Risk Management
Breakout Session

**Brian Lee, Sheara Fredman,
Karen Seymour, Sarah Smith**

January 29, 2020

Panelist Overview

Brian Lee
Chief Risk Officer

Karen Seymour
General Counsel

Sarah Smith
Chair of Global Compliance

Sheara Fredman
Chief Accounting Officer

Ask a Question

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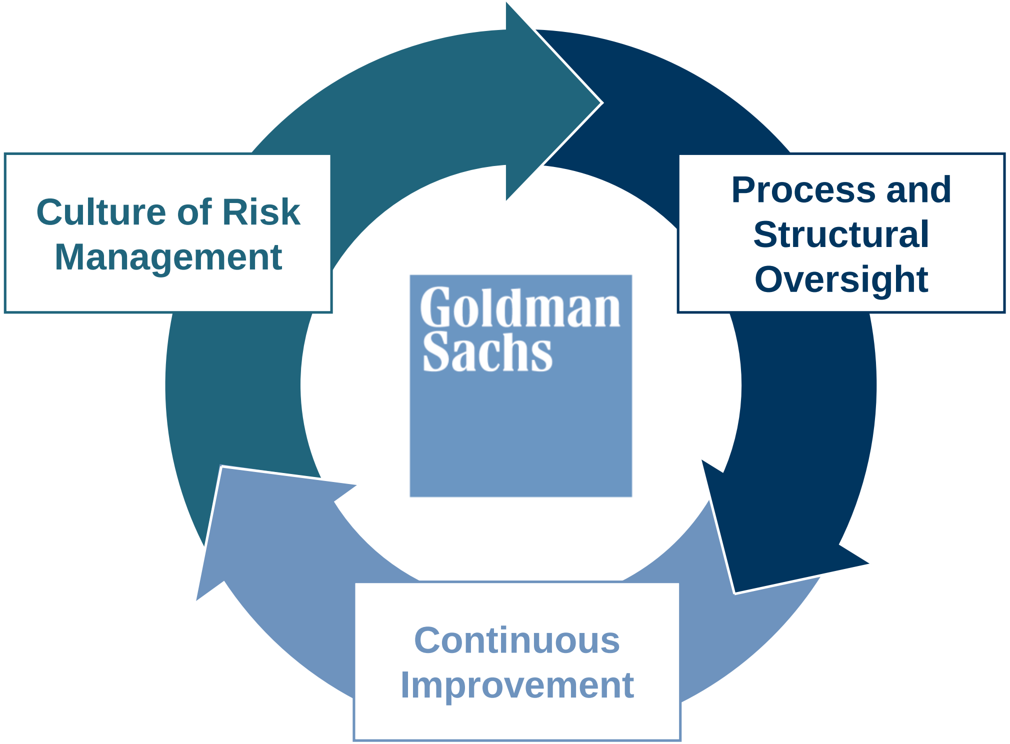
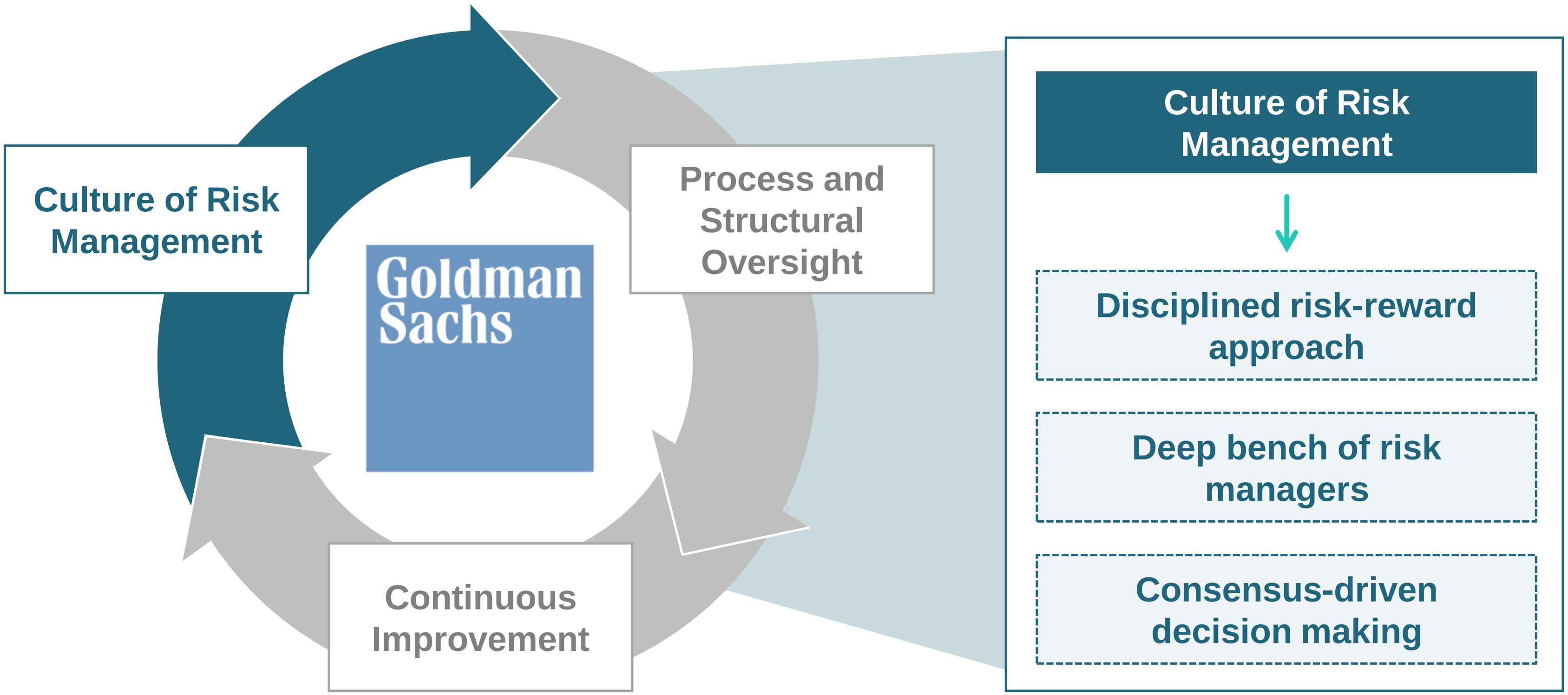
#gsrisk

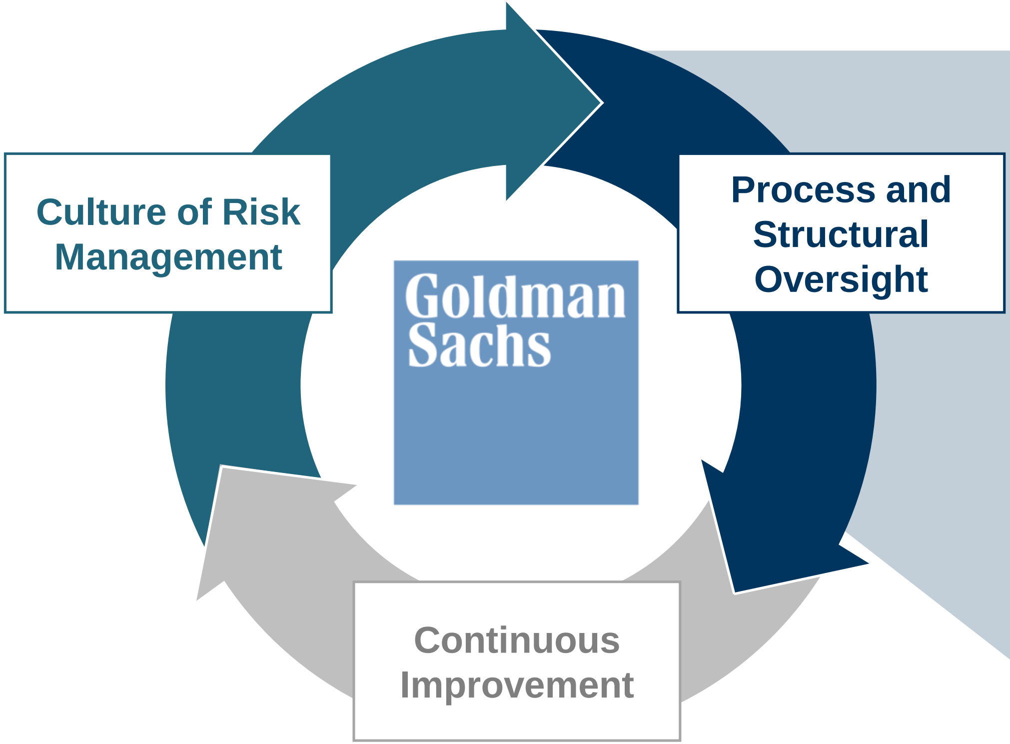
Risk Management at Goldman Sachs



Risk Management at Goldman Sachs



Risk Management at Goldman Sachs



Process and Structural Oversight

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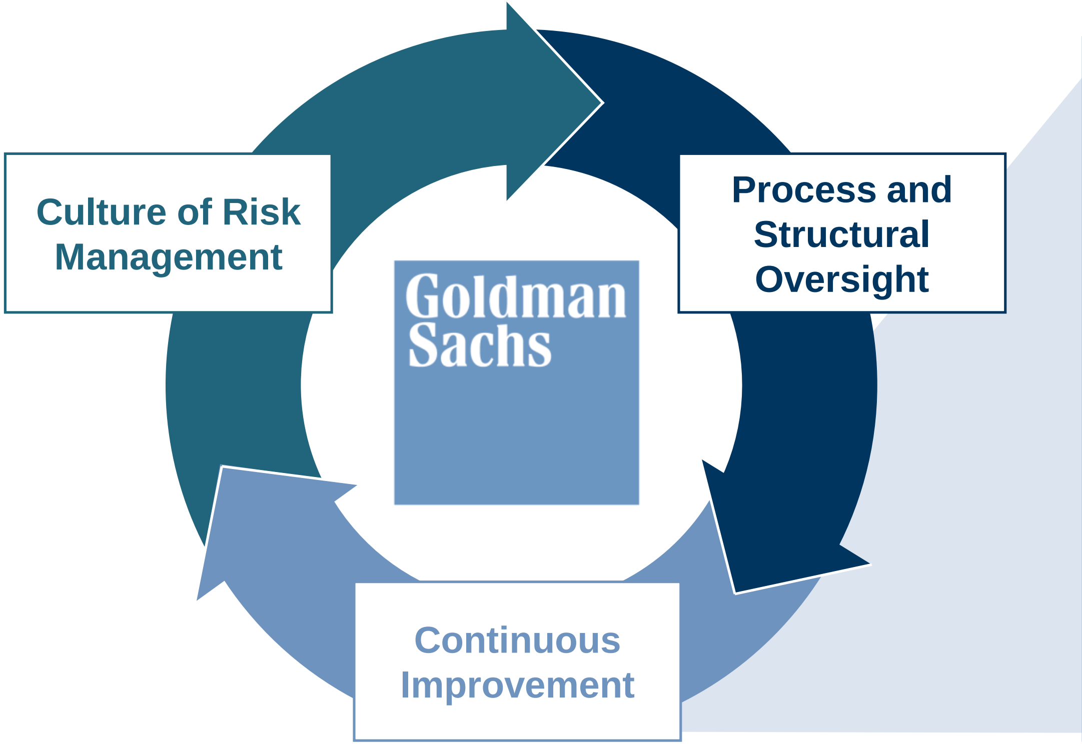
- Independent controls and governance
- Comprehensive stress testing
- Mark-to-market discipline

Risk Management at Goldman Sachs

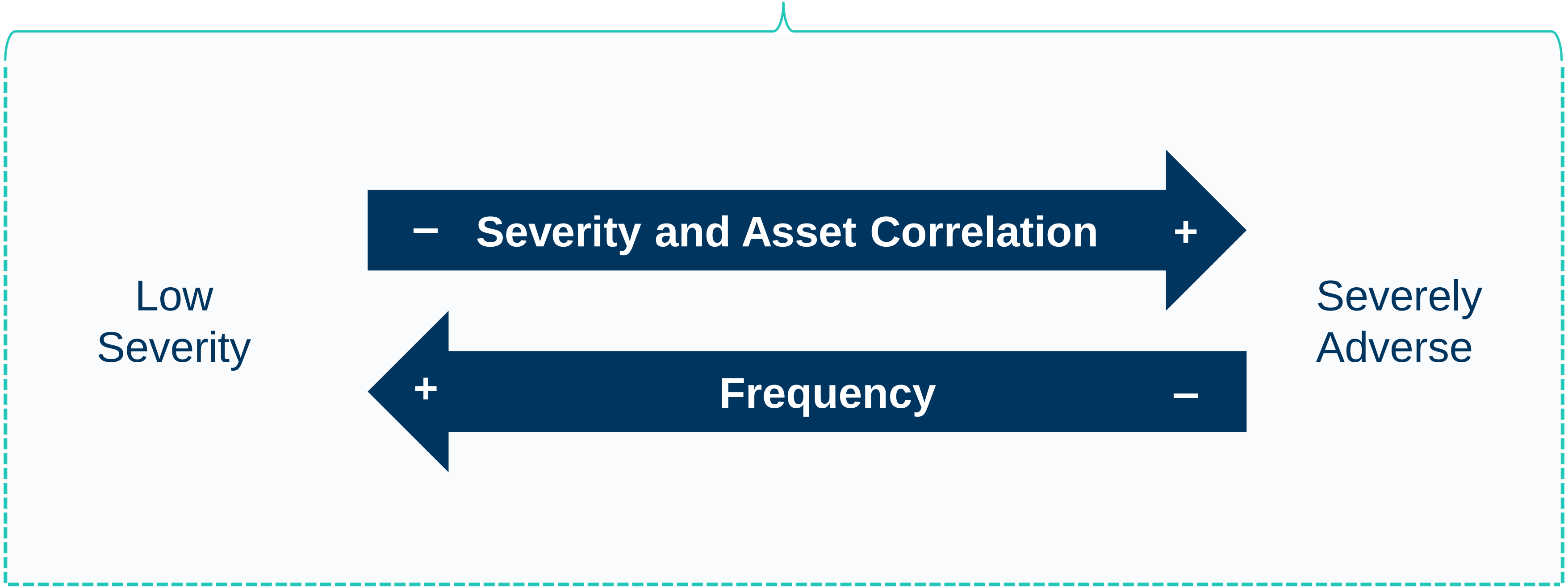


Continuous Improvement

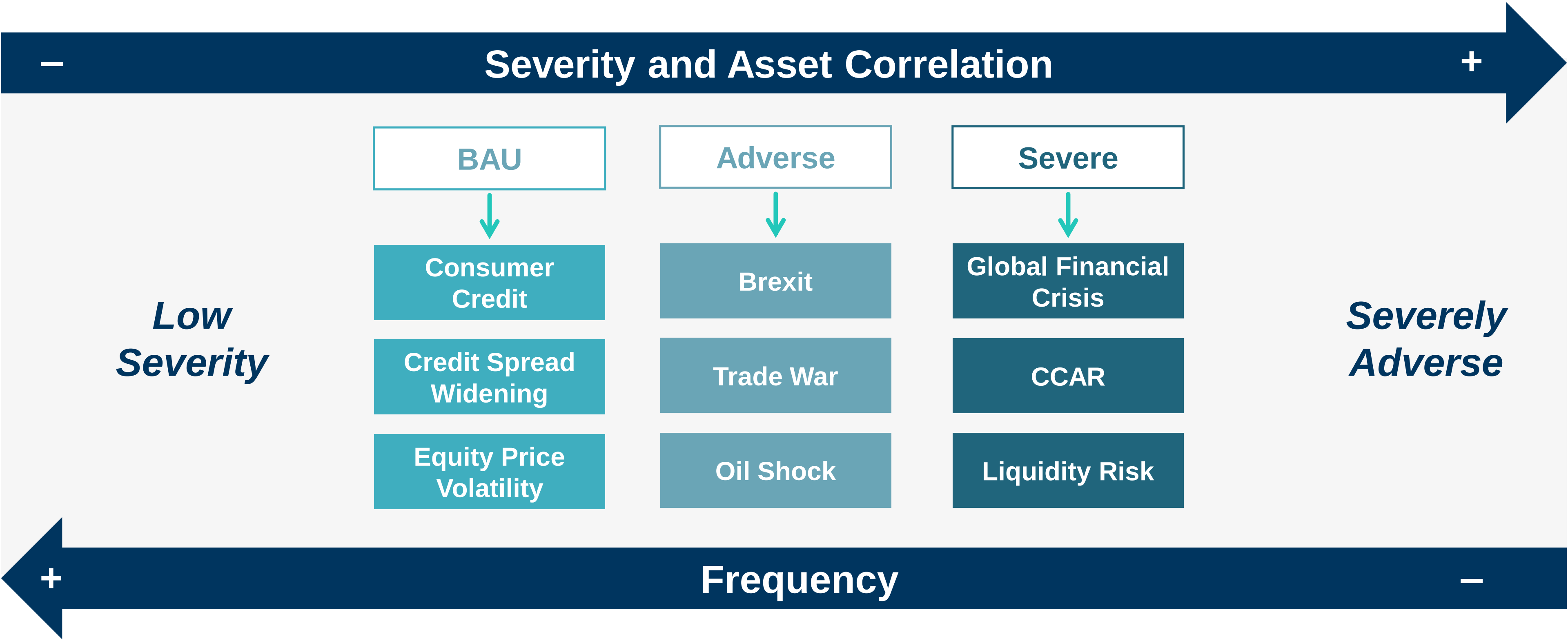
1. Risk Appetite and Cycle Preparedness
2. Capital Adequacy and Prudential Regulation
3. Cybersecurity Risk
4. Reputational Risk and Compliance

1 Risk Appetite and Cycle Preparedness

Managing Across the Risk Continuum



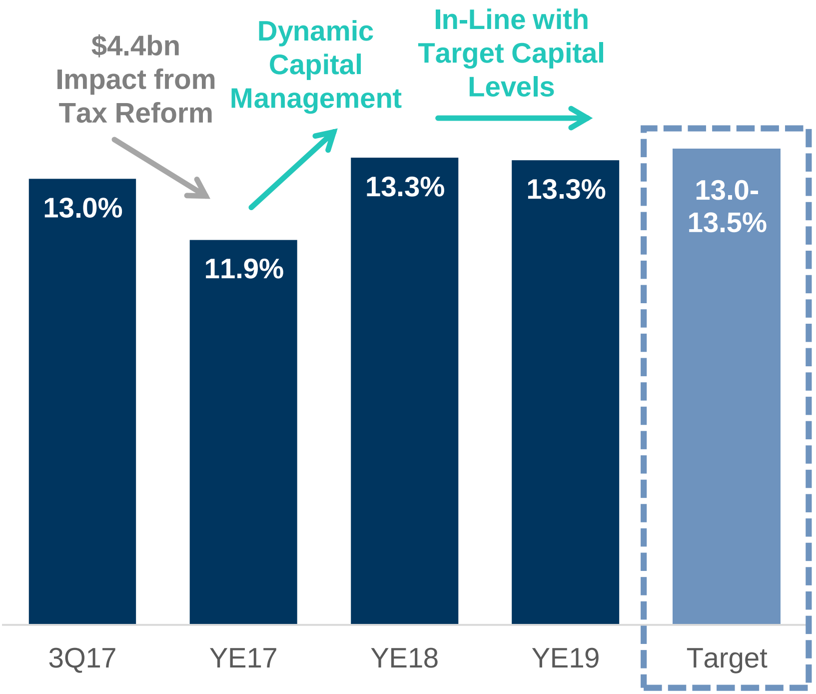
❶ Risk Appetite and Cycle Preparedness



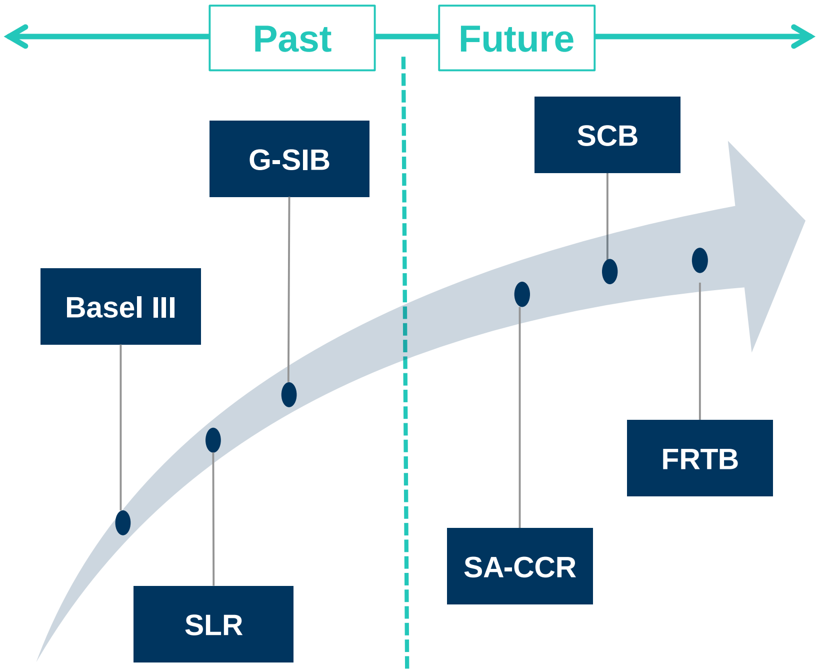
❷ Prudently Managing Capital

Adapting to New Regulations and Conservatively Positioned for Growth

Resilient Capital Ratios (Standardized CET1)[1]



Continuous Adaptation to Capital Requirements



3 Mitigating Cyber Risks

Key Priority: Protect the Firm and Our Clients

1 **Identify**
Emerging threats and critical data

2 **Protect**
Security controls, penetration tests and “bug bounty” program

3 **Detect**
Cyber threats, leveraging tools and shared information

4 **Respond**
To events quickly and effectively

5 **Recover**
Rapidly restore applications and critical data

Continue to invest to maintain operational resilience

❹ Reputational Risk and Compliance

Continuously Improving from a Solid Foundation

Key Focus Areas

Reputational Risk →
- Comprehensive Reputational Risk Framework & training
- Establishment of regional vetting groups for transactions
- Enhanced regional supervision framework

Insider Threat →
- Establishment of Insider Threat and Conduct Committee
- Increased supervision and supervisory metrics
- Heightened profile of whistleblower program

Surveillance →
- Sophisticated search tools
- Innovative technology
- Targeted electronic surveillance

Conduct →
- Tone from the top
- Consequences of misconduct
- Chairman’s Forum

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End Notes

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

Slide 9:

1. As of September 30, 2017 and December 31, 2017, the firm's capital ratios on a fully phased-in basis were non-GAAP measures and may not be comparable to similar non-GAAP measures used by other companies. Management believes that the firm's capital ratios on a fully phased-in basis are meaningful because they are the measures that the firm and investors use to assess capital adequacy. The table below presents reconciliations, for the Standardized approach, of common equity tier 1 and risk-weighted assets on a transitional basis to a fully phased-in basis as of September 30, 2017 and December 31, 2017 (unaudited, $ in billions)

	Standardized CET1 Ratio			
	As of September 30, 2017		As of December 31, 2017	
Common equity tier 1, transitional basis	$	71.9	$	67.1
Transitional adjustments		(0.2)		(0.1)
Common equity tier 1, fully phased-in basis	**$**	**71.7**	**$**	**67.0**
Risk-weighted assets, transitional basis	$	540	$	556
Transitional adjustments		13		8
Risk-weighted assets, fully phased-in basis	**$**	**553**	**$**	**564**
Common equity tier 1 ratio, transitional basis		13.3%		12.1%
Common equity tier 1 ratio, fully phased-in basis		13.0%		11.9%

Cautionary Note on Forward-Looking Statements

Statements about the firm's target metrics, including its target ROE, ROTE, efficiency ratio and CET1 capital ratios, and how they can be achieved, and statements about future operating expense (including future litigation expense), amount and composition of future Assets under Supervision, planned debt issuances, growth of deposits and associated interest expense savings, future geographic location of its employees, and the timing and profitability of its business initiatives, including its launch of new businesses or new activities, its ability to increase its market share in incumbent businesses and its ability to achieve more durable revenues and higher returns from these initiatives, are forward-looking statements, and it is possible that the firm's actual results may differ, possibly materially, from the targeted results indicated in these statements.

Forward looking statements, including those about the firm's target ROE, ROTE, efficiency ratio, and expense savings, and how they can be achieved, are based on the firm's current expectations regarding its business prospects and are subject to the risk that the firm may be unable to achieve its targets due to, among other things, changes in the firm's business mix, lower profitability of new business initiatives, increases in technology and other costs to launch and bring new business initiatives to scale, and increases in liquidity requirements. Statements about the firm's target ROE, ROTE and CET1 capital ratios, and how they can be achieved, are based on the firm's current expectations regarding the capital requirements applicable to the firm and are subject to the risk that the firm's actual capital requirements may be higher than currently anticipated because of, among other factors, changes in the regulatory capital requirements applicable to the firm resulting from changes in regulations or the interpretation or application of existing regulations or changes in the nature and composition of the firm's activities. Statements about the timing and benefits of business and expense savings initiatives, the level and composition of more durable revenues and increases in market share are based on the firm's current expectations regarding its ability to implement these initiatives and may change, possibly materially, from what is currently expected. Due to the inherent uncertainty in these forward-looking statements, investors should not place undue reliance on the firm's ability to achieve these results.

For a discussion of some of the risks and important factors that could affect the firm's future business, results and financial condition, see “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2018. You should also read the cautionary notes on forward-looking statements in our Form 10-Q for the period ended September 30, 2019 and Earnings Results Presentation for the Full Year and Fourth Quarter 2019. For more information regarding non-GAAP financial measures such as ROTE, refer to the footnotes in the Earnings Release and Earnings Presentation for the Full Year and Fourth Quarter 2019 and information on the calculation of non-GAAP financial measures that is posted on the Investor Relations portion of our website: www.goldmansachs.com.

The statements in the presentation are current only as of January 29, 2020 and the firm does not undertake to update forward-looking statements to reflect the impact of subsequent events or circumstances.