

Goldman Sachs (GS US)

FUNDAMENTAL VIEW¹

As of 25 Mar 2024

- Goldman Sachs has had solid but mixed results in recent years, with strength in trading results particularly during periods of market volatility. Investment banking results have weakened in line with market conditions but Goldman's market share remains strong. Investment banking appears to be rebounding in early 2024. The funding profile has improved over time with increased deposit funding.
- Goldman remains well behind "Big 6" peers in diversifying its revenue base beyond its historical strong points. Wealth and Asset Management are now the most likely areas of growth in the coming years. Goldman's results have been weighed by costs related to consumer banking and exits from those businesses.
- Goldman Sachs' (A2/BBB+/A) HoldCo long-term debt ratings have stable outlooks.

RISKS & CATALYSTS

As of 25 Mar 2024

- From a fundamental standpoint, the past several years have been a mixed bag. Goldman's poorly-executed foray into consumer lending has thus far been a costly blunder, diverting capital and management attention away from its core businesses and providing a meaningful drag on profitability. Management is in the process of selling consumer-related businesses. Goldman's performance has remained strong in its legacy areas of strength in trading and investment banking.
- Goldman could participate in further M&A to achieve its long-term strategic goals, as it has in recent years with mixed results; most likely through add-on deals related to asset/wealth management.
- Goldman could be impacted by the lack of liquidity in the secondary markets during periods of market turmoil, but for the most part, has been positively impacted by bouts of volatility.

CREDIT QUALITY SCORE (CQS)²

As of 08 Apr 2024

CURRENT CQS

60

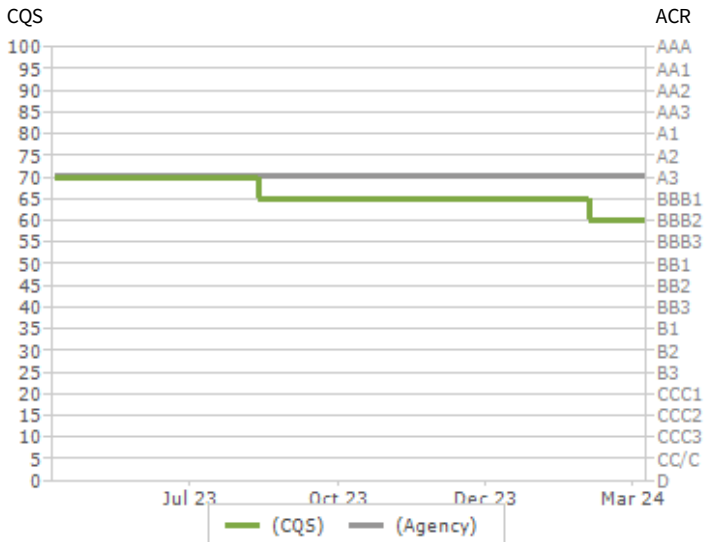
CQS OUTLOOK³

NEGATIVE

STABLE

POSITIVE

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR)⁴ VS CQS



KEY METRICS

As of 25 Mar 2024

\$ MN	FY19	FY20	FY21	FY22	4Q23
ROAE (annual)	9.4%	10.3%	21.3%	9.7%	7.3%
ROAA (annual)	0.9%	0.8%	1.5%	0.7%	0.5%
PPNR / Avg. Assets	1.20%	1.34%	1.86%	1.08%	0.75%
Efficiency Ratio	68%	66%	54%	65%	72%
Net charge-offs (LTM) / Loans	0.46%	0.70%	0.19%	0.30%	0.68%
Common Dividend Payout	18.2%	19.0%	10.6%	28.4%	42.2%
CET1 Ratio	13.3%	14.1%	13.6%	15.0%	14.4%
Supplementary Leverage Ratio (SLR)	6.2%	6.9%	5.5%	5.8%	5.5%
Liquidity Coverage Ratio (LCR)	127%	128%	122%	129%	128%

BUSINESS DESCRIPTION

As of 25 Mar 2024

- Goldman Sachs is now the fifth largest bank holding company in the U.S. with approximately \$1.64 tn in assets as of 4Q23 and a market capitalization of \$131.8 bn as of Mar 19, 2024.
- Goldman Sachs presents its activities through three business segments: Global Banking & Markets, Asset & Wealth Management, and Platform Solutions.
- Goldman's historical strengths include equity and FICC sales & trading, investment banking, institutional investment management including alternatives, and high net worth wealth management. It has been expanding its wealth management client base, and adding other stable fee income streams amid a sluggish capital market environment.

GLOSSARY

¹ The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

² The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

³ The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

⁴ The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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