data as of 1Q20, unless otherwise indicated

These notes refer to the financial metrics and/or defined term presented on:

Slide 2:

1. S&P 500 decline from February into March. Cites YoY GDP data based on Goldman Sachs Research. VIX reached an all-time high on March 16th. Unemployment rate as of April

Slide 4:

1. Logged client meetings and calls from March-May 15, 2020 vs March-May 15, 2019
2. Active unique users within the prior 30 days, as of May 15, 2020 vs. December 31, 2019
3. January-May 15, 2020 vs. January-May 15, 2019
4. March-May 15, 2020
5. February-April, 2020 vs February-April, 2019

Slide 8:

1. Represents period-end deposit balances
2. Data as of May 26

Slide 9:

1. As of 1Q20, based on loans at amortized at cost
2. Reflects account-weighted FICO for originations between April 2019 and March 2020

Slide 12:

1. Prior to 4Q09, GCLA reflects loan value and subsequent periods reflect fair value; 4Q07 average GCLA presented on a full-year basis

Slide 13:

1. Based on total gross loans
2. Based on loans at amortized cost

# Cautionary Note on Forward-Looking Statements

Statements about the firm's target metrics, including its target ROE, ROTE, efficiency ratio and CET1 capital ratios, and how they can be achieved, and statements about future operating expense (including future litigation expense) and any expense savings initiatives, the impact of the COVID-19 pandemic on its business, results, financial position and liquidity as well as its impact on the U.S. and worldwide economies and, in particular, on the shape of a future recovery, the amount and composition of future Assets under Supervision, planned debt issuances, growth of deposits and associated interest expense savings, future geographic location and the return to work of its employees, and the timing and profitability of its business initiatives, including its launch of new businesses or new activities, its ability to increase its market share in incumbent businesses, its ability to manage risk and its ability to achieve more durable revenues and higher returns from these initiatives, are forward- looking statements, and it is possible that the firm's actual results may differ, possibly materially, from the targeted results indicated in these statements.

Forward looking statements, including those about the firm's target ROE, ROTE, efficiency ratio, and expense savings, and how they can be achieved, are based on the firm's current expectations regarding its business prospects and are subject to the risk that the firm may be unable to achieve its targets due to, among other things, changes in the firm's business mix, lower profitability of new business initiatives, increases in technology and other costs to launch and bring new business initiatives to scale, and increases in liquidity requirements. Statements about the firm's target ROE, ROTE and CET1 capital ratios, and how they can be achieved, are based on the firm's current expectations regarding the capital requirements applicable to the firm and are subject to the risk that the firm's actual capital requirements may be higher than currently anticipated because of, among other factors, changes in the regulatory capital requirements applicable to the firm resulting from changes in regulations or the interpretation or application of existing regulations or changes in the nature and composition of the firm's activities. Statements about the timing and benefits of business and expense savings initiatives, the level and composition of more durable revenues and increases in market share are based on the firm's current expectations regarding its ability to implement these initiatives and may change, possibly materially, from what is currently expected. Statements about the effects of the COVID-19 pandemic on the firm's business results, financial position and liquidity as well as on the U.S. and worldwide economies are subject to the risk that the actual impact may differ, possibly materially, from what is currently expected. Due to the inherent uncertainty in these forward-looking statements, investors should not place undue reliance on the firm's ability to achieve these results.

For a discussion of some of the risks and important factors that could affect the firm's future business, results and financial condition, see "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 and in our Annual Report on Form 10-K for the year ended December 31, 2019. You should also read the cautionary notes on forward-looking statements in our Form 10-Q for the period ended March 31, 2020 and Earnings Results Presentation for the First Quarter 2020. For more information regarding non-GAAP financial measures such as ROTE, refer to the information on the calculation of non-GAAP financial measures that is posted on the Investor Relations portion of our website: [www.goldmansachs.com](http://www.goldmansachs.com).

The statements in the presentation are current only as of May 27, 2020 and the firm does not undertake to update forward-looking statements to reflect the impact of subsequent events or circumstances.