

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

**Stephen Scherr  
Chief Financial Officer**

November 9, 2020



# Executing our Strategy

## Our Strategy

**Grow and Strengthen  
Existing Businesses**

**Diversify Our Products  
and Services**

**Operate More  
Efficiently**

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**1 Expanded Client Focus**

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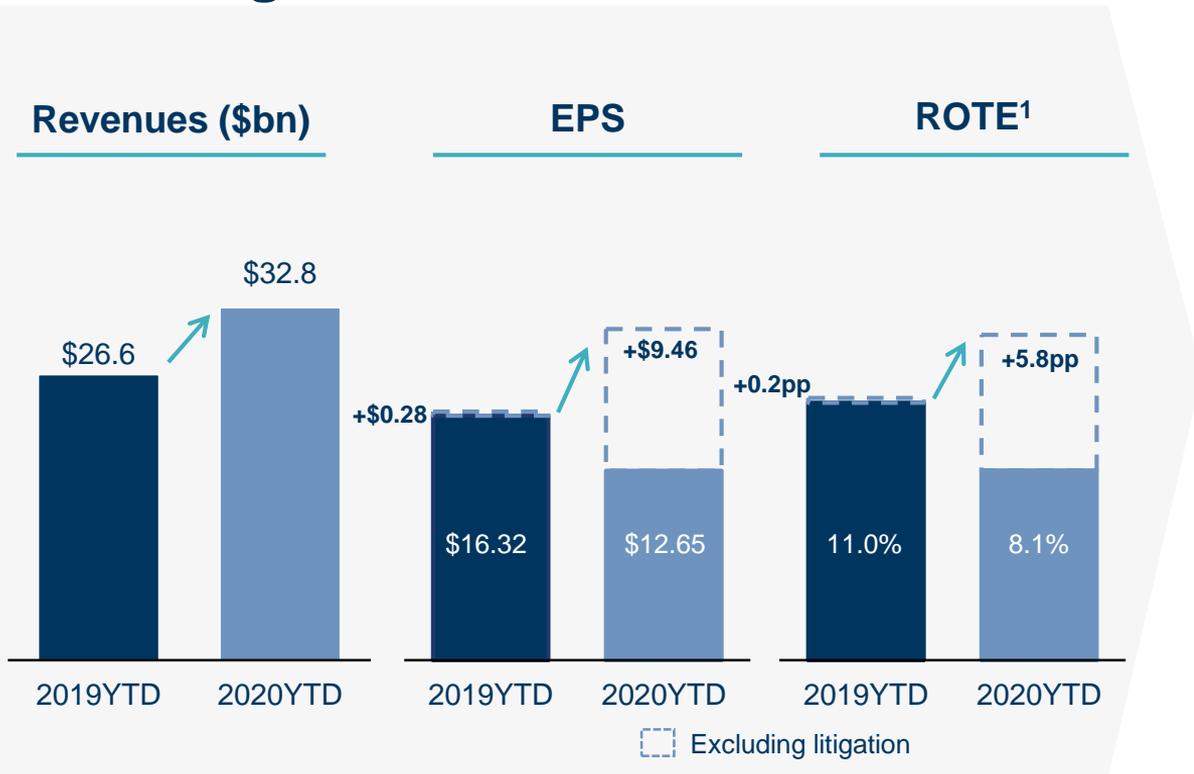
**2 Dynamic Management of Resources and Risk**

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**3 Redefined Engineering**

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# 1 Elevated Client Activity and Growing Market Share Drove Strong Performance



**“Top Performing Institutional Client Franchise YoY” in Global Markets<sup>2</sup>**  
**YTD Revenues: FICC +73%, Equites +27%**

**#1 in M&A and Equity Underwriting<sup>3</sup>**  
**Top 3 in High Yield<sup>3</sup>**

**Surpassed \$2tn in AUS**  
**Firmwide Management & Other Fees +10% YTD**

# 1 Clients Turn to Goldman Sachs During Times of Disruption

## Client Coverage and Digital Engagement

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

**+45%** Marquee external monthly active users YTD<sup>2</sup>

## Thought Leadership

**~1.8K** webcasts<sup>3</sup>

**~400K** participants<sup>3</sup>

**+~50%** YoY in research readership<sup>4</sup>

## Executing for our Clients

### Near record underwriting volumes

- +~65% YoY in Equity Underwriting<sup>5</sup>
- +~45% YoY in Debt Underwriting<sup>5</sup>

### Robust trading volumes and risk intermediation

- +~30% YoY in low touch Equities volumes<sup>6</sup>
- Near-record prime balances

### Solid asset inflows

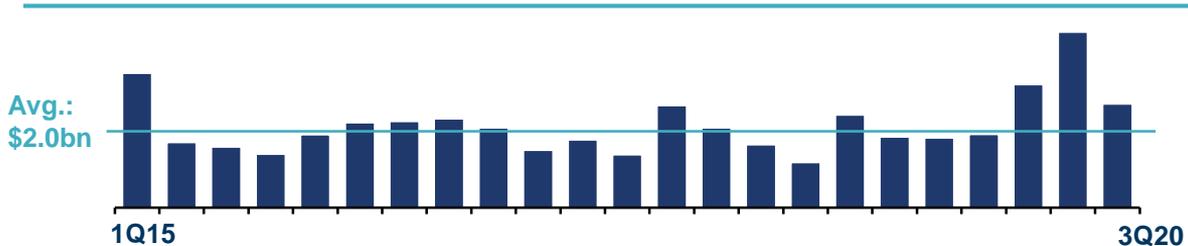
- Crossed \$2tn of AUS
- Expect \$25bn+ in Alternatives fundraising in 2020

### Continued valuable service to C&WM clients

- 700 referrals YTD in 2020 between PWM & PFM
- +300% YoY in visits to Marcus Consumer Content hub<sup>4</sup>

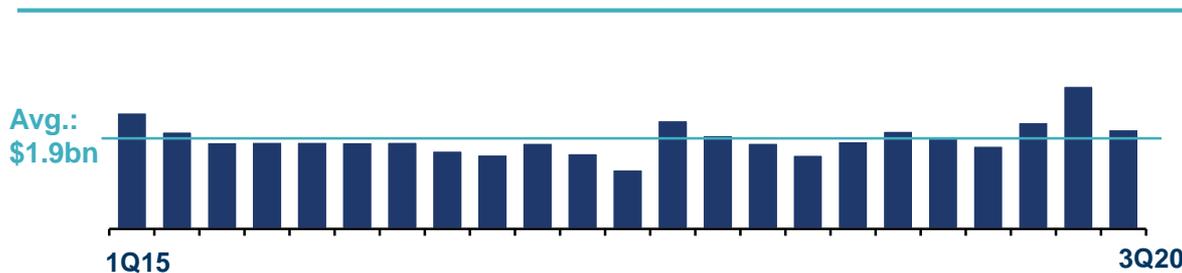
# 1 Client Focus in Global Markets – Higher Share, Lower Risk, More Stable Earnings

## FICC Quarterly Revenues



**15.4%** YTD wallet share vs. 10-yr avg. of **14.4%**<sup>1</sup>

## Equities Quarterly Revenues

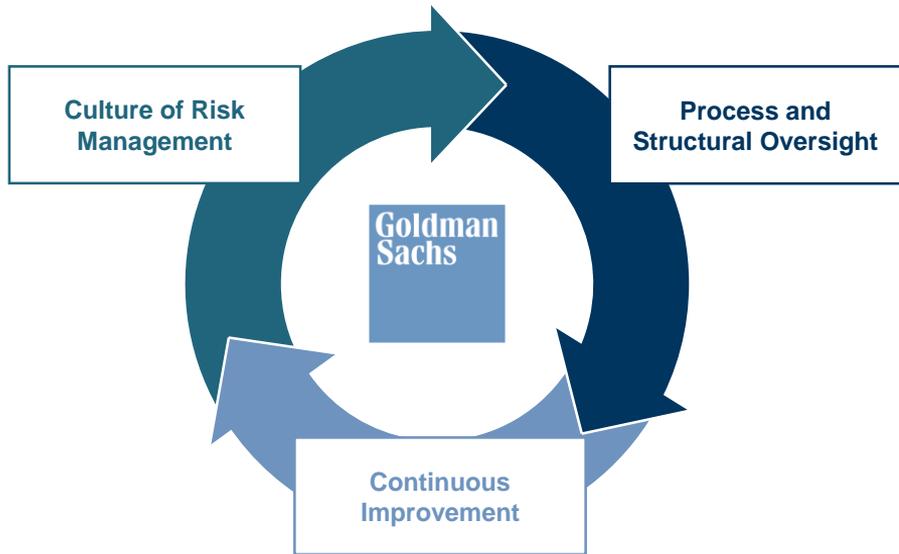


**-55%** decline in daily avg. VaR YTD vs. FY09

**9%** total GM revenue volatility<sup>2</sup> for '15-'19 vs. **14%** in the prior 5 years

**Strong client relationships and platform adoption sustain increased market share**

## 2 Franchise Growth Underpinned by Risk and Resource Management



3Q20 vs. 4Q07

Gross Leverage	<b>12.2x</b> <i>Down -53%</i>
Common Equity	<b>\$81bn</b> <i>Up ~2x</i>
Average GCLA <sup>1</sup>	<b>\$302bn</b> <i>Up 4.7x</i>
Deposits	<b>\$261bn</b> <i>Up ~17x</i>

## 2 Dynamically Managing Resources and Navigating Across Risk Dimensions

### Key Measures Taken and Areas of Focus

#### People Strategy

- ✓ Seamlessly transitioned to **98%** working remotely and deployed **11K<sup>1</sup>** work kits
- ✓ Focused on supporting our people as they navigate the dynamic environment and **safely return back to the office**

#### Liquidity and Capital

- ✓ Bolstered liquidity and capital levels with avg. GCLA **+27%** YTD and CET1 ratio **+120bps** YTD to position the firm to meet client needs<sup>2</sup>
- ✓ Focused on reducing stress loss intensity of mix and increasing durable revenues, including **\$4bn** in announced private equity gross asset sales in 2020
- ✓ **Tactically deployed capital** to higher returning businesses

## 2 Dynamically Managing Resources and Navigating Across Risk Dimensions

### Key Measures Taken and Areas of Focus

#### Market Risk



Facilitated large volumes of risk intermediation with focus on high balance sheet velocity, leading to lower directional risk; average daily VaR **-25%** in 3Q20 QoQ



Continued **investment** in stress testing, analytics and limits framework

#### Credit Risk



**Strong upfront underwriting** processes, appropriate **collateral**, proactive **client dialogue**



Actively monitoring exposure, particularly COVID-19 impacted sectors, with loan book **81%** secured as of 3Q20



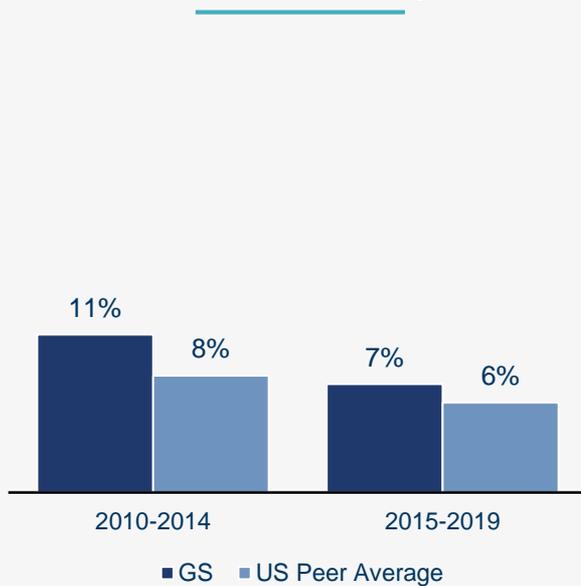
**Moderated** origination of **Consumer** credit



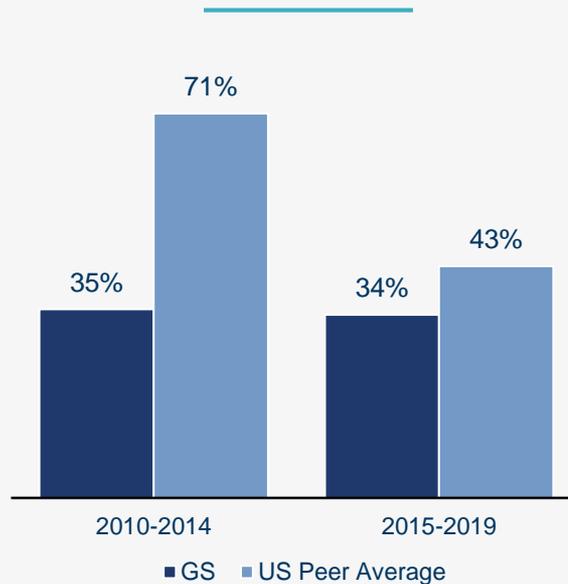
**Reserved** for the future with ALLL to gross loans at amortized cost ratio of **3.7%** as of 3Q20

## 2 Dynamic Expense Management Drives Greater Earnings Stability vs. Peers

Revenue Volatility<sup>1</sup>



Earnings Volatility<sup>1</sup>



3-year Expense Plan

**\$1.3bn**

Run-rate Expense Savings

Key Drivers

- Streamline organization
- Automation and infrastructure
- Expense management
- Real estate strategy

### 3 Innovative Engineering at the Core of our Strategy

#### Growth

- Expansion of core businesses
- Access to new addressable markets

#### Efficiency

- Centralize and streamline platforms
- Automation across businesses

 **marquee**™

**Goldman  
Sachs**

TRANSACTION  
BANKING

**Marcus:**  
BY GOLDMAN SACHS®

CAPITAL MARKETS  
**ATLAS** 

**We design platforms from a client perspective while driving business growth  
and operational efficiency**

### 3 Transitioning to Platforms is Central to our Strategy



We are building cloud-based, API-driven platforms to enhance client experience, drive revenue growth and optimize efficiency

# Conclusion

**Client  
Centricity and  
Long-term  
Operating  
Focus**

**Investing for  
Growth**

**Managing Risk  
Prudently**

**Focus on  
Increasing  
Operating  
Efficiency and  
Resiliency**

**Enhanced  
Transparency  
and  
Accountability**

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# End Notes

Note: All data as of 3Q20, unless otherwise indicated

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

Slide 2:

Note: YTD refers to amounts through 3Q for each year represented; YTD comparisons are YoY

1. Tangible common shareholders' equity is calculated as total shareholders' equity less preferred stock, goodwill and identifiable intangible assets. Annualized return on average tangible common shareholders' equity (ROTE) is calculated by dividing annualized net earnings applicable to common shareholders by average monthly tangible common shareholders' equity. Management believes that tangible common shareholders' equity is meaningful because it is a measure that the firm and investors use to assess capital adequacy and that ROTE is meaningful because it measures the performance of businesses consistently, whether they were acquired or developed internally. Tangible common shareholders' equity and ROTE are non-GAAP measures and may not be comparable to similar non-GAAP measures used by other companies.

The table below presents a reconciliation of average common shareholders' equity to average tangible common shareholders' equity:

<i>Unaudited, \$ in millions</i>	AVERAGE FOR THE	
	NINE MONTHS ENDED SEPTEMBER 30, 2020	NINE MONTHS ENDED SEPTEMBER 30, 2019
Total shareholders' equity	\$ 91,043	\$ 90,265
Preferred stock	(11,203)	(11,203)
Common shareholders' equity	79,840	79,062
Goodwill and identifiable intangible assets	(4,825)	(4,347)
Tangible common shareholders' equity	\$ 75,015	\$ 74,715

2. Source: Mckinsey CIB Insights 1H20
3. Source: Dealogic, January 1, 2020 – September 30, 2020

Slide 3:

1. Logged client meetings and calls from March–October 15, 2020 vs March–October 15, 2019
2. Active unique users within the prior 30 days, as of October 27, 2020 vs. December 31, 2019
3. YTD through October 21, 2020
4. YTD through October 31, 2020 vs. October 31, 2019
5. Source: Dealogic, YTD through September 30, 2020 vs. September 30, 2019. Excludes leveraged loans
6. YTD through September 30, 2020 vs. September 30, 2019

# End Notes

## Slide 4:

Note: FICC net revenues included debt valuation adjustments of \$(32) million for 1Q15, \$153 million for 2Q15, \$147 million for 3Q15 and \$(54) million for 4Q15 and Equities net revenues included debt valuation adjustments of \$(12) million for 1Q15, \$32 million for 2Q15, \$35 million for 3Q15 and \$(14) million for 4Q15

For the 23 quarters from 1Q15-3Q20, on a reported basis, the ratio of quarters that generated net revenues one standard deviation above average net revenues for the period vs. quarters that generated net revenues one standard deviation below average net revenues for the period was 3:3 for FICC and 3:2 for Equities

For the 23 quarters from 1Q15-3Q20, excluding the impact of debt valuation adjustments noted above, the ratio of quarters that generated net revenues one standard deviation above average net revenues for the period vs. quarters that generated net revenues one standard deviation below average net revenues for the period was 3:1 for FICC and 3:2 for Equities. Management believes that presenting FICC and Equities net revenues excluding the impact of debt valuation adjustments is meaningful, as it increases the comparability of period-to-period results. FICC and Equities net revenues excluding the impact of debt valuation adjustments are non-GAAP measures and may not be comparable to similar non-GAAP measures used by other companies

1. Wallet share calculated using GS, MS, JPM, C, BAC, CS, BARC, UBS and DB revenues. YTD refers to revenues through 3Q20 and 10-year average refers to revenues for 2010-2019
2. Revenue volatility calculated by dividing standard deviation of reported revenues by average revenues over the period

## Slide 5:

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

## Slide 6:

1. Work kits include computers, monitors, laptops, phones and Chromebooks
2. Average GCLA for 3Q20, compared with 4Q19 average. CET1 ratio as of September 30, 2020, compared with December 31, 2019

## Slide 8:

1. Annual revenue volatility calculated by dividing standard deviation of reported revenues by the average revenues over the period. Annual earnings volatility calculated by dividing standard deviation of reported net income to common shareholders by the average net income to common shareholders over the period. US peers include JPM, C, BAC and MS

# 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 September 30, 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 September 30, 2020 and Earnings Results Presentation for the Third 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 November 9, 2020 and the firm does not undertake to update forward-looking statements to reflect the impact of subsequent events or circumstances.