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Goldman Sachs (GS) Q4 2025 Earnings Transcript

By Motley Fool Transcribing (/author/20032/) – Jan 15, 2026 at 11:07AM EST

NYSE: GS (/QUOTE/NYSE/GS)
Goldman Sachs Group

Market Cap	$277B
Today's Change	Current Price
(0.47%) $4.33	$920.98

Price as of February 20, 2026 at 3:59 PM ET

Date

Thursday, Jan. 15, 2026 at 9:30 a.m. ET

Call participants

- Chairman and Chief Executive Officer — David Solomon
- Chief Financial Officer — Dennis Coleman

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Takeaways

- **Earnings Per Share** -- $14.01 for the quarter and $51.32 for the year, representing a 27% annual increase.
- **Return Metrics** -- Quarterly ROE was 16%, and RoTE was 17.1%. Full-year ROE was 15%, and RoTE was 16%, up 230 and 250 basis points compared to 2024.
- **Revenues** -- $13.5 billion for the quarter; record $41.5 billion in Global Banking and Markets for the year, an 18% annual increase.
- **Dividend Increase** -- Quarterly dividend raised by $0.50 to $4.50 per share, a 50% rise compared to the prior year.
- **Share Repurchase Capacity** -- $32 billion remains under current authorization; $3 billion repurchased and $1.2 billion in dividends returned to shareholders in the quarter.
- **Investment Banking Fees** -- $2.6 billion in the quarter, up 25% year over year; maintained number one ranking in M&A advisory and leveraged lending for 2025.
- **Advisor Backlog** -- Highest level in four years, with seventh consecutive quarterly increase, primarily driven by advisory.
- **FICC Net Revenues** -- $3.1 billion for the quarter, a 12% increase year over year; financing revenues rose 7% to a quarterly record.
- **Equities Net Revenues** -- $4.3 billion in the quarter; record $16.5 billion for the year, exceeding the previous year by over $3 billion.
- **Asset and Wealth Management Revenues** -- $16.7 billion for the year; pretax margin at 25%, with a new medium-term target increased to 30%.
- **Management and Other Fees** -- Reached a quarterly record of $3.1 billion, up 5% sequentially and 10% year over year.
- **Long-Term Fee-Based Net Inflows** -- $66 billion added in the quarter, contributing to record total assets under supervision of $3.6 trillion.
- **Alternative Assets Under Supervision** -- $420 billion at year-end; fourth-quarter third-party fundraising totaled $45 billion, with $115 billion for the year.
- **Apple Card Portfolio Transition** -- Net positive impact of $0.46 to EPS and 50 basis points to ROE in the quarter; $2.3 billion revenue reduction offset by a $2.5 billion reserve release.
- **Total Loans** -- $238 billion at quarter-end, higher sequentially due to increased collateralized lending.
- **Deposit Growth** -- Deposits reached $501 billion, representing roughly 40% of total funding.
- **Common Equity Tier One Ratio** -- 14.4% under standardized approach at quarter-end.

- **Operating Expenses** -- $37.5 billion for the year, including $18.9 billion in compensation and $18.6 billion in non-compensation expenses, with a 9% year-over-year increase in non-comp costs.
- **Record High Applications** -- Experienced hire applications topped 1.1 million in 2025, up 33% year over year; internship selection rate held below 1%.
- **ROE Outlook** -- Management reaffirmed mid-teens firm-wide return targets while introducing a higher 30% pretax margin target for asset and wealth management.

Summary

Goldman Sachs (GS (/quote/nyse/gs/) +0.47%) reported substantial quarterly and annual growth in earnings, revenue, and return metrics, emphasizing record results in several business lines. Management articulated a sharpened strategic focus, highlighted by the completed transition agreements for the Apple Card and General Motors credit card portfolios and new segment targets, including higher asset and wealth management margins. The firm's stated plans to aggressively expand both its durable financing revenues and its global alternatives platform further signal a focus on scaling less capital-intensive operations. Updates also included expanded capital return initiatives, significant progress in funding diversification, and enhancements to risk and operating efficiency, enabled in part by targeted implementation of AI-driven process redesign under the One Goldman Sachs 3.0 program.

- Goldman Sachs expects its wealth long-term fee-based net inflows to maintain a 5% annual growth target, with management stating this will be an "important signal" of ongoing execution against opportunity.
- Solomon said, "We are the number one outsourced CIO manager in the US," underscoring market leadership in solutions for institutional investors.
- Management disclosed that non-compensation expenses will continue to be actively managed, with increased spending targeted toward revenue-generating transaction activity and technology investments.
- The executive team outlined an ability to redeploy resources freed by regulatory change into growth investments, rather than solely bottom-line enhancement.
- Solomon addressed new opportunities in tokenization and prediction markets, stating the firm is "very focused on understanding that, understanding the regulatory structure, that's going to develop around that, seeing where there are opportunities for us to have capabilities or to partner to serve our clients around these."

- Integration of acquired businesses, such as Industry Ventures a positions Goldman Sachs among the top global active ETF prov ds its secondaries investment franchise to over $500 billion in ass supervision.

- Management confirmed that the Apple Card portfolio transition will leave only the

Apple high-yield savings program remaining and described related deposits as a "small fraction" of the total funding base.

- Capital deployment priorities continue to rank organic franchise investment, disciplined dividend growth, and opportunistic repurchases as the top uses of capital, with management indicating buybacks remain "an important part of our capital deployment strategy."
- The firm attributed the increase in durable revenues, reduction in principal investments, and improved stress capital buffer to a multi-year strategy of building more stable and less capital-intensive businesses.

Industry glossary

- **FICC**: Fixed Income, Currencies, and Commodities — a segment of trading and client execution in global capital markets.
- **RoTE**: Return on Tangible Equity — a profitability measure excluding intangible assets from the equity base.
- **CAGR**: Compound Annual Growth Rate — the rate of return that would be required for a metric to grow from its beginning to end value, assuming the growth was compounded annually.
- **CCAR**: Comprehensive Capital Analysis and Review — the Federal Reserve's annual regulatory stress test for large U.S. bank holding companies.
- **SCB**: Stress Capital Buffer — the capital buffer required as a result of the CCAR stress test.
- **AUS**: Assets Under Supervision — combined total of assets that Goldman Sachs manages or supervises for clients.
- **ROE**: Return on Equity — a measure of profitability calculated as net income divided by average shareholders’ equity.
- **EBIT**: Earnings Before Interest and Taxes — a financial measure of profitability before deducting interest and tax expenses.
- **ETF**: Exchange Traded Fund — an investment fund traded on stock exchanges, holding assets such as stocks, commodities, or bonds.
- **RIA**: Registered Investment Adviser — a firm or individual registered to provide investment advice to clients and manage assets.
- **T. Rowe partnership**: Strategic collaboration between Goldman Sachs and T. Rowe Price to create product offerings for retirement and wealth investors.
- **Innovator**: An acquired ETF platform expanding Goldman Sachs' presence in outcome-based ETFs globally.
- **Industry Ventures**: Acquired venture capital platform, enhancing Goldman's technology investment and secondaries capabilities.

- **XIG**: Goldman Sachs' secondaries investment group/franchise, referenced in context of $500 billion in supervised assets.
- **Apple Card**: Consumer credit card offering previously managed by Goldman Sachs, referenced in discussion of its transition out of the portfolio.

Full Conference Call Transcript

David Solomon: Thank you, operator. Good morning, everyone. Thank you all for joining us. I am very pleased with our strong performance in the fourth quarter. We generated earnings per share of $14.1, an ROE of 16%, and an RoTE of 17.1%. For the full year, we delivered earnings per share of $51.32, a 27% increase versus last year, and ROE of 15% and ROTE of 16%. Before we review our financials in detail, I want to discuss our longer-term performance and provide an update to you on our strategy. Beginning on Page one, in 2020, we held the firm's first investor day and laid out a clear and comprehensive strategy to grow and strengthen the firm.

We also set a number of targets so we would be held accountable for our progress. Since then, guided by our purpose to be the most exceptional financial institution in the world, supported by our four values of client service, integrity, partnership, and excellence, we continue to successfully execute on this strategy. We increased firm-wide revenues by roughly 60%. We grew EPS by 144%. We improved our returns by 500 basis points. And we delivered a total shareholder return of over 340%, the most of our peer group over this time frame. As you can see on page two, we achieved this while also materially improving the risk profile of the firm and enhancing the resilience of our earnings.

We have doubled our more durable revenues. We have reduced historical principal investments by over 90% from roughly $64 billion down to $6 billion. The results of these multiyear efforts to scale capital-light businesses and reduce our capital intensity were reflected in our most recent CCAR stress test, where we've driven a 320 basis point improvement in our stress capital buffer. Overall, we have strengthened and grown the firm through relentless focus on delivering excellence to our clients. Turning to page three, I want to highlight our strong execution in 2025. Our success is fueled by our world-class interconnected franchises that deliver one Goldman Sachs to our clients around the globe.

In global banking and markets, we maintained our position as the number one M&A adviser in investment banking and number one equities franchise alongside our leading position in FICC. We improved our standing with the top 150 clients in these businesses, which has contributed to 350 basis points of wallet share gain in GBM since 2019. We significantly increased our more durable FICC and equity financing revenues, which grew to a new record of $11.4 billion for the year and generated returns in excess of 16% in the segment. In asset wealth management, we are a top-five active asset manager, a leading alternatives franchise, and a premier ultra-high-net-worth wealth manager.

We've consistently grown more durable management, other fees, and private banking and lending revenues, which were both records in 2025. And also raised a record $115 billion in alternatives. Our strong execution has led to improvement in both the margins and the returns in this segment. Importantly, we're taking the final steps needed to narrow our strategic focus. In addition to completing the transition of the General Motors credit card program last August, last week, we announced an agreement to transition the Apple Card portfolio. Let's turn to Page four for a deeper dive on our franchises, starting with investment banking, where we have been the number one M&A adviser for twenty-three consecutive years.

Very few, if any, service businesses of our size can claim long-standing leadership to this degree. This is a reflection of the strength of our client relationships as well as the quality of our people and the advice and execution capabilities they bring to our clients. Since 2020, we've generated an incremental $5 billion in advisory revenues versus the number two competitor. And in 2025 alone, we've advised on more than $1.6 trillion of announced M&A transaction volumes, over $250 billion ahead of the next closest peer. Over the last year, we've seen high levels of client engagement across our investment banking franchise. And we expect activity to accelerate in 2026.

Our outlook is supported by a number of catalysts: corporate focus on strategically positioning scale and innovation, the tremendous public and private capital fueling growth in AI, as well as a strong pickup in sponsor activity. Given our best-in-class sponsor franchise, we're especially well-positioned to help sponsors deploy the $1 trillion of dry powder they hold and monetize the roughly $4 trillion of value across their portfolio companies. Increased levels of engagement are reflected in our backlog, which stands at its highest level in four years. M&A transactions often kick off a flywheel of activity across our entire franchise.

Whether it's acquisition financing, hedging activity, secondary market making, or investing opportunities for our AWM clients, it is unquestionable that there is a significant multiplier effect. And as the number one advisor for over two decades, we are uniquely positioned to capture the significant forward opportunity. Moving to Page five, another growth engine for GBM has been our leading origination and financing businesses. Last year, we announced the creation of the Capital Solutions Group, formalizing a hub to provide our clients a comprehensive suite of financing origination, structuring, and risk management offerings across both public and private markets.

On the public side, we are optimistic about the outlook for equity and debt underwriting, particularly amid the resurgence in the IPO market and higher acquisition finance-related activity. We have a long-standing track record and leading market positions. On the private side, our ability to structure holistic solutions has led to a number of asset-backed financings across infrastructure, transportation, and data centers. Supported by strong origination and structuring that feed opportunities across our client franchise and our asset management platform. These capabilities have supported our deliberate strategy to grow our more durable financing revenues, providing a ballast to our results and comprising 37% of total FICC and equity revenues in 2025. Since 2021, these have increased at a 17% CAGR.

And with risk management always top of mind, we still expect to prudently drive growth from here. On page six, we illustrate the strength and resilience of the FICC and equities intermediation businesses. We have a demonstrated ability to deliver strong results in a broad array of market environments. While client activity levels in different asset classes ebb and flow in any given quarter, our overall results have been remarkably consistent over time. This reflects the breadth and diversification of these businesses, which have been bolstered by our share gains. We see even more opportunities to further strengthen our client franchise. This includes investing to improve our market-making capabilities and broaden offerings for active and passive ETF issuers.

In addition, we are working to close share gaps with key client segments, including insurers, wealth managers, and RIAs, as well as in certain product areas like corporate derivatives. Geographically, we are looking to close the share gap in Asia, in part by focusing on these areas. Turning to page seven, our scaled asset and wealth management business has $3.6 trillion in assets under supervision, with global breadth and depth across products and solutions. We've grown more durable revenues across management and other fees in private banking and lending at a 12% CAGR, ahead of our target, and we continue to see significant opportunities across wealth management, alternatives, and solutions. We have also improved our AWM margins and returns.

And given our growth outlook across these businesses, we are setting new targets. We are increasing our pretax margin target to 30%, which will help drive high-teen returns in AWM over the medium term. Let's dive deeper into our key growth opportunities, starting with wealth management on page eight. Over the last fifty years, we have built a premier franchise with $1.9 trillion in client assets, centered around meeting the distinct investing, planning, and borrowing needs of ultra-high-net-worth individuals, family offices, endowments, and foundations. Over the last five years, we drove long-term fee-based inflows at an annual pace of 6% and grew wealth management revenues at a CAGR of 11%. And we expect further growth from here.

Specifically, we are broadening our client base by increasing the number of advisers and content specialists globally. We're expanding our loan product offerings in line with client demand. We are enhancing alternatives investment offerings to facilitate clients moving closer to their optimal target allocation. And we are continuing to elevate the overall client experience, including via enhanced digital offerings and more expansive thought leadership engagements that leverage the convening power of Goldman Sachs. To sharpen our focus on future growth in wealth management, we are introducing a new target of 5% long-term fee-based net inflows annually from the platform. On Page nine, we highlight our other key growth opportunities in asset wealth management, alternatives, and solutions.

We have a leading alternatives platform where we've raised $438 billion since our 2020 investor day. And we have grown alternatives management and other fees to a record $2.4 billion. We continue to scale our flagship fund programs while concurrently developing new strategies. Given our success in strengthening and growing our alternative platforms, we believe we can raise between $75 billion and $100 billion annually on a sustainable basis. As these funds continue to be deployed, we expect double-digit growth in alternative management and other fees. We expect fee-paying alternative assets under supervision to reach $750 billion by 2030. This further supports our existing target of generating $1 billion in incentive fees annually.

We're also pleased with the progress across our solutions business, where we see secular growth in demand for our products and services. We are the number one outsourced CIO manager in the US, providing clients a one-stop shop for their investment needs: advice, portfolio construction, risk management, and hedging. And we've won significant global mandates this year from firms, including Eli Lilly and Shell. We are also the number one separately managed account and the second-largest insurance solutions provider. Looking forward, we see continued opportunities for growth, including in third-party wealth, in the context of alternatives offering, ETFs, and customized solutions like direct indexing.

In addition, we are expanding our capabilities in the retirement channel via partnerships, further deepening our strong relationships with insurers, and enhancing our offerings for institutional clients, including sovereign wealth funds. Turning to page 10, building on our strong organic growth, we are accelerating our growth trajectory in asset wealth management through our recent strategic partnerships and acquisitions. Our collaboration with T. Rowe Price delivers a range of public and private market solutions for retirement and wealth investors. Last month, we announced the launch of co-branded model portfolios, the first of four planned product offerings.

We recently closed the acquisition of Industry Ventures, a venture capital platform that adds an attractive technology investment capability to our market-leading secondaries investing franchise, XIG, where we now have over $500 billion in assets under supervision. Most recently, we announced the acquisition of Innovator, which significantly scales our businesses to be in the top 10 of active ETF providers globally, particularly in the fast-growing outcome-based ETF segment. While the bar for transformational M&A remains very high, we will continue to look for ways to accelerate growth in asset wealth management. Turning to Page 11, we have a long history of prudent and dynamic capital management. And our philosophy remains unchanged.

We prioritize investing across our client franchises at attractive returns, sustainably growing our dividend, and returning excess capital to shareholders in the form of buybacks. We see meaningful opportunities to deploy capital across our franchise. This includes leaning into acquisition financing as M&A activity accelerates, supporting growth in equities and fixed financing, and increasing lending to our ultra-high-net-worth clients. That said, given our strong earnings generation capability and excess capital positions, we also have the capacity to return more capital to shareholders. Today, we are announcing a $0.50 increase in our quarterly dividend to $4.5, representing a 50% increase from a year ago. In addition, we have $32 billion of remaining buyback capacity under our current share repurchase authorization.

And while we are mindful of our current stock price, we will remain dynamic in executing repurchases. Turning to Page 12, as we continue to grow the firm and strategically deploy our balance sheet to support client activity, our unwavering focus remains on maintaining a disciplined risk management framework and robust standards. We've been on a multiyear journey to diversify our funding footprint, including building strategic deposit-raising channels such as private banking, markets, and transaction banking. This has significantly improved our funding structure. Our deposits have grown to $501 billion and now represent roughly 40% of our total funding.

We continue to optimize activity in our bank, which held 35% of firm-wide assets at year-end, versus 25% at the time of our first Investor Day. Overall, this progress underscores our commitment to the diversification and resiliency of our funding profile, which has improved our funding costs and our financial flexibility. All in, our robust capital position, diversified funding mix, dynamic liquidity management, and strong risk discipline are foundational to the strength and stability of our balance sheet, allowing us to meet the evolving demands of our clients. Moving to Page 13, last quarter, we announced the launch of One Goldman Sachs 3.0, our new operating model propelled by Ella AI.

We are excited to embark on this effort, starting with six work streams we identified as ripe for disruption. Our people have begun thorough assessments of opportunities for efficiency, and we will then invest to reengineer these processes from the ground up. We will be measuring and driving accountability, and we will update you over the coming year with additional details regarding these metrics. Let's turn to page 14. The exceptional service we provide our clients is a direct result of our people, who are our most important asset. Our client franchise is powered by our best-in-class talent and culture.

And it is critical that we continue to invest in Goldman Sachs as an aspirational brand around the globe, which allows us to attract quality talent at all levels. As an example, in 2025, we had over 1.1 million experienced hire applications, a 33% increase from last year. And in our summer internship program, we maintained a selection rate of less than 1%. Many of these individuals will have long careers at the firm, exemplified by the fact that roughly 45% of our partners started as campus hires. And while some leave for opportunities elsewhere, these firms often become important clients to Goldman Sachs.

Today, more than 650 of our alumni are in C-suite roles at companies with either a market cap greater than $1 billion or assets under management greater than $5 billion. On page 15, we outline our firm-wide through-the-cycle targets. Given the successful execution against our strategic priorities, we are confident that we will continue to deliver on these. And in the near term, we believe that our catalysts position us to exceed our return target. We have the number one M&A advisor within our leading global banking and markets franchise that is poised to capitalize on a cyclical upswing in investment banking activity.

A scaled asset wealth management business with higher margin and return targets and clear opportunities for future growth. And tailwinds from a more balanced regulatory regime. In closing, I am incredibly proud of what we have delivered, and I'm confident that we will continue to serve our clients with excellence and drive strong returns for our shareholders. Let me now turn it over to Dennis to cover our financial results in more detail.

Dennis Coleman: Thank you, David. And good morning. Let's start with our results on page 16 of the presentation. In the fourth quarter, we generated revenues of $13.5 billion, earnings per share of $14.01, an ROE of 16%, and an RoTE of 17.1%. For the full year, we delivered earnings per share of $51.32, a 27% increase versus last year. An ROE of 15% and an RoTE of 16%, improving 230 and 250 basis points, respectively, compared to 2024. As David mentioned, we announced an agreement to transition the Apple Card portfolio.

For the quarter, the transition had a net positive impact of $0.46 to EPS and 50 basis points to ROE, as a $2.3 billion revenue reduction was more than offset by a $2.5 billion reserve release upon moving the portfolio to held for sale. Given that we are taking our final steps to narrow our strategic focus, you will have seen we implemented minor organizational changes and made corresponding updates to our segments, which are incorporated in our earnings presentation today. Turning to results by segment, starting on Page 18, Global Banking and Markets produced record revenues of $41.5 billion for the year, up 18% amid broad-based strength versus last year.

In the fourth quarter, investment banking fees of $2.6 billion rose 25% year over year, driven by increases in each of advisory, debt underwriting, and equity. For 2025, we maintained our number one in the league tables for announced and completed M&A, and also ranked first in leveraged lending. We ranked third in equity underwriting and second in common stock offerings, convertibles, and high-yield offerings. Even with very strong accruals in the fourth quarter, our investment banking backlog rose for a seventh consecutive quarter to a four-year high, primarily driven by advisory. As David mentioned, we are optimistic about the investment banking outlook for 2026 and the multiplier effect this activity has across our franchise.

FICC net revenues were $3.1 billion for the quarter, up 12% year over year. In intermediation, the 15% year-over-year increase was driven by rates and commodities, and in financing, revenues rose 7% to a new record on better results within mortgages and structured lending. Equities net revenues were $4.3 billion in the quarter. Equities intermediation revenues were $2.2 billion, up 11% year over year on better performance in derivatives. Equities financing results hit a quarterly record of $2.1 billion, up 42% versus the prior year amid record average balances in prime.

For the full year, total equities net revenues were a record $16.5 billion, surpassing last year's record by over $3 billion, helped by the multiyear investments we've made in this business. Moving to asset wealth management on page 20, for 2025, revenues were $16.7 billion, and our pretax margin was 25%. Segment ROE for the year was 12.5%, and in the mid-teens when adjusted for the 230 basis point impact from HPI and its related equity as well as the FDIC special assessment fee. In the quarter, management and other fees were a record $3.1 billion, up 5% sequentially and 10% year over year.

Private banking and lending revenues rose 5% year over year to $776 million, as higher results from lending and deposits related to wealth management clients were partially offset by NIM compression in the Marcus deposit portfolio. Incentive fees for the quarter were $181 million, bringing our full-year incentive fees to $489 million, up 24% versus the prior year. We expect to make further progress in 2026 towards our annual target of $1 billion. Now moving to page 21, total assets under supervision ended the quarter at a record $3.6 trillion, driven by $66 billion of long-term fee-based net inflows across asset classes and $50 billion of liquidity inflows.

In conjunction with our new long-term fee-based inflow target in wealth management, we are providing enhanced disclosures outlining inflows and long-term AUS by channel. Turning to page 22 on alternatives, alternative AUS totaled $420 billion at the end of the fourth quarter, driving $645 million in management and other fees. Gross third-party fundraising was $45 billion in the fourth quarter and $115 billion for the year. Moving to Page 24, our total loan portfolio at quarter-end was $238 billion, up sequentially reflecting higher collateralized lending balances. Provision for credit losses reflected a net benefit of $2.1 billion, including the previously mentioned reserve release associated with the Apple Card portfolio. Let's turn to expenses on page 25.

Total operating expenses for the year were $37.5 billion. Compensation expenses were $18.9 billion and included $250 million of severance costs, driving a full-year compensation ratio net of provisions of 31.8%. Full-year non-compensation costs of $18.6 billion were up 9% year over year, driven primarily by higher transaction-based activity. While the operating environment for our businesses continues to improve, we remain committed to our key strategic priority of operating more efficiently and are maintaining a rigorous focus on advancing our productivity and efficiency initiatives as part of One Goldman Sachs 3.0. Our effective tax rate for 2025 was 21.4%. For 2026, we expect a tax rate of approximately 20%. Next, capital on Slide 26.

Our common equity Tier one ratio was 14.4% at the end of the fourth quarter under the standardized approach. In the fourth quarter, we returned approximately $4.2 billion to common shareholders, including common stock repurchases of $3 billion and dividends of $1.2 billion. In conclusion, our strong performance this year reflects the strength of our client franchise and our multiyear execution on our strategic priorities. We see a highly constructive setup for 2026 as the improving investment banking environment and our deep client connectivity position us to capture significant opportunities across the entire firm. At the same time, we remain mindful that the operating environment can shift quickly.

Economic growth, policy uncertainty, geopolitical developments, and market volatility are factors we continue to monitor closely. And as always, disciplined risk management will remain central to how we serve clients and allocate resources. Even so, with solid momentum and growth opportunities across our businesses, we are optimistic about the forward outlook for Goldman Sachs and remain confident in our ability to deliver for clients and drive strong returns for shareholders. With that, we will now open up the line for questions.

Katie: Thank you. Ladies and gentlemen, we will now take a moment to compile the Q&A roster. Press star then one on your telephone keypad. If you would like to withdraw your question, press star then 2 on your telephone keypad. If you're asking a question and you are in a hands-free unit or a speakerphone, we'd like to ask you to use your handset when asking your question. Please limit yourself to one question and one follow-up question. We will take our first question from Glenn Schorr with Evercore.

Glenn Schorr: Hi. Thanks very much. Great thoughts and detail in there. One narrow one first. I guess I'll ask it simply. How do you plan to scale wealth from here? And I want to include that if you could. Your aspirations. Meaning, we had a little experiment with United Capital, but, like, you're amazing in ultra-high-net-worth. And I'm curious about the rest of wealth. You've done a couple of things in RIA land, so maybe we could talk about that and then zoom out after that. Thanks.

David Solomon: Sure. And appreciate the question, Glenn. I think our ultra-high-net-worth franchise is extraordinary. I think we have a leading position here in the United States. Strong position, but obviously with room for more share and footprint in Europe and in Asia. But I think it's a highly differentiated offering for wealthy individuals and people that have very, very complex needs from a wealth perspective. That business scales with people. You heard in and technology. But you heard in our remarks that we're continuing to invest in broadening the footprint and the coverage available and the resources to expand that ultra-high-net-worth footprint.

As you point out, we did do an experiment with United Capital, but we've reached the conclusion that the right way for us, given our manufacturing capability, and asset management, is to really explore broader access to wealth through third-party wealth channels. And so I think you know we're making very significant investments in our third-party wealth capability. That includes partnerships with RIAs and footprint with

RIAs. And we have great product manufacturing capability. We can use others' distribution very, very effectively given our brand and our very, very complete diverse product offering. And that will help us continue to scale. But in direct full-service product wealth, we're going to stick with ultra-high-net-worth wealth.

And what's interesting is obviously, you've got a bunch of secular things going on that are growing the available people that need these services. You have a huge generational wealth transfer that's going on that's bringing a whole new generation into these services. And it's a very fragmented business, and we think we have a very differentiated offering with lots of upside. And look, you heard what we said about our capabilities and wealth and our target to continue to grow those long-term fee-based wealth assets by 5% as we go forward.

Glenn Schorr: I appreciate all that, David. Bigger picture, obviously, really strong results, good backdrop. Middle of the range despite all these strong results because I think there's mixed operating leverage or people always want more operating leverage during big market peaks. So I'm gonna flip the comment around and just ask, what's your level of confidence you've raised the floor with everything that you've laid out and everything you've executed on? Because in the past, when markets pull back off highs, returns for you and others would drift back to the, like, low double digits and sometimes a little bit lower.

But, like, I guess I'm curious about how much you think all that progress you've built, how much have you raised the floor?

David Solomon: I think we've raised the floor meaningfully, based on the work we've done, the growth that we've done. In particular, the growth of durable revenues, which will be less affected, not affected, but less affected if we get into some sort of a downturn or a more challenging environment. If you step back to our Investor Day, the firm's returns in the ten years before our Investor Day averaged nine and change percent. And so I think we now are operating with a global banking and markets franchise that should run mid-teens through the cycle.

That doesn't mean you couldn't get a very tough environment where it runs lower, but you can also get environments, and this is part of what we've said about 2026, where it has the potential to run higher. I think we've uplifted the floor very significantly. Now, of course, in very severe downturns, it slows down activity. It impedes confidence. But I just think the firm is bigger, more diversified, much more durable, and better positioned when we have that kind of environment than we've been before. Now I'm not gonna predict the future, and I know it's never a straight line. But I think we've uplifted it very materially.

Katie: We'll take our next question from Ebrahim Poonawala with Bank of America.

Ebrahim Poonawala: Good morning. I guess maybe just sticking with the true cycle

ROE, David, maybe the other end of the spectrum when I talk to investors, given that the stock trading, given the performance you've had, and two structural things seem to be happening at Goldman Sachs. One is obviously, the regulatory backdrop changing is creating more capital flex. And the productivity focus that you had double down with the Goldman Sachs 3.0, is it fair for a shareholder to assume that absent, like, big peaks in falls, that the business is rebasing to maybe something better than mid-teens returns towards closer to high teens? Or is that sort of misplaced and misunderstanding kind of the business dynamics?

David Solomon: Well, I appreciate the question, and look, our goal is gonna continue to be to work very, very hard to do everything we can to continue to take the returns higher. We were very pointed in our comments on the last slide in that presentation that we're reaffirming our mid-teens targets. I certainly remember it. It's not that many quarters ago where many people on this call would ask questions about how we were going to get to the teens. So we've arrived.

I think we were pointed in saying, this is an environment where the potential to be positioned to exceed targets in the near term is there, but as the previous set of questions just pointed out, there'll be other environments where there could be headwinds. So I think we're very comfortable that we are operating as a mid-teens firm. We think that we can do things that over time will drive upside to that, but we're not going to set targets until we're very comfortable that we further elevated the firm.

I think one of the most important things coming out of the presentation is the next step in our asset wealth management journey to tell you that given the work we've done and the progress we've made, we now have more confidence that we can operate that business at a higher margin, 30%, which drives a higher return. And so we're comfortable putting that target out. And that, of course, elevates the overall performance of the firm. The other thing I just want to highlight that comes out of your comment is people think about the regulatory environment as changing the capital rules and giving us more capital flexibility.

But I'd also highlight the regulatory environment in the last five years put costs and burdens on the firm that we now won't have going forward that actually gives us flexibility to invest over time in other things that drive growth. So it's not just the capital stuff, that's important. It's also the fact that we and others in the industry were burdened by additional costs that now can be directed to what I call more productive growth and return for our clients and for our shareholders.

Ebrahim Poonawala: That's great. And I guess maybe a second one just on capital deployment. So it's very clear the bar for M&A is high. But when you think about just the stock valuation today, regulatory backdrop, there is a cycle or an environment where there is room to do something transformational. Just give us a sense in terms of do you see this as the right time or if the right opportunity presents itself to do something that would shift the mix boost the mix of AWM business a lot more, or do you think that's kind of anti-Goldman's DNA to do something that would be too large or transformational?

David Solomon: I appreciate the question, Ebrahim, but I'm gonna be very consistent with what I've said multiple times with this question. We feel very good about what we did in 2025, the T. Rowe partnership and the two small acquisitions. They fill in gaps. They accelerate our journey in asset wealth management. But the bar for doing something significant and transformational is very, very high. And it has to be high, one, because there are very few really, really great large businesses. Most of them are not for sale and available.

And I think the cultural aspects of Goldman Sachs and what makes Goldman Sachs unique and different, there has to be a tremendous sensitivity to integrating business into it to make sure that Goldman Sachs can continue to be Goldman Sachs. And so I won't say that we don't look at those things and think about those things. But I really my key message is the bar is very high. I do think that we will see other things like the things that we've done that can accelerate our journey and therefore increase the growth trajectory of the asset wealth management business.

Katie: We'll take our next question from Erika Najarian with UBS.

Erika Najarian: Hi, good morning. I hate framing this question this way, but I can't think of a better way to frame it. In terms of the capital market cycle ahead, what quote inning are we in? And as investors think about the scale of potential upside to Goldman? Maybe compare and contrast the preconditions that you see for the capital markets backdrop in 2026 with 2021. And I'm only asking this question as investors try to think about the EPS potential of your company. And I think 2021 was is sort of seen as a ceiling in terms of what you could produce in this business.

David Solomon: I'll give you a couple of things, Erika, to think about, and I appreciate the question. You know, the first thing I'd just say is as a student of these businesses for decades and decades and decades, I would bet you that 2021 is not the ceiling. That doesn't mean that in this cycle, we surpass 2021 because things can change and things can go wrong. But this business, when you go back and you step out and you look over twenty-five, thirty years, there's not a ceiling that hasn't been exceeded at some point down the road as you run through cycles.

And I'm sure given the growth in market capital world, and activity, the 2021 activity levels will be exceeded again. They might be exceeded in 2026. You know, there was a slide that my team was showing me that shows a range of outcomes, including a conservative outcome for M&A, a base outcome for M&A, and a bull outcome for M&A. And the base outcome is pretty close to 2021, and the bull outcome is ahead of 2021. I think the world is set up at the moment to be incredibly constructive in 2026 for M&A and capital markets activity. And I think the likely scenario is it is a very, very good year for M&A and capital markets activity.

What could change that? Something could go on in the world, some sort of an exogenous event or a macro event that changes the sentiment. If you look at 2025, we saw that in April. For a period of time, and things got slowed down. Don't think that's the likely outcome. But it's certainly in the distribution as a possibility. But I do think that we are not yet in the middle of the potential for a full-on M&A and sponsor cycle.

And I think over the next few years, barring some sort of an exogenous event that slows it down, we're gonna have a pretty constructive environment for those activities given the combination of fiscal, monetary, capital investment, deregulatory stimulus. You've got this combination of stimulus activity that I think is pretty constructive for these businesses. Erika, a couple things I'd add on that just to supplement everything David said. If you look at sort of industry-wide volumes of the various categories of investment banking activities compared to, say, the last five years, a number of them have started to trend above the average level. One that's decidedly below the averages remains the IPO business for equity.

That's a lucrative business that you know, we have a very long-standing leadership position in. And it's also the case that while, you know, some of the debt activities have been trending up in terms of overall volumes, we still haven't seen enormous volumes of sponsor capital committed deals or, you know, large-cap capital committed investment-grade activity. So there still remains, you know, other types of transaction activity as we progress through the cycle that is, you know, very strategic to clients, things that Goldman Sachs is very good at executing, you know, that could further propel upside across the capital markets line items.

Erika Najarian: Great. And just the follow-up question is, I really appreciate how you laid out your internal opportunities to deploy the capital excess capital, which is so much. Right? If you take into account the excess, your buffer, and potentially the redefinition of that capital, you know, as we think about, you know, a year where, you know, you talked about the cap markets, your ability to organically generate capital is also, you know, best in class. How do we think about how that buyback fits in?

Appreciate your prepared remarks that if you're going to be opportunistic, you did $12 billion in '26, but it seems like you have plenty of room to meet or exceed that and, you know, and check off your wish list. Is that the right way to think about it?

David Solomon: Sure, Erika. So you know, I'll quickly give you our standard on the prioritization of the deployment of capital. And that remains unchanged, as David said. And that's what we'll focus on first. But to get to your buyback question, given the degree of excess capital that we sit with today, and our expectation that we'll continue to generate capital over the course of the next year, you know, buybacks remain an important tool in our toolkit. Over the long term, you will notice that Goldman Sachs has, you know, reduced its share count, you know, quite significantly and quite sustainably. And it gives us leverage to continue to generate EPS growth.

So like anyone, we are mindful of the price at which our equity is trading. But we're also trying to take, you know, a strategic long-term approach. The first and foremost fuel the franchise to support client activity, but also, you know, drive returns for shareholders over multiple years. So buybacks continue to feature as an important part of our capital deployment strategy.

Katie: Thank you. We'll take our question from Betsy Graseck with Morgan Stanley.

Betsy Graseck: Hi, good morning. Just continuing on this theme, I wanted to understand a little bit about how the equities markets, revenues, and the fixed income revenues are aligned with the issuance calendar. Just wondering how much of the issuance that's going on is those two line items as well, or is issuance all within banking?

David Solomon: So, thank you for the question, Betsy. I'm not sure I understood the very tail end of your question, but maybe I'll start off answering it, and then you can redirect me. I think across our FIC and equity businesses, we obviously have a very diversified portfolio of activities, both intermediation and financing. Even with intermediation, diversified by asset class, by cash, derivatives, and equities. And I think there are contributions that the primary market activity makes to enhance the overall liquidity provision secondary market-making opportunity set. But my own view is that we'll continue to see an increase in the overall level of capital markets activity.

And if that pulls through as well as we hope and expect, that should catalyze incremental levels of activity across intermediation activities as investors even more dynamically work to assess their existing secondary market portfolio versus quote-unquote making room for primary, etcetera. So I think there remains opportunity on that front as we move into 2026.

Betsy Graseck: And then you mentioned that your backlog today is the highest in four years. Maybe we could just ask you to unpack a little bit. There's a lot of different backlogs, so, would you mind going through what you're anticipating, getting on unreleased into production, so to speak, as we go through '26?

David Solomon: Sure. So the way we report our backlog consistently each and every quarter. So there's no change to the way we're reporting that. It's comprised of our advisory activities, our debt underwriting, our equity underwriting. We're very, very deliberate in our disclosures each and every quarter to highlight if the delta is in the backlog, have particular drivers. In this particular case, we say a couple of things. We say it's the seventh consecutive quarter. It's the highest in four years. It's one of the highest levels ever. It is a large level of backlog, and we make that point because, obviously, the results that we just delivered in Q4 and for the full year 2025 were very strong.

But the indication is that not only we delivered those results, but more than replenished those results. And so that is what's giving us the confidence. And then all of David's comments that he made with respect to the flywheel and the catalyzing of activity, because the growth in the backlog is driven by advisory, we're also trying to give our investors the sense that could in turn drive other pieces of activity across the firm, other types of activity that doesn't get registered in backlog and doesn't lend itself to that type of reporting metric.

So that's sort of our orientation, and that's what I would offer up to help you get, you know, the insight on why we're putting that out there and highlighting it.

Katie: Thank you. We'll take our next question from Brennan Hawken with BMO.

Brennan Hawken: Good morning. Thanks for taking my question. First of all, sort of great timing on the Apple Card deal. Like, having that announced the week before we get the tweet on the limits. I mean, I couldn't help but chuckle about that. I'd love to hear about obviously, you've got a long pathway to close, twenty-four months and then it closes. But could you help us maybe understand the right way we should be thinking about, like, platform's run rate after it closes and then whether or not there's any operating expenses given this is your last card exit. That might be running off?

And what are the plans for the deposits, the Apple deposits that may not have been reflected in the announcement?

David Solomon: Sure. Brennan, thank you for the question. Thank you for the observation. The same thing occurred to us. So thinking about platform solutions on the forward, it's really comprised, the vast majority of it is the Apple Card business and the savings program. The loans are now obviously in a fair value, standpoint from an accounting perspective. So they're marked to market. The performance contributors will obviously be, you know, NII, charge-offs, operating expenses, etcetera.

I think we'd observe from a seasonality perspective and across the balance of the year perspective, the same dynamics we've observed over the last couple of years of the portfolio where the first quarter is typically stronger in terms of reflecting, you know, pay down of balances and things like that, which then, you know, generally speaking, grow over the balance of the year. When you put that all together, our expectation is we'll have a small, you know, pretax loss for the year in the segment, but nothing that's material for Goldman Sachs. You asked, you asked also, Brennan, about savings. Like, you know, I just wanted to comment on this. Yeah.

So there currently is no agreement to transition the savings program. We're gonna continue to service and maintain, you know, our existing Apple savings customers, and we're gonna continue to offer them high-yield savings accounts, you know, as Apple Card users. And users should expect that this service will be seamless. It'll be uninterrupted. And they'll continue to earn the same competitive rate they've been getting on their savings. And it's attractive to us. Obviously, we are very focused on the transition of the card, and there's a lot of work to do over the next twenty-four months. The transition of the card.

But at some point in the future, we will expect to have additional conversations about the future of Apple savings. As we've mentioned, our deposits are diversified in tenor and channel, and that remains true even if we excluded Apple savings deposits. They're just a small fraction of the deposits. But at this point, there have been no discussions about the savings plan.

Brennan Hawken: Got it. Thanks for that, David. And Dennis. I for my so know, one of the sort of debate points this morning with investors was on the efficiency ratio. And how things looked year over year. Now, of course, you have to adjust for the revenue impact of the Apple Card announcement. But and I might be doing the math wrong, but so correct me if that's the case. But when I do make that adjustment, it looks like there's, you know, a negative year-over-year impact on the efficiency ratio, like, the efficiency ratio was stronger last fourth quarter versus this fourth quarter. Is my math right?

And if so, could you speak to maybe what some of the factors were that prevented greater operating leverage and how we should think about operating leverage going forward?

David Solomon: Sure, Brennan. I'll start with that. So first, thank you for observing correctly that the efficiency ratio is one of those places where based on the accounting for the Apple Card transition, it goes in the opposite direction versus our intention and the trajectory that we've been on. So that does explain why it's going in that direction based on the reduction to revenues. But you need to look at the efficiency ratio on a full-year basis.

There have been some other things I've seen where people are looking at quarter, you know, year-over-year, fourth-quarter operating expenses or efficiency, given the way that we manage compensation and non-compensation expenses over the course of the full year, you need to look at that sort of in totality. And in this particular, when you do that, for the year-over-year fourth-quarter look in this particular year, it looks like you have, you know, a significant increase in operating expenses. But when you step back and look at the full-year performance, it's very clear that the firm delivered significant operating leverage. Obviously, we have reported revs at plus 9%. We have pretax at plus 19, and we have EPS at 27%.

And so you have to sort of step back, take account of the provision release, and look at the full-year results. The fourth-quarter year-over-year, the only thing I'd add, the fourth-quarter year-over-year was affected by the way we accrued comp last year. And the way we accrued comp this year and the revenues in the quarter. And so it's you can't look at the fourth-quarter year-over-year. To Dennis' point, you have to look at the year.

Katie: Thank you. We'll take our next question from Mike Mayo with Wells Fargo Securities.

Mike Mayo: Hi. I guess it's an exciting time. This is a new era for Goldman Sachs. Goldman Sachs 3.0. And you're redesigning the whole firm around AI, so that could be very exciting. I'm looking for the output that you're looking for from this. I know it's early days, but whenever I ask about AI, it's always answers at the 10,000-foot level. Like, it's transformational. It's a game changer. It's a superpower. You know, we all get that. But what are you hoping to achieve? So, like, this decade, your revenues are up two-thirds. Your headcount's up one-fourth. So that's one way maybe you could frame the output that you like to achieve. But how much more in revenues?

How much more in efficiency? Just you put some meat on the bones? Thank you.

David Solomon: I appreciate the question, Mike, and I appreciate the way you frame it. And I understand why there's a strong desire to get more from us. What I promise you is you're going to get more over time as we're in a position to give you metrics, to give you targets, and to really explain it. Wanna step back at a high level. Just the one thing that I'd say, and I'd frame it slightly differently than you'd frame it, this is not a new era for Goldman Sachs. One GS 3.0 is not gonna transform the whole firm with AI.

We are focused on our two core businesses, driving growth in our two core businesses, and both, I think, we're incredibly well-positioned and positioned to win. AI and this technology is an opportunity for us to drive productivity and efficiency in the organization. And we are very, very focused on it. Because it will add to our capacity to invest in growth in the business. At a high level, and I think I've talked about this a little bit before, there are two things that I would focus on. One, we have very smart, very productive people. And you can give them these models, these tools, these applications. You can put them in their hands.

They're very good at playing with them and figuring out on a day-to-day basis they can use these tools to make themselves more productive, to do more, to affect our clients more. And we're pretty good at that. We put technology in our hands for decades. They're pretty good at taking that technology and figuring out how to use it. And that is going on, and there is progress in that. The thing you're talking about is our ability to, really, in the enterprise, deploy the technology to reimagine operating processes and create real efficiency. And we think there is an ability to do that on a basis that would be meaningful and significant for Goldman Sachs.

It's not just to take cost out, but it's also to free up capacity to invest in other areas where we see growth opportunities we've been a little bit constrained. I talked about wealth management because somebody asked a question. And our desire to put more feet on the ground to broaden our footprint and our platform. We would like to do more of that this year than we're doing. But we're constrained because we're also trying to balance and deliver returns. If we can remake processes and create more operating efficiency and flexibility, that will free up more capacity from an efficiency perspective to invest in these growth areas.

To change operating processes in the firm, and we've identified six specific processes that we're attacking. Takes an enormous amount of work to bring people along. We started doing this in the fall. We're making good progress. To be honest, I had hoped to give a little bit more transparency at this earnings call, but we don't have the full confidence to put information out publicly. But we are committed to giving you more over the course of the next quarters so you can track with us the efficiency progress and how we're deploying that progress into the business. And so we'll continue to keep you posted as we do it.

But I think it's meaningful, but for the moment, it's focused on six distinct processes.

Mike Mayo: And just as one follow-up, we were to look at one metric, for progress five years from now, would that be, like, revenues per employee? Would that be efficiency? Would it be headcount or how do you think about that?

David Solomon: Well, if you look out five years from now, I think this technology, and I think this has to be put in the lens of a journey that a firm like ours has been on for decades. I mean, I joined Goldman Sachs in 1999. On a revenue per employee basis. I mean, you pointed out a revenue per employee metric over the last five years. You go back and you look twenty-five years, you know the same thing. We continue our people continue to get more productive.

I think this technology and the work we can do in One GS 3.0 creates an ability for us in the next five years to accelerate the pace of that one to get. And so that is a metric, but I don't think the only metric.

Katie: Thank you. We'll take our next question from Steven Chubak with Wolfe Research.

Steven Chubak: So David, there have been a number of significant developments in the area of market structure, whether it's tokenization, the recent expansion of prediction markets. You guys are always quite front-footed when it comes to innovation, and I was hoping you could speak to how you're evaluating some of these emerging opportunities within the market structure or tokenization landscape. Where do you see the most compelling opportunities for Goldman? And how are you positioning the firm to participate in a more meaningful way?

David Solomon: Yeah. So I appreciate the question, Steven. First, I'll start I mean, you mentioned two things in the both things that we have an enormous number of people on the firm extremely focused on. You know, tokenization, stablecoins, obviously, there's a lot going on in Washington right now. With the Clarity app that was actually in Washington on Tuesday. You know, speaking to people about things that we think are important, you know, to us in the context and framing to that. Obviously, that bill based on the news over the last twenty-four hours, has a long way to go before that bill is gonna progress. But I do think these innovations are important.

I don't think we have to be the leader, but it would not surprise you that we have a big team of people spending a lot of time with senior leadership and doing a lot of work so that we can clearly decide where we're investing in playing and how those technologies can expand or accelerate a variety of our existing businesses. And where there are new business opportunities candidly around those technologies. I think the prediction markets are also super interesting. I personally met with two big prediction companies in their leadership in the last two weeks and spent a couple of hours with each. You know, to learn more about that.

We have a team of people here that are spending time with them and are looking at it. When you think about some of these activities, particularly when you look at some of the ones that are CFTC regulated, they look like derivative contract activities. And so I can certainly see opportunities where these cross into our business, and we're very focused on understanding that, understanding the regulatory structure, that's going to develop around that, seeing where there are opportunities for us to have capabilities or to partner to serve our clients around these. I think it's early on both.

I think sometimes the, you know, the I think there's a lot of reason to be excited and interested in these things, but the pace of change might not be as quick as quick and as immediate as some of the pundits are talking about in both these. But I think they're important, real, and we're spending a lot of time.

Steven Chubak: No. Thanks for all that color, David. And just a quick follow-up on the financing opportunity. If I think back five-plus years ago ahead of the 2020 Investor Day, when you first started talking about the financing opportunity, you noted it was less than 20% of Goldman's trading revenue. It was 40% at some of your larger money center peers. And that you were planning to narrow that gap. And if I fast forward to today, you're now approaching that 40% threshold. And I was hoping to get your thoughts on how large you think that financing piece can grow over time. And your approach also managing risk against any potential drawdown or deleveraging events within that business.

David Solomon: Yeah. No. It's a very good question, Steve. And you're focused on the right thing and so are we. I mean, I think what I would say is over the last five years, we've gone for being underweighted given our market footprint and our market shares and our wallet shares. To be more closely weighted. I think we've got a little bit of room.

But it wouldn't surprise you in the formation of the capital solutions group and thinking about the connectivity between our asset management business and our origination capabilities, we see the potential to basically put a lot of this activity over time into our asset management business and allow our clients to have access, you know, to these origination flows. And so we're very conscious from a risk management perspective. We see opportunities to continue to serve our clients. But because of our asset management business, we have the ability to grow this, and not all of it has to be on balance sheet the same way.

And so we're keenly focused on the evolution of that in the coming years, and that's something you'll hear us talk more about.

Katie: Thank you. We'll take our next question from Dan Fannon with Jefferies.

Dan Fannon: Thanks. Good morning. Another one just on expenses and really noncomp and one all you've been doing with the GS 3.0. Was curious as you start 2026, how does the growth for noncomp look versus maybe 2025 in the budgeting process? And maybe what's the difference in terms of some of those metrics?

David Solomon: So appreciate the question. You've heard us say, you know, over many, many, many years, we maintain a rigorous focus on managing these expenses as tightly as we possibly can. There are a lot of them, certainly by dollar quantum, that are very linked with the overall level of activity inside of the firm. Notably, transaction-based expenses, and also, to an extent, some of the market development expenses. We're at a point in the cycle where, as an example, it's more important to feed some T and E into the firm to get people front-footed and meeting face-to-face with clients than it is to overly constrain that expenditure.

Transaction-based, similarly, as we continue to grow, these activities there are necessarily transaction-based expenses that go alongside those. On the other side of the equation are those types of expenses over which we have more control, and we have a very concerted effort to constrain the growth of fees, which may be inflation-linked, or may be, you know, substitutes for other types of work. And we're focused on sort of grinding those down as much as we possibly can.

Dan Fannon: Thanks. And as a follow-up for the private banking and lending, I was hoping to get an updated outlook as you think about 2026 and a backdrop where rates are coming down, how you're thinking about the offsets of revenue from both demand and deposits?

David Solomon: Sure. So there, we've obviously been quite deliberate trying to, you know, make sure you have all the pieces of the puzzle. You know, as we head into 2026, we've dealt with some of the sequential comparisons in that line item based on the one particular loan that had been previously impaired, and then we had, you know, exceptional levels of revenue. We want to understand that as a comparison. That, frankly, still be relevant as we head into 2026. Our focus is continuing to grow lending activities and the lending penetration. We made good progress there. That's a piece of unlocking incremental growth in the wealth channel, remains very important to clients. So we'll expect to grow lending.

We'll focus on growing our overall level of deposit activity across the segment. Yeah. But we do expect there could be some NIM compression given our expectations on the rate cycle. And so we just want to flag that as an expectation as we head into 2026.

Katie: We'll take our next question from Matt O'Connor with Deutsche Bank.

Matt O'Connor: I was hoping to follow up on the 5% long-term asset flow target within wealth. You were slightly above this in 4Q and just wanted to get more color in terms of how you arrived at that and maybe framing how much is doing more with existing advisers and customers versus the efforts that you have to hire more advisers? And presumably attract new customers?

David Solomon: So look, we think, you know, wealth is a big opportunity for the firm. We have a very strong business at the moment. We think there's a good opportunity to grow it. And we are making extra efforts to drive accountability and focus on our execution against that opportunity set. And so this is an external target, that we expect you all to hold us to account. And we also think it's an important signal to send to all of our people in terms of how laser-focused we are on this opportunity set. As you said, we have a track record of delivering this type of annual growth. So we want to maintain the focus.

That is one component of the overall sort of revenue equation and opportunity set in wealth management. But it's an effort for us to just apply incremental amounts of granular focus. This is one of the key underpinnings to the overall revenue trajectory in the wealth business.

Matt O'Connor: And any color you want to provide in terms of talked about billing advisers. You've got some planned this year. You said you'd like to do more, but you're mindful of kind of managing the profitability. Just any way of framing whether it's your plan this year or just kind of longer term where you're at now and where you'd like to be?

David Solomon: I think the best way, Matt, to frame it is this is a very, very fragmented business. My guess is an ultra-high-net-worth. Our share in the United States, for example, is somewhere mid-single digits. And that's probably leading share. So you think about there are hundreds and hundreds of firms and people that do this in a variety of ways. So with our franchise and our platform, I said before early in the call, it scales with people. There is lots of ability to still grow market share in this business if you've got a leading franchise. By adding advisors, adding footprint, broadening the clients that we touch, so we think we've got good trajectory to do that.

And there's real focus on that. And I'd add too, Alts is a component of it. We put out specific targets around sort of Alts opportunity set. And while we obviously have penetration of alts, within our clients, given that, you know, the average wealth of client on our platform is north of $75 million. It's not only appropriate, but you could advise a distribution of exposure to alternatives and there's still probably opportunity to grow that with our clients. In addition to the footprint, the advisers, the mix of their activities, lending remains an opportunity there.

And we do as we've mentioned, we see more opportunities to enhance our technology investment, the digital experience for those clients, and ensure that we're, you know, very well positioned with existing clients, and their successors.

Katie: We'll take our next question from Gerard Cassidy with RBC Capital.

Gerard Cassidy: Good morning, Dennis. Good morning, David. Can you guys share with us, in the past, David, you talked about the IPO market and the sponsors maybe not getting the valuation that they would like as being one of the areas that had to loosen up, and it appears like it is. But when you look at this year, and I think, Dennis, you touched on it in your remarks, that we're still below where's IPO business is still below the long-term averages. Is it market conditions do you think will be a greater influence on the market this year? Or is it still the valuation challenge that you've referenced in the past?

David Solomon: I don't think you've got the valuation challenge we've referenced. I think you're gonna see a bunch of the sponsor stuff unlock, and you're gonna see more activity, you know, from sponsors. I also think one of the dynamics that we have, and it's just the reality of market structure and the way the world's evolved, companies are staying private longer, and we've got a lot of big, big companies in the pipe that I think just for a variety of reasons are reaching a moment in time where they're saying, you know what? It's time to go.

And I think you're also this year gonna see a bunch of IPOs this year and next year of very, very large companies, which is something we really haven't seen a lot of. So combination of sponsor momentum and more of the big companies that have stayed private longer are now turning toward the public markets. And I think the confluence of that's gonna be constructive. Provided we have the kind of market environment we have now.

Gerard Cassidy: Right. Right. Okay. That's helpful. Thank you. And second, and not to really get political on this question, but it seems like the M&A activity as you guys do so well and as your peers in 2025. It seems like this administration is more supportive of consolidation than maybe the prior administration. When you talk to executives about transactions, are they more focused on just, you know, the economic outlook and the opportunities there? Or does the, you know, regulation also factor into their thinking, thinking that the window is open now and they really need to move possibly before the change in administration in 2029?

David Solomon: Yeah. Sure. Sure, Gerard. I think a way to frame it, you framed it. We had a very, very different environment from a regulatory perspective for M&A for the last four years. And that doesn't mean that it's just a blank check, you know, no regulatory oversight of large-scale consolidation. But CEOs definitely believe that the art of the deal and scaled consolidation is possible now. And when CEOs see that opportunity, because scale matters so much in business, business is so competitive. CEOs get very front-footed. And so I think CEOs and boards are looking and saying, okay. We've got a window here.

Of a handful of years where the opportunity to consider big strategic transformative things is certainly possible. And therefore, you've got a much, much more front-foot forward, you know, across industry group of CEOs really thinking about is there something we should do? Is there something we should dream about? That really advances our competitive position? And that's leading to you see that filtering into our backlog, but I think that's leading to a significant upswing in activity provided we don't have some sort of an exogenous event that changes the current sentiment that we now have.

Katie: We'll take our next question from Chris McGratty with KBW.

Chris McGratty: Oh, great. Good morning. Lot of discussion on the capital impact from dereg. I think in your earlier remarks, you talked about expenses. I'm wondering if you could quantify that potential pool of money that could be freed and redeployed? I guess, how much of a drag has it been?

David Solomon: Appreciate the question. I'll follow on, you know, David's comments. I mean, I don't think we're gonna give you an exact number, but you can imagine that there are a variety of call it, different human capital consulting professional fee type surge experiences that have been observable across the industry over the last couple of years. And while there will always be work to be done, and each and every institution has a responsibility to still govern and run itself in line with regulatory expectations, the current levels of engagement and focus are on the safety and soundness of the banking system.

And there's just a different formulation and mix of expenses required to ensure that most important goal of safety and soundness, and it therefore frees up capacity from some of the secondary or tertiary activities, which can then be redeployed to, you know, driving growth across the franchise and actually, frankly, strengthening the safety of the soundness of the firm in another respect. So I think I wouldn't look at it as much of a bottom-line unlock as much as an opportunity to redeploy towards helping to grow the firm and actually improve its resiliency.

Chris McGratty: The only thing I'd add, Chris, to what Dennis said just to get a little bit more we're not gonna be able to quantify for you. But the things that you should look at, you know, obviously, if you go back over the last ten years, capital in the large banks has grown meaningfully. Over the last ten years. And now it's actually the growth has certainly stopped. And because one of the big things that drove the capital growth was the stress capital buffers for all the firm and the CCAR process, which was very, very opaque, there's now going to be more transparency around the models in the CCAR process. I think you're getting a different result there.

So one piece of the quantification comes from doing the analysis to look at how SCBs change from kind of the late part of the last decade up to 2025 and where they are now and how they've evolved. That's a quantification. The second one was there was an expectation that Basel III was going to put more capital on top of the stack. That's another way that people thought capital was growing. Now the perception is as a Basel III, is going to be more of a neutral event when it's ultimately closed out.

And then the third thing is G SIB was supposed to be calibrated to growth in the world and market cap growth that was put in the statute but it never followed through. So G SIB, as the world grew, G SIB wasn't supposed to grow as fast as it was growing but it grew faster. That's now going to be recalibrated. That's another one. So if you want to calculate those differences, those are three important things I would point you to can look at the different banks and calculate that impact.

Chris McGratty: That's very helpful. Thank you for that, David. Second question would be more of a business mix desire rate. If you look at the fourth-quarter revenue mix, trading 50%, IB 20, you know, AWM 25, dominant share, great growth. If you were to fast forward over the next few years, like, what do you think this mix looks like? Maybe do you wanna be viewed by the market? Because there are, I think, implications for the multiple that we all, wanna put on your stock. Thank you.

David Solomon: Yeah. We're going to continue to invest in the growth of asset wealth management, and we would like the mix to continue to evolve. I think it can evolve very slowly with the organic growth differential. Because, you know, this is not an unfortunately, but it's a reality. We've been able to grow global banking markets faster than we might have expected. And even though we've grown asset wealth management very nicely, just given the scale of global banking markets, that's made the shift in mix slower than we might have all imagined if we go back five, six years and kind of think about the trajectory that we're on. We will try to find things that accelerate that.

In addition to the organic, you know, inorganically. Again, with a real discipline around that, as I've stated over and over again. I do think if you look forward, the mix of the firm will continue because the growth in asset wealth management is faster. It will continue to shift. And we're focused on that.

Katie: Thank you. We'll take our next question from Saul Martinez with HSBC.

Saul Martinez: Hi, thanks for taking my questions, squeezing me in. I just have one question. And it is a clarification more than anything to Erika's question about where we are in the investment banking cycle. And I think, David, in your response, you said that your people are suggesting that in a base case view, 2026 investment banking fees could be closer to approach where they were in 2021, which was, you know, over $14 billion and, you know, we're running, you know, I think '25 was a bit over 9. The delta really is ECM, obviously, and, you know, advisory and DCM are kind of tracking to those the '21 levels already. But just wanted to clarify that.

Were you talking about IV fees as a whole, or were you talking about the individual segments, advisory, DCM? You know, I apologize if it was clear to everybody else but me. But, you know, obviously, an environment where you do $14 billion of investment banking fees would seem like an environment where your ROEs for GBM and the firm as a whole would be, you know, materially above the mid-teen level. But just if you can just clarify that, that would be helpful.

David Solomon: Sure. I'm sorry, Saul, if I confused you. What I was referring to was advisory fees only. I was, okay. I'm sorry. What I was referring to was advisory volume. Excuse me. Advisory volumes. Now advisory volumes are very correlated to fees. Okay? But the chart that I was referring to is one that looked at three different cases for advisory volume. Okay? So it wasn't equity capital markets, etcetera. I will tell you that what went on in 2021 with equity capital raising, particularly on the stock phenomenon, that's not going to occur in 2026.

So my guess would be that equity capital markets level will still be meaningfully below the 2021 peak in 2026, but they will be higher than they were this year. That would be my estimate based on what we see today. But I was talking specifically about advisory volumes when I made that quote. And look. The advisory, as we've said over and over again, when advisory activity grows, the flywheel creates lots of activity. And we were talking industry-wide, not just GS. Looking just at industry-wide volume.

Saul Martinez: Yep. Okay. Got it. No. That's helpful. Thank you for clarifying that.

David Solomon: Yep.

Katie: Thank you. At this time, there are no additional questions. Ladies and gentlemen, this concludes The Goldman Sachs Group, Inc. Fourth Quarter 2025 Earnings Conference Call. Thank you for your participation. You may now disconnect.

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