

Goldman Sachs (GS US)

FUNDAMENTAL VIEW ¹

As of 16 Aug 2022

- Goldman experienced record capital markets results driven by elevated markets activity in 2020-2021. Still, the company remains focused on its medium and longer-term goals unveiled at the start of 2020 to improve efficiency, revenue mix, and funding. We see these initiatives as well as the recent improvement in core results as credit positives.
- Goldman Sachs' (A2/BBB+/A) HoldCo long-term debt was upgraded to A2 from A3 by Moody's, citing lower loss given default modeling. Its S&P ratings have remained unchanged since 4Q15.

RISKS & CATALYSTS

As of 16 Aug 2022

- Much of Goldman's core business is tied to global macro economic trends & overall levels of capital markets activity; market conditions have been unusually positive since the pandemic began (including positive impacts from macro volatility in 2022), but could normalize over time. Goldman is seeking to expand its operations and client base outside of its traditional businesses, which carries execution risk.
- Goldman could participate in further M&A to achieve its long-term strategic goals, such as its deal for NN Group's Europe-based asset management division, which shifts the balance of revenues within asset management away from equity investments.
- Goldman could be impacted by the lack of liquidity in the secondary markets during periods of market turmoil.

CREDIT QUALITY SCORE (CQS) ²

As of 20 Feb 2023

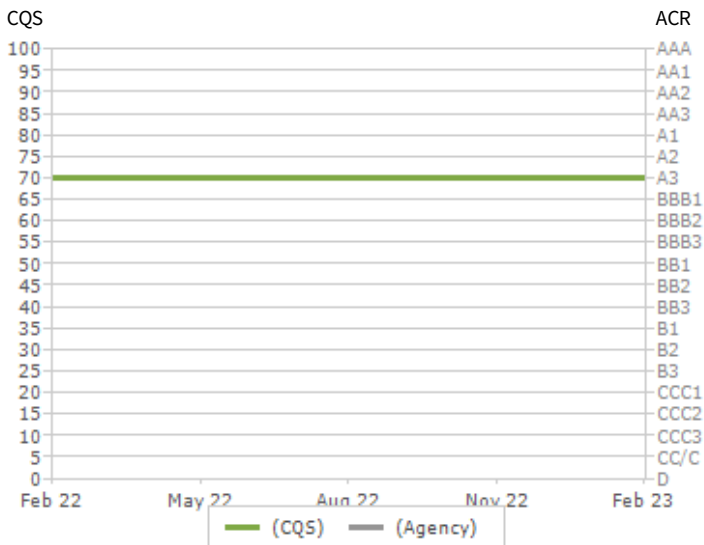
CURRENT CQS

70

CQS OUTLOOK ³

NEGATIVE STABLE POSITIVE

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



KEY METRICS

As of 16 Aug 2022

\$ MN	LTM 1Q22	FY21	FY20	FY19	FY18
ROAE (annual)	17.7%	21.3%	10.3%	9.4%	12.3%
ROAA (annual)	1.2%	1.5%	0.8%	0.9%	1.1%
PPNR / Avg. Assets	1.60%	7.38%	1.34%	1.20%	1.40%
Efficiency Ratio	55%	220%	66%	68%	64%
Net charge-offs (LTM) / Loans	0.21%	0.19%	0.70%	0.46%	0.30%
Common Dividend Payout	13.6%	40.5%	19.0%	18.2%	11.7%
CET1 Ratio	14.4%	14.2%	14.1%	13.3%	13.1%
Supplementary Leverage Ratio (SLR)	5.6%	5.6%	6.9%	6.2%	6.2%
Liquidity Coverage Ratio (LCR)	126%	122%	128%	127%	127%

BUSINESS DESCRIPTION

As of 16 Aug 2022

- Goldman Sachs is now the fifth largest bank holding company in the U.S. with approximately \$1.6 tn in assets as of 1Q22 and a market capitalization of \$91.8 bn as of June 21, 2022.
- Goldman Sachs presents its activities through four business segments: Investment Banking, Global Markets, Asset Management, and Consumer & Wealth Management.
- Goldman's historical strengths include equity and FICC sales & trading, investment banking, institutional investment management including alternatives, and high net worth wealth management. It is gradually expanding its business mix to include consumer lending, expand its wealth management client base, and add other stable fee income streams.

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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