Consumer & Wealth Management

Eric Lane

January 29, 2020
What Drives Our Success

We provide unparalleled advice and product experience to help individuals through all stages of their financial journeys.

- Our Brand Signifies Credibility and Excellence
- Unwavering Commitment to Serving Our Clients
- Our Ability to Deliver the Entire Firm
- Advice-Led Technology-Enabled Client Solutions
Serving Clients Across the Wealth Spectrum to Expand Our Addressable Market

<table>
<thead>
<tr>
<th>Customer Segment</th>
<th>Ultra-High Net Worth (UHNW)</th>
<th>High Net Worth (HNW)</th>
<th>Mass Affluent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets / Avg. Income</td>
<td>$&gt;10mm (investable assets)</td>
<td>$1-10mm (investable assets)</td>
<td>$&lt;1mm / $100K (investable assets / income)</td>
</tr>
<tr>
<td>U.S. Market Size</td>
<td>$10tn / $1.5tn</td>
<td>$18tn / $3.1tn</td>
<td>$13tn / $3.5tn</td>
</tr>
<tr>
<td>Goldman Sachs Wealth Market Share</td>
<td>~7%</td>
<td>&lt;1%</td>
<td>NA</td>
</tr>
</tbody>
</table>

Advisor-Led  Digitally-Enabled

<table>
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<th>Market Share</th>
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Our Client and Firm Investment Assets

Firmwide

- Non-Fee Earning ~$130bn
- Institutional ~$680bn
- 3rd Party Distributed ~$610bn
- Brokerage Assets ~$280bn
- Wealth Management ~$560bn

~$2.3tn Total Assets

Consumer & Wealth Management

- Wealth Management
  - UHNW Fee Based AUS ~$475bn
  - HNW Fee Based AUS ~$85bn
  - Brokerage ~$280bn

~$840bn Total Assets

- $35bn
- $7
- $28
- $60
- $56

$116bn

Loans / Card
- Wealth Management
- Consumer

Deposits

- Wealth Management
- Consumer
Long-Term Track Record of Growth

$5.2bn Revenues

>90% Management Fees or NII

Advisors

<table>
<thead>
<tr>
<th>Year</th>
<th>Advisors 2014</th>
<th>Advisors 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>~900</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>~1,400</td>
<td></td>
</tr>
</tbody>
</table>

>50% Growth

Client Assets ($bn)¹

<table>
<thead>
<tr>
<th>Year</th>
<th>Client Assets 2014</th>
<th>Client Assets 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>~$590</td>
<td>~$840</td>
</tr>
</tbody>
</table>

>40% Growth

Deposits ($bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Wealth Management 2014</th>
<th>Wealth Management 2019</th>
</tr>
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<td>2014</td>
<td>$35</td>
<td>$56</td>
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<tr>
<td>2019</td>
<td>$116</td>
<td></td>
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</table>

+3x Growth

¹ Excluding Global Wealth Management, inheritances, and estate assets.
Executing a Clear Strategy for Growth

1. Growing Our Premier UHNW Wealth Business Globally
   - Increase advisors and capture embedded client opportunity

2. Expanding Our HNW Platform
   - Leverage corporate relationships and expand HNW franchise reach

   - Scale existing products, introduce new channels and launch new products
Leading Ultra-High Net Worth Platform

Leading Global Business in Fragmented Market

- ~800 advisors
- ~13,000 clients
- ~$3.5bn revenues
- ~$55mm avg. account size
- >85% management fees or NII
- ~14 years avg. tenure per advisor
- ~$475bn of AUS
- >$4mm advisor productivity

Growing Our ~3% Global Market Share
Increase Scale via Global Advisor Growth

Targeting 3-Year Global Advisor Growth of ~30% via ~250 new Private Wealth Advisors

Goldman Sachs UHNW AUS Mix

- Americas: 84%
- EMEA: 11%
- Asia: 5%

**Americas**
- Advisors: +20%
- Organic talent development

**EMEA**
- Advisors: +50%
- Experienced lateral hires with significant existing client business

**APAC**
- Advisors: +50%
- Sourcing experienced hires with high growth potential
Capturing Embedded Opportunity with Existing Clients

Client Assets

- Brokerage 33%
- HNW Fee Based AUS 10%
- UHNW Fee Based AUS 57%

~$840bn of Client Assets

~$475bn of UHNW AUS

Increase client returns via diversification

Lending Penetration

- $28bn of Total WM Loans

- U.S. Penetration 27%
- International Penetration 8%

Increase client returns via diversification

Liquidity 16%
Fixed Income 34%
Equity 36%
Alts 14%
Integrated Corporate Client Service through Ayco

Providing corporate clients and their employees a holistic wealth offering

C-Suite
- Financial counseling and family office
- Full service integrated offering

Senior Level Executives
- Personalized financial planning via dedicated advisor
- Digital wealth, wellness and budgeting

Broader Employees
- Live coaching
- High-value banking products

Goldman Sachs Footprint
- ~435 Corporations
- >1mm U.S. Employees

Target Opportunity
- ~1,500 Corporations
- ~40mm Est. Global Employees

Total Market
- ~16,000 Corporations
- ~50mm Est. U.S. Employees

2 Providing corporate clients and their employees a holistic wealth offering

1, 2, 3, 4: Source: Goldman Sachs
High Net Worth Expansion

High growth, U.S.-focused business in expansion mode

- ~600 advisors
- ~40,000 clients
- ~$85bn of AUS
- ~$0.9bn revenues
- >95% management fees or NII
- Present in 28 of top 30 U.S. metro areas

Growing from our <1% U.S. Market Share
Building a Leading Digital Consumer Bank

Our Vision

Building the consumer bank of the future to address the spending, borrowing and saving needs for millions of customers and help them take control of their financial lives.

Our Criteria

- Ability to Address Consumer Pain Points
- Our Competitive Advantages
- Deep Revenue Pools

Our Value Proposition

Demonstrating we are “on your side” through products that are:

- Simple
- Transparent
- Valuable
- Personal
- Secure
## Progress Three Years In

<table>
<thead>
<tr>
<th></th>
<th>Customers</th>
<th>Deposit Balances</th>
<th>Loan / Card Balances</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>0.2mm</td>
<td>$12bn</td>
<td>$0.2bn</td>
<td>$2mm¹</td>
</tr>
<tr>
<td>~5mm</td>
<td>2019</td>
<td>$60bn</td>
<td>~$7bn</td>
<td>~$860mm</td>
</tr>
<tr>
<td>~$5mm</td>
<td>2019</td>
<td>$50bn</td>
<td>~$7bn</td>
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Creating an Integrated Platform

Products
- Checking (2021)
- Credit Cards
- Loans
- Savings
- Invest / Wealth (2020)

Channels
- Direct Marketing
- Financial Tools
- Merchants at Point of Sale
- Corporates (via Ayco)

Brand
- Marcus: Savings
- Marcus: Insights
- Marcus: Pay
- Marcus: @Work

Partnerships
- Corporate Relationships
- Partner / Co-Brand
Marcus by Goldman Sachs

$5,963.00
Principal remaining

Good morning.
Remember that time is money.
-B. Franklin

Savings $84,150.00

Marcus Accounts

Online Savings-3059 $37,026.00
Certificate of Deposit-0124 $47,124.00

$20,032.00
Current balance

Online Savings-3059
Available balance $20,032.00
Interest earned YTD $339.60

Deposit from Bank-4321 $5,706.00
Interest Paid $28.30
Consumer Credit Risk Management

Holistic Approach

- Governance and Expertise
- Risk-Focused Product Design
- Foundational Credit Decision Framework
- Modern Technology Infrastructure

Disciplined Risk Appetite

- Offer Presentment / Approval Rate: ~25-30%
- Avg. FICO Score at Origination: ~740
- Current Balances: ~$7bn

Designed to drive resiliency and through-the-cycle performance
# Driving Higher Margins in Consumer & Wealth Management

### C&WM Metrics (2019)

<table>
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<tr>
<th>Metric</th>
<th>Value</th>
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<tr>
<td>Net Revenues</td>
<td>$5.2bn</td>
</tr>
<tr>
<td>Pre-tax Earnings</td>
<td>$0.2bn</td>
</tr>
<tr>
<td>Pre-tax Margin</td>
<td>5%</td>
</tr>
</tbody>
</table>

### 5-Year Consumer Opportunity

- **Grow to $125bn+**
  - Consumer Deposit Balances
  - Grow to $20bn+
  - Loan / Card Balances
  - $700mm - $900mm
  - Pre-tax Income ex-reserves

### C&WM Segment Forward Pre-tax Margin

- FY19: 5%
- Medium-term: ~15%
- At scale: >20%
End Notes

Note: Data as of 2019YE except where otherwise noted

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

Slide 2:
1. UHNW market share reflects GS client assets in the Americas and personal financial assets of >$30mm. HNW market share reflects GS client assets in the US and personal financial assets between $1mm and $10mm. Source: McKinsey Wealth Pools, 2018. Market share calculated using GS total client assets figures. Deposits are included in investable asset figures and include retail current account deposits, savings deposits and term deposits

Slide 3:
1. Non-Fee Earning assets of ~$130bn includes Goldman Sachs balance sheet investments, employee funds, leverage, cost vs. fair value on Alternatives funds and unfunded capital commitments

Slide 4:
1. Client assets include Wealth Management AUS and brokerage assets

Slide 6:
1. Reflects both self-sustaining and non-self-sustaining advisors
2. Reflects self-sustaining advisors only
3. Based on total global UHNW market size of $26tn in investable assets per McKinsey Wealth Pools, 2018. Market share calculated using GS UHNW client assets figures. Deposits are included in investable asset figures and include retail current account deposits, savings deposits and term deposits

Slide 7:
1. Targeted growth from 2019YE through 2022YE

Slide 8:
1. Loans include bank loans, mortgages and GS Select; excludes Margin. Penetration measures PWM accounts with bank loan / mortgage products vs. total accounts by region

Slide 9:
1. Target corporations include existing corporate clients and prospects
2. Due to limited data availability of U.S. employee count, global employee estimate is included. Ayco target market is U.S.-only today. Source: 2019 Fortune 1000 & Forbes America's Largest Private Companies 2019 Ranking
3. Number of U.S. firms that are Corporations or S-Corporations with 500+ employees. Source: U.S. Census Bureau, 2016 Statistics of U.S. Businesses (SUSB) Annual Data Tables by Establishment Industry
End Notes

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

Slide 10:
1. Source: U.S. Census Bureau
2. Based on total U.S. HNW market size of $18 trillion in investable assets per McKinsey Wealth Pools, 2018. Market share calculated using GS HNW client assets figures. Deposits are included in investable asset figures and include retail current account deposits, savings deposits and term deposits

Slide 12:
Note: Graphs not to scale
1. 2016 revenue does not include results from Consumer deposit-taking activities

Slide 15:
1. Metrics are across total loan and card portfolios and dollar-weighted; FICO at origination is account-weighted
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), amount and composition of future Assets under Supervision, planned debt issuances, growth of deposits and associated interest expense savings, future geographic location 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 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. 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 Annual Report on Form 10-K for the year ended December 31, 2018. You should also read the cautionary notes on forward-looking statements in our Form 10-Q for the period ended September 30, 2019 and Earnings Results Presentation for the Full Year and Fourth Quarter 2019. For more information regarding non-GAAP financial measures such as ROTE, refer to the footnotes in the Earnings Release and Earnings Presentation for the Full Year and Fourth Quarter 2019 and information on the calculation of non-GAAP financial measures that is posted on the Investor Relations portion of our website: www.goldmansachs.com.

The statements in the presentation are current only as of January 29, 2020 and the firm does not undertake to update forward-looking statements to reflect the impact of subsequent events or circumstances.