

The Goldman Sachs Group provides investment banking, securities, and investment management services to corporations, financial institutions, governments, and high-net-worth individuals worldwide. Goldman reorganized its businesses in 4Q22 into three operating segments: Asset & Wealth Management, Global Banking & Markets, and Platform Solutions, with the latter including transaction banking and consumer partnerships.

Analyst's Notes

Analysis by Stephen Biggar, April 15, 2025

ARGUS RATING: BUY

- Lowering target on delay in investment banking rebound
- On April 14, Goldman reported 1Q25 earnings of \$14.12 per share, up from \$11.58 a year earlier and above the consensus of \$12.14.
- Revenues were up 6%, as a surge in equities trading revenues, due to extreme market volatility, outweighed a drop in investment banking fees.
- The company announced a new \$40 billion share repurchase program in 1Q.
- Tariff-related market turmoil is likely to cause a few quarters pause in investment banking activity, and we are lowering our valuation multiple on the shares to reflect this uncertainty. Our new target price is \$580 (down from \$660), or 13-times our 2025 EPS estimate.

INVESTMENT THESIS

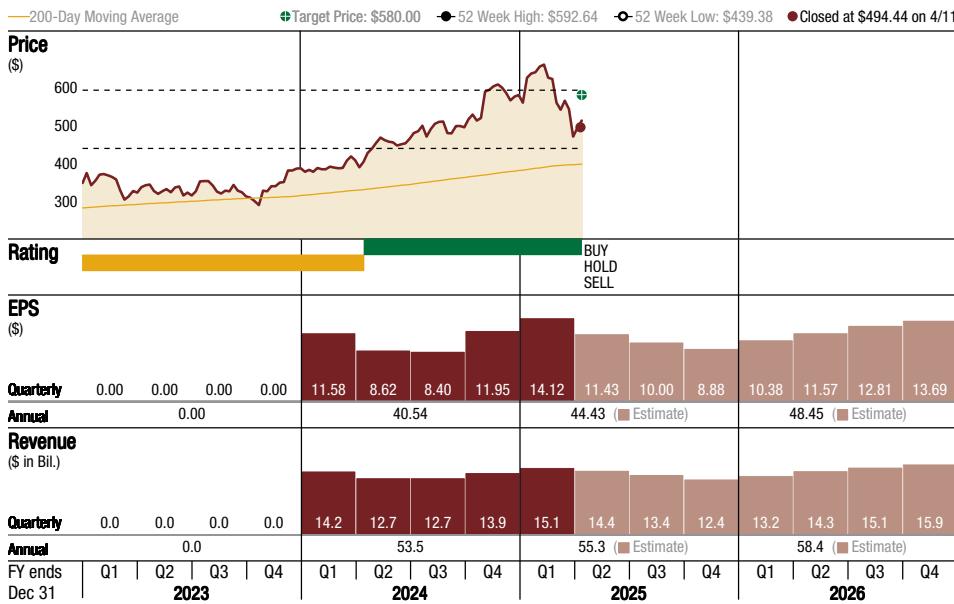
We are maintaining our BUY rating on Goldman Sachs Group Inc. (NYSE: GS) following 1Q results, which demonstrated a sharp rise in trading revenues but a decline in investment banking results. The investment banking environment, which offered a few false rebounds in 2023 and 2024, again appears delayed as tariff-related market turmoil pauses deal activity. However, we believe activity will rebound and note Goldman's comment that its investment banking backlog rose in 1Q from 2024 year end.

At its Investor Day in February 2023, the company provided updates to previous financial targets including a through-the-cycle goal of 14%-16% for return on equity (up from greater than 13%), 15%-17% for return on tangible common equity (up from greater than 14%), and an efficiency ratio of around 60% (unchanged). Key priorities include maximizing wallet share and growing the financing business within its Global Banking & Markets segment, growing management fees within its Asset & Wealth Management segment, and scaling and achieving profitability in its Platform Solutions segment. Goldman is placing an emphasis on its Asset & Wealth Management segment as a growth driver.

Amid continued losses, the company has pared back expectations for its consumer

Market Data

Pricing reflects previous trading week's closing price.



Argus Recommendations

| Twelve Month Rating | SELL | HOLD | BUY |
|---------------------|--------------|---------------|-------------|
| Five Year Rating | SELL | HOLD | BUY |
| Sector Rating | Under Weight | Market Weight | Over Weight |

Argus assigns a 12-month BUY, HOLD, or SELL rating to each stock under coverage.

- BUY-rated stocks are expected to outperform the market (the benchmark S&P 500 Index) on a risk-adjusted basis over the next year.
- HOLD-rated stocks are expected to perform in line with the market.
- SELL-rated stocks are expected to underperform the market on a risk-adjusted basis.

The distribution of ratings across Argus' entire company universe is: 73% Buy, 26% Hold, 0% Sell.

Key Statistics

Key Statistics pricing data reflects previous trading day's closing price. Other applicable data are trailing 12-months unless otherwise specified

Market Overview

| | |
|---------------------|----------------------|
| Price | \$503.98 |
| Target Price | \$580.00 |
| 52 Week Price Range | \$395.18 to \$672.19 |
| Shares Outstanding | 310.79 Million |
| Dividend | \$12.00 |

Sector Overview

| | |
|--------------------------------|-------------|
| Sector | Financial |
| Sector Rating | OVER WEIGHT |
| Total % of S&P 500 Market Cap. | 14.70% |

Financial Strength

| | |
|---------------------------|------------------|
| Financial Strength Rating | MEDIUM-HIGH |
| Debt/Capital Ratio | 86.8% |
| Return on Equity | 12.7% |
| Net Margin | 11.9% |
| Payout Ratio | 0.28 |
| Current Ratio | -- |
| Revenue | \$125.48 Billion |
| After-Tax Income | \$14.88 Billion |

Valuation

| | |
|-----------------------|------------------|
| Current FY P/E | 11.34 |
| Prior FY P/E | 12.43 |
| Price/Sales | 1.25 |
| Price/Book | 1.47 |
| Book Value/Share | \$343.26 |
| Market Capitalization | \$156.63 Billion |

Forecasted Growth

| | |
|---------------------------------|--------|
| 1 Year EPS Growth Forecast | 9.60% |
| 5 Year EPS Growth Forecast | 14.00% |
| 1 Year Dividend Growth Forecast | 6.96% |
| | |

Risk

| | |
|-------------------------|--------|
| Beta | 1.27 |
| Institutional Ownership | 72.41% |

Analyst's Notes ...Continued

strategy. In early 2023, Goldman announced the sale of a portion of its Marcus consumer loan portfolio. In late 2023, it sold its GreenSky consumer loan platform as well as its General Motors co-branded credit card program. While deposit gathering has been successful, and particularly helpful as the firm was at a disadvantage to peers with lower cost funding sources, we believe that the aggressive push into consumer lending segments was ill timed, with the company having built considerable lending portfolios just ahead of a downturn in credit quality. We have noted Goldman was not time-tested through a consumer credit cycle and was at risk of higher-than-peer default rates as the portfolio rapidly expanded. The scale down from these businesses removes a headline risk and allows management to refocus on core strengths in capital markets.

Tariff-related market turmoil is likely to cause a few quarter pause in investment banking activity, and we are lowering our valuation multiple on the shares to reflect this uncertainty. Our new target price is \$580 (down from \$660), or 13-times our 2025 EPS estimate.

RECENT DEVELOPMENTS

Over the past year, GS shares have risen 29%, well above the 6% increase for the broad market.

On April 14, Goldman reported 1Q25 earnings of \$14.12 per share, up from \$11.58 a year earlier and above the consensus of \$12.14. Revenues of \$15.1 billion were up 6% from the prior year,

aided by a 27% increase in equities revenues but an 8% decline in investment banking fees. Operating costs rose 5%, while net income gained 17% to \$4.6 billion.

In January 2025, Goldman said it was creating a Capital Solutions Group that will combine its financing, origination, structuring and risk management solution activities within Global Banking & Markets. Management noted significant demand from investing clients for private credit and private equity, from investment grade and leveraged lending to hybrid capital and asset-backed finance as well as equity.

In 4Q23, Goldman sold its GreenSky consumer platform and associated loans to investors led by Sixth Street. In October 2024, the company announced that Barclays will acquire its GM co-branded credit card receivables in 2025.

EARNINGS & GROWTH ANALYSIS

Beginning in 4Q22, the company altered its reporting segments to include Global Banking & Markets, Asset & Wealth Management, and Platform Solutions, with the latter including transaction banking and consumer partnerships. We summarize 1Q earnings by segment below.

Global Banking & Markets revenues were up 10% to \$10.7 billion, aided by 27% higher revenues in equities but an 8% decline in investment banking fees. The company noted that its investment banking fees backlog increased from the end of 2024. Coming into 2025, we expected a meaningful rebound for

Growth & Valuation Analysis**GROWTH ANALYSIS**

| (\$ in Millions, except per share data) | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|------------|-----------|------------|-------------|------------|
| Revenue | 44,559 | 59,339 | 47,365 | 46,254 | 53,512 |
| COGS | — | — | — | — | — |
| Gross Profit | — | — | — | — | — |
| SG&A | 13,710 | 18,272 | 15,960 | 16,128 | 17,352 |
| R&D | — | — | — | — | — |
| Operating Income | — | — | — | — | — |
| Interest Expense | -4,751 | -6,470 | -7,678 | -6,351 | -8,056 |
| Pretax Income | 12,479 | 27,044 | 13,486 | 10,739 | 18,397 |
| Income Taxes | 3,020 | 5,409 | 2,225 | 2,223 | 4,121 |
| Tax Rate (%) | 24 | 20 | 16 | 21 | 22 |
| Net Income | 9,459 | 21,635 | 11,261 | 8,516 | 14,276 |
| Diluted Shares Outstanding | 360 | 356 | 358 | 346 | 334 |
| EPS | 24.74 | 59.45 | 30.06 | 22.87 | 40.54 |
| Dividend | 5.00 | 6.50 | 9.00 | 10.50 | 11.50 |
| GROWTH RATES (%) | | | | | |
| Revenue | 22.0 | 33.2 | -20.2 | -2.3 | 15.7 |
| Operating Income | — | — | — | — | — |
| Net Income | 11.7 | 128.7 | -48.0 | -24.4 | 67.6 |
| EPS | 17.6 | 140.3 | -49.4 | -23.9 | 77.3 |
| Dividend | 20.5 | 30.0 | 38.5 | 16.7 | 9.5 |
| Sustainable Growth Rate | 5.5 | 22.1 | 10.1 | 3.4 | 7.2 |
| VALUATION ANALYSIS | | | | | |
| Price: High | \$263.93 | \$426.16 | \$412.66 | \$387.76 | \$612.73 |
| Price: Low | \$130.85 | \$260.16 | \$277.84 | \$289.36 | \$372.07 |
| Price/Sales: High-Low | 2.1 - 1.1 | 2.6 - 1.6 | 3.1 - 2.1 | 2.9 - 2.2 | 3.8 - 2.3 |
| P/E: High-Low | 10.7 - 5.3 | 7.2 - 4.4 | 13.7 - 9.2 | 17.0 - 12.7 | 15.1 - 9.2 |
| Price/Cash Flow: High-Low | 4.8 - 2.4 | — — | 3.0 - 2.0 | — — | — — |

Financial & Risk Analysis**FINANCIAL STRENGTH**

| | | | |
|-----------------------|---------|---------|---------|
| Cash (\$ in Millions) | 241,825 | 241,577 | 182,092 |
|-----------------------|---------|---------|---------|

| | | | |
|----------------------------------|---|---|---|
| Working Capital (\$ in Millions) | — | — | — |
|----------------------------------|---|---|---|

| | | | |
|---------------|---|---|---|
| Current Ratio | — | — | — |
|---------------|---|---|---|

| | | | |
|--------------------------|-------|-------|-------|
| LT Debt/Equity Ratio (%) | 240.8 | 236.6 | 231.7 |
|--------------------------|-------|-------|-------|

| | | | |
|-----------------------------|-------|-------|-------|
| Total Debt/Equity Ratio (%) | 304.5 | 315.3 | 315.0 |
|-----------------------------|-------|-------|-------|

RATIOS (%)

| | | | |
|---------------------|---|---|---|
| Gross Profit Margin | — | — | — |
|---------------------|---|---|---|

| | | | |
|------------------|---|---|---|
| Operating Margin | — | — | — |
|------------------|---|---|---|

| | | | |
|------------|------|------|------|
| Net Margin | 22.7 | 17.1 | 25.3 |
|------------|------|------|------|

| | | | |
|------------------|-----|-----|-----|
| Return On Assets | 0.7 | 0.5 | 0.8 |
|------------------|-----|-----|-----|

| | | | |
|------------------|------|-----|------|
| Return On Equity | 10.5 | 7.5 | 12.6 |
|------------------|------|-----|------|

RISK ANALYSIS

| | | | |
|-------------------|---|---|---|
| Cash Cycle (days) | — | — | — |
|-------------------|---|---|---|

| | | | |
|------------------|-----|------|------|
| Cash Flow/Cap Ex | 2.3 | -5.4 | -6.3 |
|------------------|-----|------|------|

| | | | |
|--------------------------------|---|---|---|
| Oper. Income/Int. Exp. (ratio) | — | — | — |
|--------------------------------|---|---|---|

| | | | |
|--------------|-----|------|------|
| Payout Ratio | 9.5 | 22.6 | 49.4 |
|--------------|-----|------|------|

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Analyst's Notes ...Continued

investment banking, but the recent tariff-related market turmoil has put much M&A and IPO activity on hold, potentially pushing the rebound into 2026.

In Asset & Wealth Management, revenues were down 3%, to \$3.7 billion, as lower revenues in equity and debt investments were partly offset by higher management and other fees from higher assets under supervision. The segment had \$3.2 trillion of client assets under supervision at March 31, 2025, up from \$2.8 trillion a year earlier, with \$24 billion of long-term net inflows during 1Q.

In Platform Solutions, net revenues were down 3% to \$676 million, reflecting lower transaction banking, mostly on reduced average deposit balances. In this segment, the company has scaled back its consumer businesses, where it had previously invested heavily.

There was a credit loss provision of \$287 million, down from \$318 million a year earlier, largely reflecting provisions for the credit card portfolio.

Operating expenses were up 5% to \$9.1 billion, attributed to higher transaction-based expenses and greater compensation and benefits expenses. In 1Q25, the ratio of compensation and benefits to net revenues, an important swing factor in earnings, was 32.4%, up slightly from 32.3% a year earlier.

From a 12.7% return on equity in 2024, Goldman is forecasting a 'though-the-cycle' mid-teens figure with each of its three main business segments contributing about equally.

We are raising our 2025 EPS estimate to \$44.43 from \$43.45

mostly reflecting a strong first quarter for trading revenues although we are extending out an investment banking rebound. Our 2026 forecast moves to \$48.45 from \$47.99. Difficulties in forecasting capital markets activity typically lead to a wide range of analyst estimates.

FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating on Goldman is Medium-High.

Goldman's Tier 1 common equity ratio was 15.5%, using the advanced approach, on March 31, 2025, up from 15.3% a year earlier.

In June 2024, following the Federal Reserve's stress tests, Goldman said its stress capital buffer (SCB) beginning October 1, 2024, would be 6.4%, resulting in a common equity tier 1 requirement of 13.9%. The company also announced a 9% increase in its common stock dividend to \$3.00 from \$2.75, effective in 3Q24. Our dividend estimates are \$12.30 for 2025 and \$13.20 in 2026. The current yield is about 2.4%.

In 1Q24, directors approved a new \$40 billion common share repurchase program, with the company repurchasing 7.1 million shares for \$4.36 billion during the quarter.

MANAGEMENT & RISKS

Goldman is led by CEO David Solomon, who took over following the retirement of Lloyd Blankfein on October 1, 2018. CFO Stephen Scherr retired at the end of 2021 and was succeeded by Denis P. Coleman III. Goldman has more recently provided

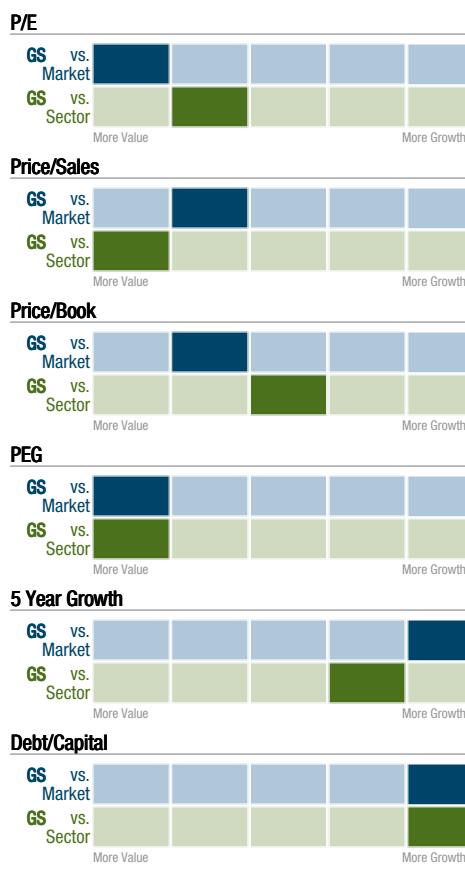
Peer & Industry Analysis

The graphics in this section are designed to allow investors to compare GS versus its industry peers, the broader sector, and the market as a whole, as defined by the Argus Universe of Coverage.

- The scatterplot shows how GS stacks up versus its peers on two key characteristics: long-term growth and value. In general, companies in the lower left-hand corner are more value-oriented, while those in the upper right-hand corner are more growth-oriented.
- The table builds on the scatterplot by displaying more financial information.
- The bar charts on the right take the analysis two steps further, by broadening the comparison groups into the sector level and the market as a whole. This tool is designed to help investors understand how GS might fit into or modify a diversified portfolio.



| Ticker | Company | Market Cap (\$ in Millions) | 5-yr Growth Rate (%) | Current FY P/E | Net Margin (%) | 1-yr EPS Growth (%) | Argus Rating |
|---------------------|-------------------------------|-----------------------------|----------------------|----------------|----------------|---------------------|--------------|
| MS | Morgan Stanley | 175,504 | 13.0 | 12.7 | 13.0 | 6.3 | BUY |
| BX | Blackstone Inc | 162,878 | 14.0 | 22.6 | 21.0 | 19.2 | BUY |
| GS | Goldman Sachs Group, Inc. | 156,632 | 14.0 | 11.3 | 11.9 | 9.0 | BUY |
| SPGI | S&P Global Inc | 148,004 | 10.0 | 26.8 | 27.1 | 12.0 | BUY |
| SCHW | Charles Schwab Corp. | 139,680 | 12.0 | 18.8 | 22.9 | 20.7 | BUY |
| BLK | BlackRock Inc. | 137,962 | 16.0 | 19.9 | 30.1 | 7.9 | BUY |
| CME | CME Group Inc | 95,028 | 7.0 | 24.4 | 57.5 | 6.9 | BUY |
| ICE | Intercontinental Exchange Inc | 91,799 | 12.0 | 22.9 | 29.7 | 12.0 | BUY |
| Peer Average | | 138,436 | 12.3 | 19.9 | 26.6 | 11.8 | |



Analyst's Notes ...Continued

greater transparency with respect to its earnings and strategic initiatives.

Goldman is broadly exposed to global economic and financial market conditions, and has also dealt with a wide range of new regulations resulting from the financial crisis. While management has taken steps to improve disclosure, investors must remember that quarterly results are volatile and difficult to predict in many parts of Goldman's business.

Derivatives trading and clearing are in a period of transition, and global regulators continue to debate capital and liquidity requirements.

On July 24, 2020, Goldman announced it reached an agreement in principle with the Malaysian government to resolve all criminal and regulatory proceedings in Malaysia. The agreement includes a \$2.5 billion payment to the Malaysian government and a guarantee that the government will receive at least \$1.4 billion in assets and proceeds from assets seized by governmental authorities around the world. The dispute dates back to December 2018, when Malaysia's attorney general filed criminal charges against Goldman related to a \$6.5 billion bond offered in 2012-2013 for the Malaysia Development Bhd (1MDB). The funds were expected to be used for a variety of development projects, but some \$2.7 billion of the proceeds were allegedly stolen, and a Goldman partner pleaded guilty to money laundering and bribing Malaysian government officials. Goldman restated its 2Q20 earnings to account for an additional \$2.01 billion legal and regulatory provision taken after the release of its quarterly results.

COMPANY DESCRIPTION

The Goldman Sachs Group provides investment banking, securities, and investment management services to corporations, financial institutions, governments, and high-net-worth individuals worldwide. Goldman reorganized its businesses in 4Q22 into three operating segments: Asset & Wealth Management, Global Banking & Markets, and Platform Solutions, with the latter including transaction banking and consumer partnerships.

VALUATION

GS shares have traded between \$395 and \$672 over the past 52 weeks, and are currently around the middle of that range.

With a high percentage of revenue tied to investment banking and various client services, Goldman remains more sensitive to swings in capital markets activity than other global banks. Goldman had been attempting to diversify its revenue base by entering businesses such as consumer lending, but after experiencing losses has now retreated from these areas, which we believe removes some headline risk.

Tariff-related market turmoil is likely to cause a few quarter pause in investment banking activity, and we are lowering our valuation multiple on the shares to reflect this uncertainty. Our new target price is \$580 (down from \$660), or 13-times our 2025 EPS estimate.

On April 15 at midday, BUY-rated GS traded at \$515.14, up \$11.16.

About Argus

Argus Research, founded by Economist Harold Dorsey in 1934, has built a top-down, fundamental system that is used by Argus analysts. This six-point system includes Industry Analysis, Growth Analysis, Financial Strength Analysis, Management Assessment, Risk Analysis and Valuation Analysis.

Utilizing forecasts from Argus' Economist, the Industry Analysis identifies industries expected to perform well over the next one-to-two years.

The Growth Analysis generates proprietary estimates for companies under coverage.

In the Financial Strength Analysis, analysts study ratios to understand profitability, liquidity and capital structure.

During the Management Assessment, analysts meet with and familiarize themselves with the processes of corporate management teams.

Quantitative trends and qualitative threats are assessed under the Risk Analysis.

And finally, Argus' Valuation Analysis model integrates a historical ratio matrix, discounted cash flow modeling, and peer comparison.

THE ARGUS RESEARCH RATING SYSTEM

Argus uses three ratings for stocks: BUY, HOLD, and SELL. Stocks are rated relative to a benchmark, the S&P 500.

- A BUY-rated stock is expected to outperform the S&P 500 on a risk-adjusted basis over a 12-month period. To make this determination, Argus Analysts set target prices, use beta as the measure of risk, and compare expected risk-adjusted stock returns to the S&P 500 forecasts set by the Argus Market Strategist.
- A HOLD-rated stock is expected to perform in line with the S&P 500.
- A SELL-rated stock is expected to underperform the S&P 500.

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