

# Our Strategic Direction

**David Solomon**

Chairman and Chief Executive Officer

January 29, 2020





# Who We Are

OUR PURPOSE

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**We advance sustainable economic growth  
and financial opportunity**

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**Drawing on over 150 years of experience working with the world's leading businesses, entrepreneurs and institutions, we mobilize our people, culture, technologies and ideas to advance the success of our clients, broaden individual prosperity and accelerate economic progress for all**

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**Successfully delivering on our purpose  
will drive shareholder returns**

# Our Core Values

Our core values have endured  
for 150 years, driven by  
a spirit of partnership

**Partnership**

**Client Service**

**Integrity**

**Excellence**

# Our Competitive Advantages

**Poised to execute  
from a position of strength**

**Global Presence**

**Deep Client Relationships**

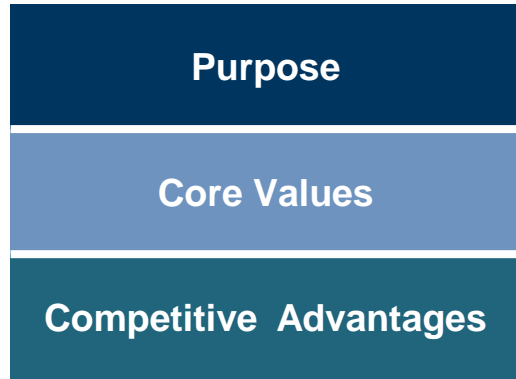
**Exceptional Talent**

**Innovation**

**World-Class Brand**

**Risk Management**

# Our Evolution



**Transparent**

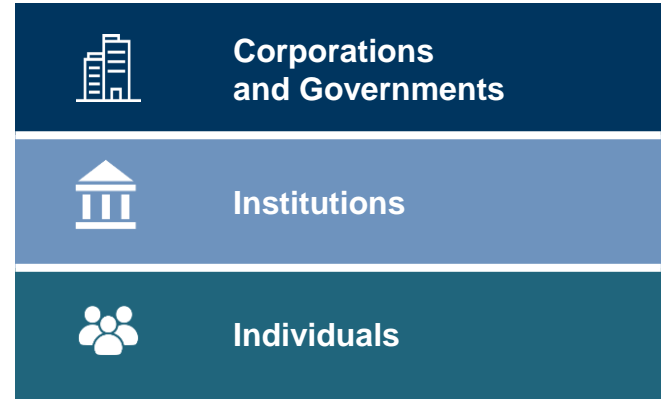
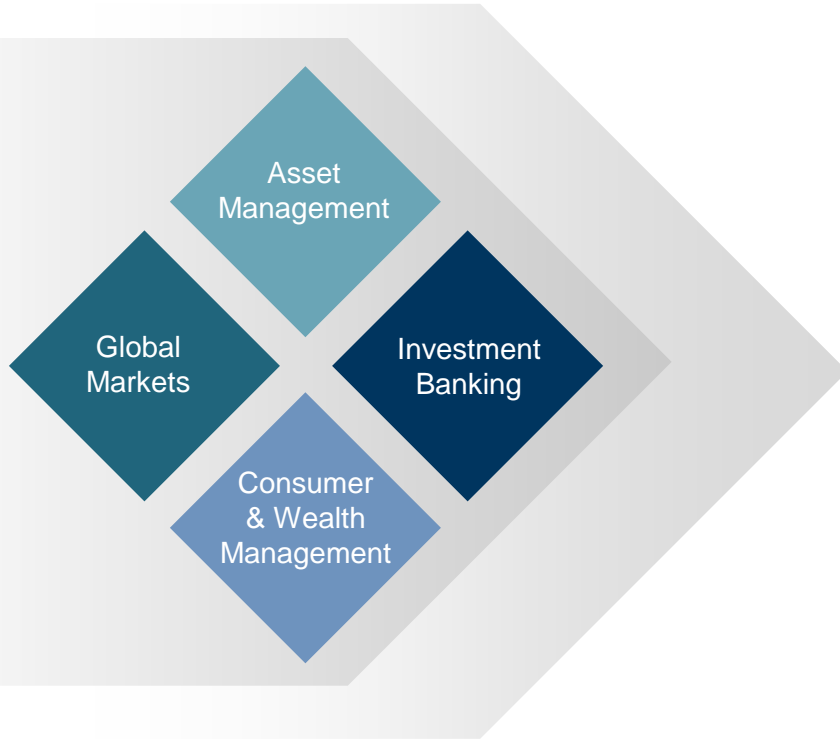
**Open**

**Dynamic**

**Long-term**



# Our Client Focus: Deliver One Goldman Sachs



# Where We Are Going



# An Era of Transformation and Opportunity

**Digitization**



**Consumerization**



**Global Complexity**



**Corporate  
Stewardship**



# A New Operating Approach



# Clear Strategic Direction

**Grow and  
Strengthen  
Existing  
Businesses**



Higher  
Wallet Share

**Diversify our Products  
and Services**



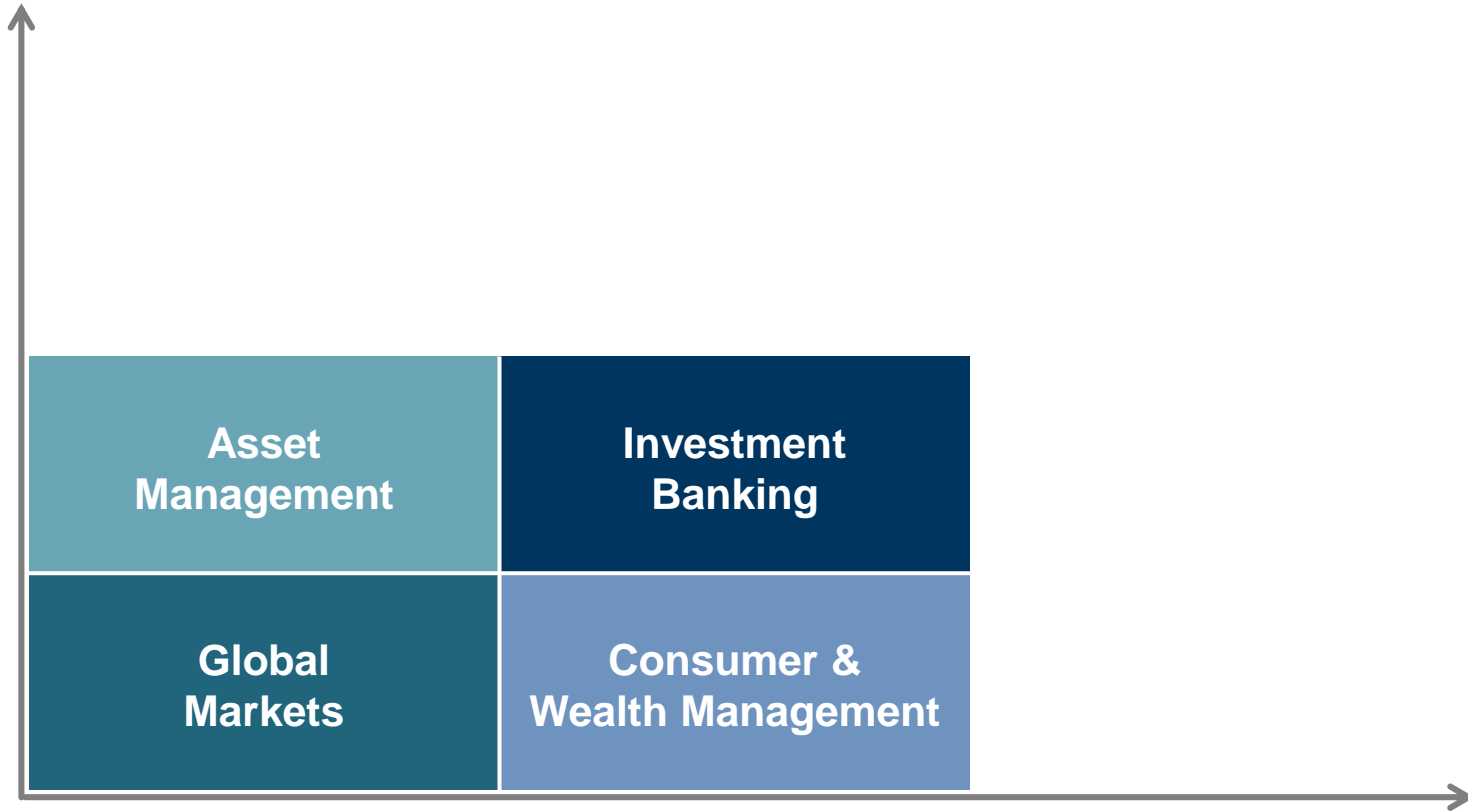
More  
Durable Earnings

**Operate More  
Efficiently**

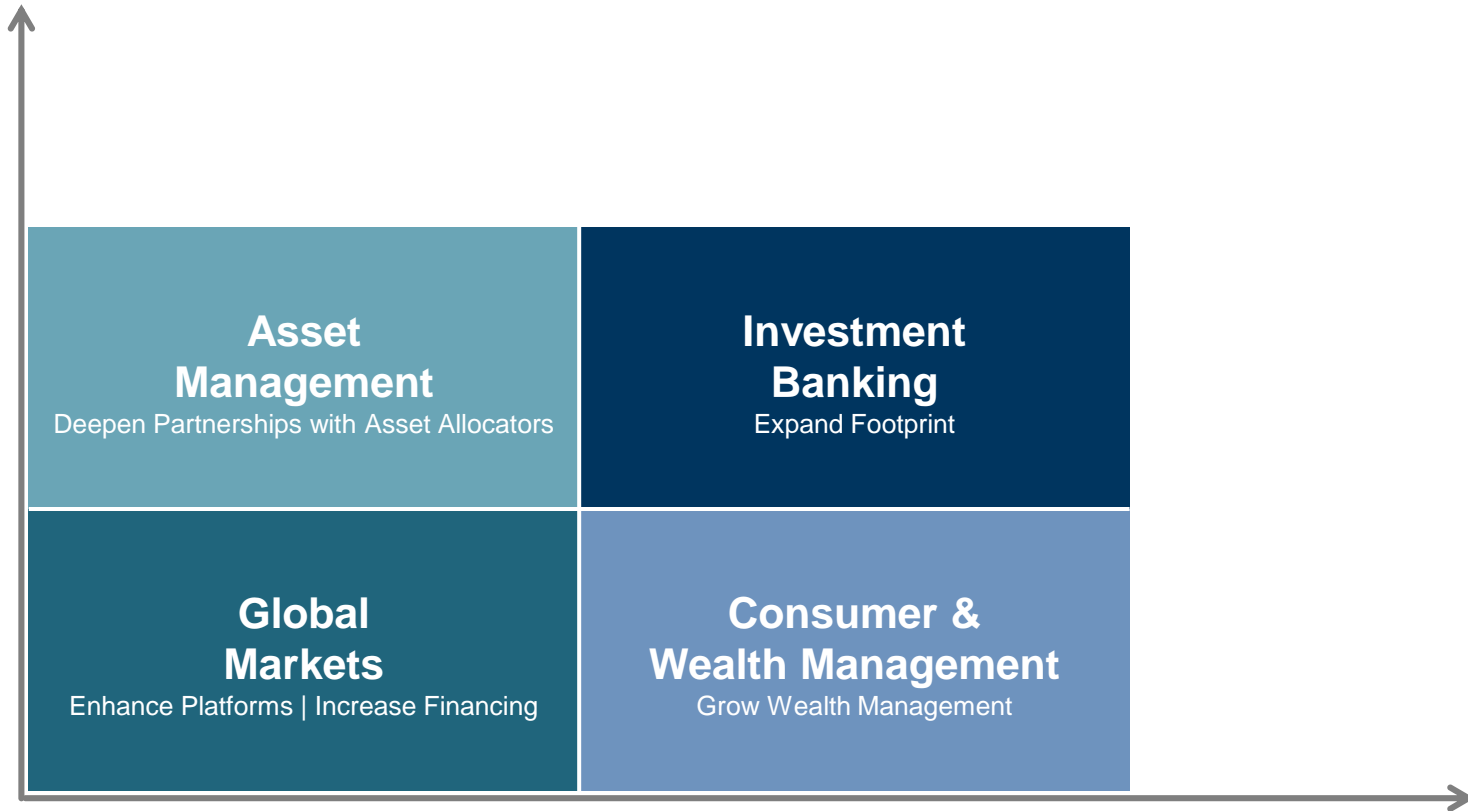


Higher  
Margins and Returns

# Strong Foundation



# Strengthening Our Core



# Evaluating Opportunities for Growth

## Strategic Criteria

- ✓ Address a client need

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- ✓ Capitalize on our foundational advantages

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- ✓ Leverage adjacencies to incumbent businesses

## Financial Criteria

- ✓ Produce more durable revenues

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- ✓ Improve capital efficiency

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- ✓ Enhance our funding profile

**Driving a more durable and higher returning business mix**



# Four Areas of Focus

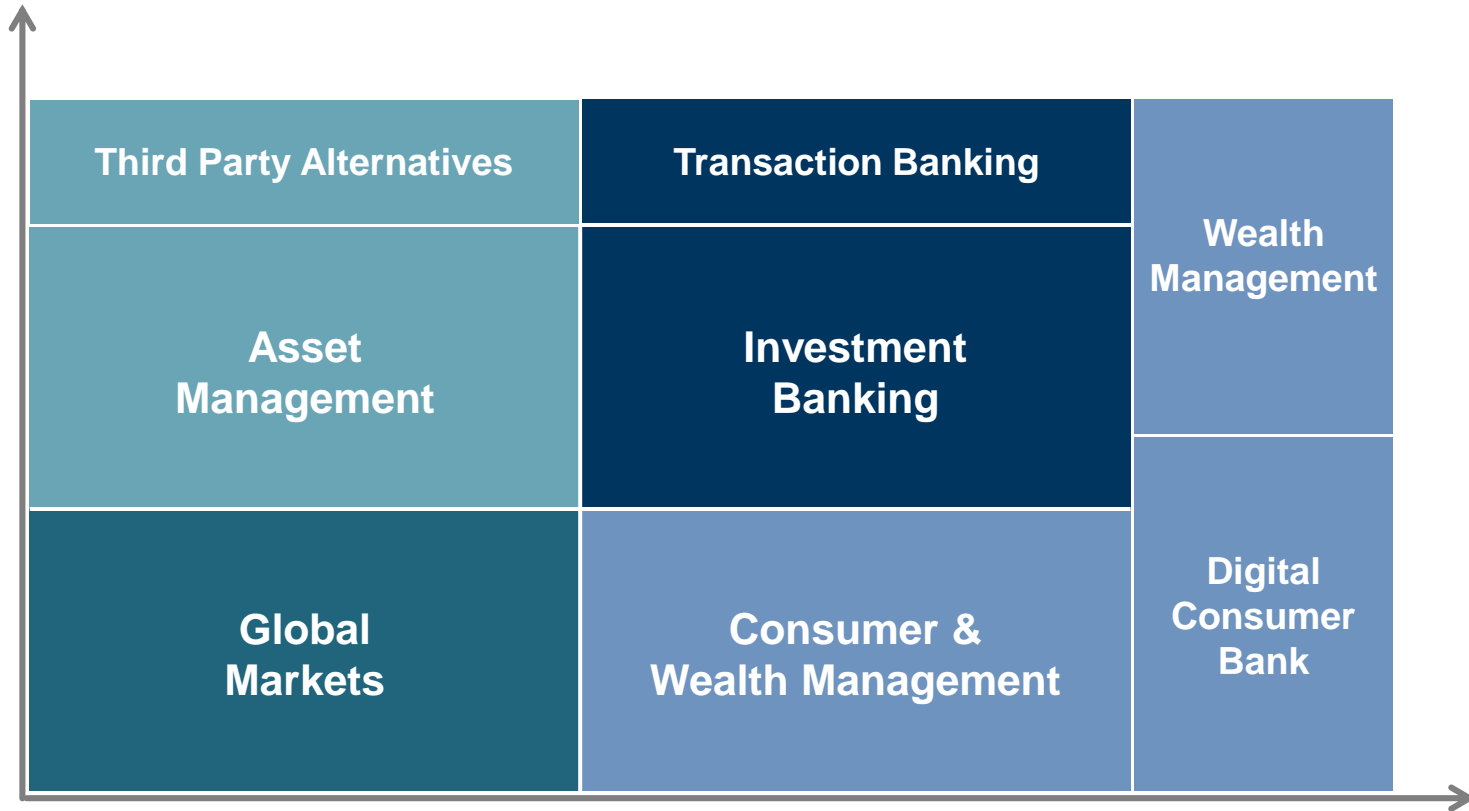
**Transaction  
Banking**

**Third Party  
Alternatives**

**Digital  
Consumer Bank**

**Wealth  
Management**

# Leveraging Adjacencies to Expand Our Addressable Market



# A Commitment to Driving Value

## Medium-term<sup>1</sup> Financial Targets

ROE / ROTE

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>13% / >14%

Efficiency Ratio

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~60%

CET1 Ratio

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13-13.5%

**New business growth positions Goldman Sachs to generate mid-teens or higher returns over longer-term<sup>2</sup>**

# Why We Will Be Successful



# Our People are our Greatest Asset

**#1**

Most attractive bank employer  
among business students<sup>1</sup>

**85K+**

Campus applications  
for 2,600 positions<sup>2</sup>

**#7**

Most attractive employer among  
business students<sup>1</sup>

**Aspirational**  
for Campus Recruits

**66%**

Of the 2019 Managing Director  
class started as analysts  
or associates

**1 of 10**

Companies listed every year on Fortune's  
100 Best Companies to Work For List,  
since its inception 22 years ago

**Attractive**  
to Experienced  
Talent

**Invested**  
in our People



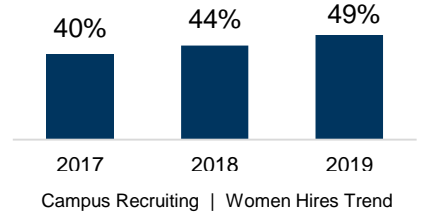
# Diversity is a Strategic Imperative

Our clients care about the diversity of our organization and our efforts to advance diversity

## 2019: Our Most Diverse Campus Analyst Class

49% 63%

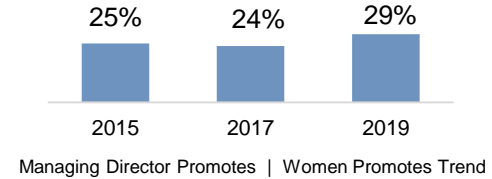
Women Asian / Black / Hispanic / Latino



## 2019: Our Most Diverse Managing Director Class

29% 32%

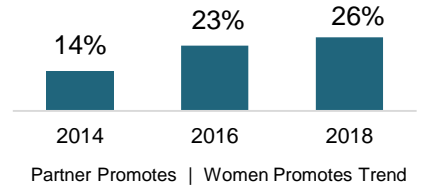
Women Asian / Black / Hispanic / Latino



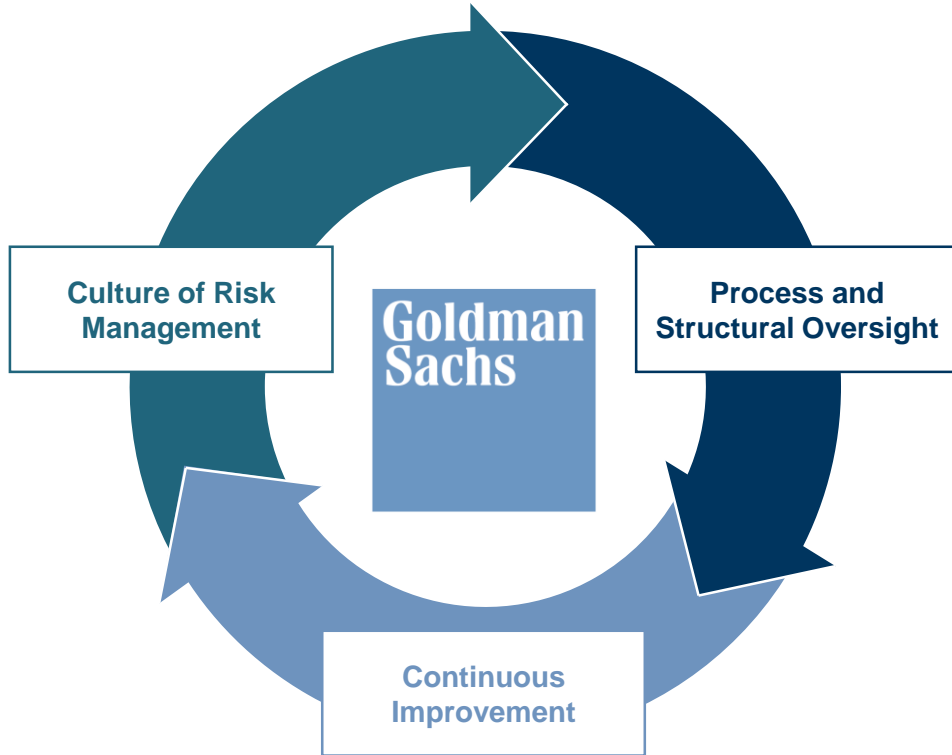
## 2018: Our Most Diverse Partner Class

26% 26%

Women Asian / Black / Hispanic / Latino



# Risk Management



## EVOLVING RISK PROFILE

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**Reputational**

**Consumer Credit**

**Cybersecurity**

**Geopolitical**

# Track Record of Change and Innovation

					Banking-as-a-Service
					Transaction Banking
				Credit Card	Credit Card
				Digital Wealth	Digital Wealth
			Consumer Banking	Consumer Banking	Consumer Banking
		Financial Counseling	Financial Counseling	Financial Counseling	Financial Counseling
	Alternatives	Alternatives	Alternatives	Alternatives	Alternatives
	UHNW <sup>2</sup> Wealth	UHNW Wealth	UHNW Wealth	UHNW Wealth	UHNW Wealth
	Commodities	Commodities	Commodities	Commodities	Commodities
	M&A Advisory <sup>3</sup>	M&A Advisory	M&A Advisory	M&A Advisory	M&A Advisory
Debt & Equity U/W <sup>1</sup>	Debt & Equity U/W	Debt & Equity U/W	Debt & Equity U/W	Debt & Equity U/W	Debt & Equity U/W
Market Making	Market Making	Market Making	Market Making	Market Making	Market Making
1960s	1980s	2000s	2010s	Current	2020s



# Clear Strategic Direction

## 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**

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# End Notes

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

Slide 18:

1. Medium-term refers to 3 year time horizon
2. Longer-term refers to 5+ year time horizon

Slide 20:

1. Source: Universum 2019
2. For incoming 2020 class

Slide 23:

1. U/W refers to underwriting
2. UHNW refers to ultra-high-net-worth clients (currently defined as >\$10mm in investable assets)
3. M&A refers to mergers and acquisitions

# 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](http://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.