The Goldman Sachs Group, Inc.

and

Goldman Sachs Bank USA

2014 Annual Dodd-Frank Act Stress Test Disclosure

March 2014

2014 Annual Dodd-Frank Act Stress Test Disclosure for The Goldman Sachs Group, Inc.

Overview and requirements

Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and related regulations require large bank holding companies with total consolidated assets of $50 billion or more, including The Goldman Sachs Group, Inc. (referred to herein as "Group", "we", "us", "our" or "the firm"), to conduct two stress tests each year. In the Dodd-Frank Act stress tests ("DFAST") conducted annually ("Annual DFAST") and completed in January of each year, we are required to conduct stress tests using a set of scenarios (supervisory baseline, supervisory adverse and supervisory severely adverse) developed by the Board of Governors of the Federal Reserve System ("Federal Reserve"). In addition, for the mid-cycle DFAST to be completed in July of each year, we are required to conduct stress tests under a set of internally developed scenarios (internal baseline, internal adverse and internal severely adverse). The results of both stress tests are submitted to the Federal Reserve.

Stress testing is an integral component of our internal capital adequacy assessment and we incorporate DFAST into our internal processes to assess our capital adequacy and to ensure that the firm holds an appropriate amount of capital relative to the risks of our businesses. As part of our annual Comprehensive Capital Analysis and Review ("CCAR") submitted to the Federal Reserve, in addition to the supervisory provided scenarios, we also assess our capital adequacy under internally developed baseline and severely adverse scenarios.

The DFAST rules require us to publish a summary of the Annual DFAST results based on the Federal Reserve's supervisory severely adverse scenario in March of each year, and a summary of results based on our internally developed severely adverse scenario in September of each year for the mid-cycle DFAST.

The planning horizon for the 2014 Annual DFAST is the fourth quarter of 2013 through and including the fourth quarter of 2015. Per the Federal Reserve's instructions, we are required to calculate the Tier 1 Common ratio for each quarter of the planning horizon under the U.S. banking agencies' Basel I-based general risk-based capital rules[1].

[1] All amounts shown under Basel I reflect the Federal Reserve's revised market risk regulatory capital requirements which became effective on January 1, 2013.

In addition, we are required to calculate our 2014 Annual DFAST results reflecting the Federal Reserve's and other U.S. banking agencies' new capital rules[2], effective for us commencing January 1, 2014 (subject to phase-ins of certain components over transition periods that extend beyond the planning horizon). Those new capital rules (referred to herein as the "Revised Capital Framework") implement Basel III for U.S. banking organizations.

Given these requirements, our calculation of capital ratios for the 2014 Annual DFAST requires three different methodologies:

Basel I-based Approach ("Basel I"):

The firm is required to compute the Tier 1 Common ratio for all quarters over the planning horizon and is subject to a minimum ratio requirement of 5.0% at all times. Additionally, for the fourth quarter of 2013, we are required to compute Tier 1 Risk-based Capital, Total Risk-based Capital and Tier 1 Leverage ratios, and are subject to minimum ratio requirements of 4.0%, 8.0% and 3.0%, respectively.

Basel I Adjusted Approach ("Basel I Adjusted Ratio"):

The Basel I Adjusted Ratio capital calculation requires us to calculate capital ratios utilizing the Revised Capital Framework definition of capital in the numerator, and Basel I risk-weighted assets ("RWAs") in the denominator (adjusted for certain items related to changes in deductions from capital in the numerator), in each case subject to transitional provisions, and is only applicable in 2014. The Tier 1 Leverage ratio calculation also uses the Revised Capital Framework definition of Tier 1 capital (subject to transitional provisions) in the numerator, and total adjusted assets (which includes adjustments for certain capital deductions) in the denominator. The firm is required to compute Common Equity Tier 1 (which is different in certain respects from the Tier 1 Common ratio in Basel I), Tier 1 Risk-based Capital, Total Risk-based Capital and Tier 1 Leverage ratios for all quarters of 2014 under this methodology. Ratio projections in 2014 are subject to minimum ratio requirements of 4.0%, 5.5%, 8.0% and 4.0%, respectively.

[2] The Agencies have approved revised risk-based capital and leverage ratio regulations establishing a new comprehensive capital framework for U.S. banking organizations (Revised Capital Framework). These regulations are largely based on the Basel Committee's December 2010 final capital framework for strengthening international capital standards (Basel III), and significantly revise the risk-based capital and leverage ratio requirements applicable to bank holding companies as compared to the previous U.S. risk-based capital and leverage ratio rules, and thereby, implement certain provisions of the Dodd-Frank Act.

Standardized Approach ("Standardized Ratio"):

The Standardized Ratio requires us to calculate capital ratios utilizing the Revised Capital Framework definition of capital in the numerator, and Standardized RWAs in the denominator, in each case subject to transitional provisions, which becomes effective in 2015. The Tier 1 Leverage ratio calculation also uses the Revised Capital Framework definition of Tier 1 capital (subject to transitional provisions) in the numerator, and total adjusted assets (which includes adjustments for certain capital deductions) in the denominator. The firm is required to compute Common Equity Tier 1, Tier 1 Risk-based Capital, Total Risk-based Capital and Tier 1 Leverage ratios for all quarters of 2015 under this methodology. Ratio projections in 2015 are subject to minimum ratio requirements of 4.5%, 6.0%, 8.0% and 4.0%, respectively.

New Requirements for 2014 Annual DFAST

The Federal Reserve required us to include an instantaneous and unexpected default of our largest counterparty across derivatives, securities lending, and repurchase/reverse repurchase agreement activity into results for the fourth quarter of 2013, the first quarter of the planning horizon. The impact of the counterparty default scenario is included in the results table as a part of the firm's reported "Trading and Counterparty Losses."

In addition, per the Federal Reserve's requirements for the supervisory severely adverse scenario, certain fair value option loans are now excluded from the global market shock, and the change in the fair value of these loans is now included in each quarter of the planning horizon based on the supervisory severely adverse macroeconomic scenario. The impact of the changes in fair value of these positions over the planning horizon is included in the results table as a part of the firm's reported "Other (Losses)/Gains."

Summary of results

The following table summarizes the results of the firm's calculations under the Federal Reserve's supervisory severely adverse scenario over the planning horizon, including the instantaneous global market shock and counterparty default scenario applied to our trading and counterparty exposures.

These results incorporate capital action assumptions as specified by the Federal Reserve's DFAST rules, which are as follows:

- For the fourth quarter of 2013, incorporate actual capital actions.
- For each of the remaining quarters in the planning horizon, assume:
  - common stock dividends equal to the quarterly average dollar amount of common stock dividends that were paid in the first quarter of 2013 through and including the fourth quarter of 2013; and
  - payments on any other instrument that is eligible for inclusion in the numerator of a regulatory capital ratio equal to the stated dividend, interest, or principal due on such instrument during the quarter.

Other than as described above, these results do not include any requested capital actions that may be incorporated into our 2014 CCAR submission, including the repurchase of outstanding common stock, a potential increase in our quarterly common stock dividend and the possible issuance and redemption of other capital securities.

2014 Annual DFAST Results

Projected Capital Ratios, RWAs, Pre-Provision Net Revenues ("PPNR"), Losses, Net Income Before Taxes, and Loan Losses

The Goldman Sachs Group, Inc. Estimates in the Federal Reserve's Supervisory Severely Adverse Scenario

These results are calculated using capital action assumptions required by the DFAST rules. All projections represent hypothetical estimates that involve an economic outcome that is more adverse than expected. These estimates are not forecasts. The lowest capital ratios presented are for the period Q4 2013 to Q4 2015.

Actual Q3 2013 and Projected Capital Ratios through Q4 2015 under the Federal Reserve's Supervisory Severely Adverse Scenario

	Actual	Stressed Capital Ratios	
	Q3 2013	Ending (Q4 2015)	Lowest
Tier 1 Common Ratio (%) [1]	14.2%	13.7%	10.7%
Common Equity Tier 1 Capital Ratio (%) [2]	N/A	9.7%	9.0%
Tier 1 Risk-based Capital Ratio (%) [2]	16.3%	11.1%	10.3%
Total Risk-based Capital Ratio (%) [2]	19.4%	13.5%	12.7%
Tier 1 Leverage Ratio (%) [2]	7.9%	7.3%	6.0%

[1] Capital ratios presented under Basel I.

[2] Common Equity Tier 1 Capital Ratios calculated under the Basel I Adjusted Ratio for Q1 2014 to Q4 2014 and under the Standardized Ratio for Q1 2015 to Q4 2015. Lowest calculated ratio under either methodology from Q1 2014 to Q4 2015 is presented in the table. All other capital and leverage ratios are calculated under Basel I for Q4 2013, Basel I Adjusted Ratio for Q1 2014 to Q4 2014 and the Standardized Ratio for Q1 2015 to Q4 2015. Lowest calculated ratio under any of these methodologies from Q4 2013 to Q4 2015 is presented in the table.

Actual Q3 2013 and Projected Q4 2015 RWAs under the Federal Reserve's Supervisory Severely Adverse Scenario

	Actual	Projected Q4 2015	
	Q3 2013		
	Basel I	Basel I	Standardized Approach
RWAs (Billons of Dollars)	436.7	382.9	562.7

Projected Loan Losses by Type of Loan from Q4 2013 through Q4 2015 under the Federal Reserve's Supervisory Severely Adverse Scenario

	Billions of Dollars	Portfolio Loss Rates (%) [1]
Loan Losses	1.1	2.9
First Lien Mortgages, Domestic	0.0	1.5
Junior Liens and HELOCS, Domestic	-	-
Commercial and Industrial	0.6	8.8
Commercial Real Estate, Domestic	0.1	4.9
Credit Cards	-	-
Other Consumer	0.0	1.5
Other Loans	0.4	1.3

[1] Loan losses and average loan balances used to calculate portfolio loss rates exclude loans and loan commitments accounted for under the fair value option.

Projected PPNR, Losses, and Net Income Before Taxes from Q4 2013 through Q4 2015 under the Federal Reserve's Supervisory Severely Adverse Scenario

	Billions of Dollars	Percentage of Average Assets
PPNR [1]	11.3	1.3
Other Revenue	-	
Less:		
Provision for Loan Losses	1.1	
Realized Losses/(Gains) on Securities	-	
Trading and Counterparty Losses [2]	19.5	
Other Losses/(Gains) [3]	0.8	
Equals		
Net (Loss)/Income Before Taxes	(10.1)	(1.2)

[1] PPNR includes net revenues ("revenues") and operating expenses (including operational risk events, mortgage put-back expenses and other real estate owned costs).

[2] Trading and counterparty losses includes mark-to-market losses, changes in credit valuation adjustments ("CVA") associated with the global market shock and losses arising from the counterparty default scenario.

[3] Other losses/(gains) includes projected changes in the fair value of loans held for sale and loans held for investment measured under the fair value option not subject to the global market shock.

The most significant drivers of the changes in the firm's regulatory capital ratios over the planning horizon, when compared with the third quarter of 2013 actuals, as well as the Tier 1 Common ratio under the 2014 Annual DFAST based on the Federal Reserve's supervisory severely adverse scenario are:

- increased RWAs resulting from the requirement to project RWAs based on the Standardized Approach;
- trading and counterparty losses which include the global market shock and the counterparty default scenario, are included in our net income. However, based on the Federal Reserve's instructions, we did not incorporate the impact of the global market shock and the counterparty default scenario on our balance sheet or RWA projections, and did not reflect management actions as a result of the global market shock and the counterparty default scenario, which further increased the impact on our capital ratios; and
- lower Pre-Provision Net Revenues ("PPNR") over the planning horizon primarily due to decreased net revenues ("revenues") and increased operational risk losses as a result of the supervisory severely adverse macroeconomic scenario.

The results above are not necessarily indicative of the Federal Reserve's calculations of the firm's regulatory capital ratios under its CCAR 2014 supervisory stress tests. In March 2014, the Federal Reserve will publish its calculations for the supervisory stress test results under both Annual DFAST capital actions as well as CCAR requested capital actions.

Material Risks Captured in the Stress Test

Market Risk:

Market risk is the risk of loss in the value of our inventory, as well as certain other financial assets and financial liabilities, due to changes in market conditions. We hold inventory primarily for market making for our clients and for our investing and lending activities. Our inventory therefore changes based on client demands and our investment opportunities. Our inventory is accounted for at fair value and therefore fluctuates on a daily basis. Categories of market risk include the following:

- *Interest rate risk:* results from exposures to changes in the level, slope and curvature of yield curves, the volatilities of interest rates, mortgage prepayment speeds and credit spreads.
- *Equity price risk:* results from exposures to changes in prices and volatilities of individual equities, baskets of equities and equity indices.

- *Currency rate risk:* results from exposures to changes in spot prices, forward prices and volatilities of currency rates.
- *Commodity price risk:* results from exposures to changes in spot prices, forward prices and volatilities of commodities, such as crude oil, petroleum products, natural gas, electricity, and precious and base metals.

Market risk is incorporated into our 2014 Annual DFAST results under the Federal Reserve's supervisory severely adverse scenario via the global market shock and the macroeconomic scenario. The global market shock is applied to our fair value trading and certain banking book positions with changes in the fair value being reflected in our revenue projections. Per the Federal Reserve's instructions, we do not recover losses resulting from the global market shock.

We further stress our positions based on the prescribed changes in macroeconomic variables and asset values over the planning horizon. As applicable, we recover some of these losses in this scenario as a result of improving macroeconomic variables and asset values during the latter part of the planning horizon.

Credit Risk:

Credit risk represents the potential for loss due to the default or deterioration in credit quality of a counterparty (e.g., an over-the-counter ("OTC") derivatives counterparty or a borrower) or an issuer of securities or other instruments we hold. Our exposure to credit risk comes mostly from client transactions in OTC derivatives and loans and lending commitments. Credit risk also comes from cash placed with banks, securities financing transactions (i.e., resale and repurchase agreements and securities borrowing and lending activities) and receivables from brokers, dealers, clearing organizations, customers and counterparties.

Credit risk is incorporated into our 2014 Annual DFAST results under the Federal Reserve's supervisory severely adverse scenario via the global market shock, the counterparty default scenario and the macroeconomic scenario. The global market shock includes counterparty credit losses (i.e., credit valuation adjustments ("CVA")). Projections for CVA over the planning horizon are also included in our revenue projections under this scenario.

The counterparty default scenario, which is recognized in the first quarter of the planning horizon, replaces the counterparty incremental default risk ("IDR") losses included in prior stress tests.

Credit risk is also incorporated into our projections for changes in provisions and loan losses in our accrual loan portfolio. We utilize a model that estimates losses based on projections of exposure at default, loss given default, probability of default and ratings migration for loans in the accrual portfolio.

Operational Risk:

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Our exposure to operational risk arises from routine processing errors as well as extraordinary incidents, such as major systems failures. Potential types of loss events related to internal and external operational risk include:

- clients, products and business practices;
- execution, delivery and process management;
- business disruption and system failures;
- employment practices and workplace safety;
- damage to physical assets;
- internal fraud; and
- external fraud.

Operational risk losses are estimated based on the firm's historical operational risk experience, relevant internal factors and recent industry matters and the assumed conditions of the Federal Reserve's supervisory severely adverse scenario. Operational risk losses are included within non-compensation expense projections over the planning horizon as further described below.

Liquidity Risk:

Liquidity is of critical importance to financial institutions. The firm has in place a comprehensive and conservative set of liquidity and funding policies to address both firm-specific and broader industry or market liquidity events. Our principal objective is to be able to fund the firm and to enable our core businesses to continue to serve clients and generate revenues, even under adverse circumstances.

In our stress test submission, we analyze how we would manage our balance sheet through the duration of a severe crisis and we include assumptions regarding our ability to access the secured and unsecured funding markets to generate incremental liquidity. Our 2014 Annual DFAST results takes liquidity risk into account by projecting potential liquidity outflows due to the Federal Reserve's supervisory severely adverse scenario environment (e.g., draws on unfunded commitments and secured and unsecured

funding roll-offs without replacement) and the impact of these outflows on our liquidity position and balance sheet.

Description of our projection methodologies

PPNR:

PPNR includes revenues and operating expenses.

Revenues:

We project revenues for each of our business segments, including Investment Banking, Institutional Client Services ("ICS"), Investing and Lending ("I&L") and Investment Management. The projected revenues under the Federal Reserve's supervisory severely adverse scenario are an aggregation of projected revenues for each of these business segments.

Investment Banking

The firm provides a broad range of investment banking services to a diverse group of corporations, financial institutions, investment funds and governments. Services include strategic advisory assignments with respect to mergers and acquisitions, divestitures, corporate defense activities, risk management, restructurings and spin-offs, and debt and equity underwriting of public offerings and private placements, including domestic and cross-border transactions, as well as derivative transactions directly related to these activities.

ICS

The firm facilitates client transactions and makes markets in fixed income, equity, currency and commodity products, primarily with institutional clients such as corporations, financial institutions, investment funds and governments. The firm also makes markets in and clears client transactions on major stock, options and futures exchanges worldwide and provides financing, securities lending and other prime brokerage services to institutional clients.

I&L

The firm invests in and originates loans to provide financing to clients. These investments and loans are typically longer-term in nature. The firm makes investments, some of which are consolidated, directly and indirectly through funds that the firm manages, in debt securities and loans, public and private equity securities, and real estate entities.

Investment Management

The firm provides investment management services and offers investment products (primarily through separately managed accounts and commingled vehicles, such as mutual funds and private investment funds) across all major asset classes to a diverse set of institutional and individual clients. The firm also offers wealth advisory services, including portfolio management and financial counseling, and brokerage and other transaction services to high-net-worth individuals and families.

We utilize multiple approaches when projecting segment revenues, including models based on regression analyses, management judgment and we also project the impact of re-pricing inventory due to the projected changes in asset values under the macroeconomic scenario. We also incorporate the impact of broader industry performance during historical stressed periods to help guide management judgment regarding our future performance in the assumed stressed operating environment.

Expenses:

Operating expense projections over the planning horizon are primarily influenced by compensation and benefits, headcount and levels of business activity.

Compensation and benefits includes salaries, discretionary compensation, amortization of equity awards and other items such as benefits. Discretionary compensation is significantly impacted by, among other factors, the level of revenues, overall financial performance and the external environment.

Non-compensation expenses include certain expenses that vary with levels of business activity, such as brokerage, clearing, exchange and distribution fees and market development costs. Non-compensation expenses also include expenses that relate to our global footprint and overall headcount levels. Such expenses include depreciation and amortization, occupancy and communication and technology costs.

In addition, non-compensation expenses incorporate operational risk losses, including legal reserves (and corresponding legal fees), business disruption costs, mortgage repurchase estimates, external / internal fraud costs, execution / processing errors, damage to physical assets, as well as any projected impairments.

Provisions and Loan Losses:

Provisions and loan losses are projected over the planning horizon using a comprehensive, model-based approach. The model estimates losses based on projections of exposure at default, loss given default, probability of default and ratings migration for loans in the accrual portfolio.

Trading and Counterparty Losses:

Trading and counterparty losses include mark-to-market losses, trading IDR losses on positions held at fair value and changes in CVA as a result of the global market shock, as well as the impact of the counterparty default scenario. We use the firm's existing stress testing and risk management infrastructure to calculate the impact of the global market shock and in identifying and quantifying the impact of the counterparty default.

Other Losses:

Other losses reflect the projected change over the planning horizon in the fair value of certain loans and loan commitments accounted for under the fair value option, which are not subject to the global market shock per the Federal Reserve's instructions.

Balance Sheet:

Balance sheet projections are based on the macroeconomic environment and incorporate input from businesses on growth assumptions and planned activity, changes to carrying values as a result of mark-to-market, as well as management judgment as to how the firm would manage its balance sheet, funding and liquidity during periods of stress.

Per the Federal Reserve's instructions, the impact of the global market shock and the counterparty default scenario are not incorporated into the firm's balance sheet projections under the Federal Reserve's supervisory severely adverse scenario.

Capital and RWAs:

Capital projections incorporate projected net earnings, other changes in equity and capital deductions over the planning horizon, as well as the impact of the fourth quarter of 2013 actual capital actions and assumed capital actions required by the DFAST rules for the first quarter of 2014 through and including the fourth quarter of 2015. Projected RWAs reflect the impact of the macroeconomic environment; for example, changes in volatility and credit spreads are incorporated into our calculation of projected RWAs. Additionally, projected RWAs and capital deductions are also impacted by the projected size and composition of our balance sheet over the planning horizon.

As noted above, we have calculated capital ratios under Basel I, the Basel I Adjusted Ratio in 2014 and the Standardized Ratio in 2015, including transitional provisions where appropriate.

2014 Annual Dodd-Frank Act Stress Test Disclosure for Goldman Sachs Bank USA

DFAST rules require Goldman Sachs Bank USA ("GS Bank") to conduct stress tests on an annual basis.

GS Bank is a wholly-owned subsidiary of Group. The Federal Reserve's Final Stress Test Rule requires stress test results of any subsidiary depository institution to be disclosed along with the stress test results of the bank holding company parent.

The planning horizon for GS Bank for the 2014 Annual DFAST is the fourth quarter of 2013 through and including the fourth quarter of 2015. Per the Federal Reserve's instructions, GS Bank is required to calculate its 2014 Annual DFAST results reflecting the Federal Reserve's and other U.S. banking agencies' new capital rules, effective for GS Bank commencing January 1, 2014 (subject to phase-ins of certain components over transition periods that extend beyond the planning horizon). Those new capital rules implement the Revised Capital Framework for U.S. banking organizations. GS Bank's results are also required to reflect the Tier 1 Common ratio for each quarter under Basel I.

The following table summarizes the results of GS Bank's 2014 Annual DFAST based on the Federal Reserve's supervisory severely adverse scenario.

Actual Q3 2013 and Projected Capital Ratios through Q4 2015 under the Federal Reserve's Supervisory Severely Adverse Scenario

	Actual	Stressed Capital Ratios	
	Q3 2013	Ending (Q4 2015)	Lowest
Tier 1 Common Ratio (%) [1]	15.1%	13.3%	12.9%
Common Equity Tier 1 Capital Ratio (%) [2]	N/A	8.7%	8.5%
Tier 1 Risk-based Capital Ratio (%) [2]	15.1%	8.7%	8.5%
Total Risk-based Capital Ratio (%) [2]	15.2%	9.7%	9.4%
Tier 1 Leverage Ratio (%) [2]	17.6%	16.3%	16.3%

[1] Capital ratios presented under Basel I.

[2] Common Equity Tier 1 Capital Ratios calculated under the Basel I Adjusted Ratio for Q1 2014 to Q4 2014 and under the Standardized Ratio for Q1 2015 to Q4 2015. Lowest calculated ratio under either methodology from Q1 2014 to Q4 2015 is presented in the table. All other capital and leverage ratios are calculated under Basel I for Q4 2013, Basel I Adjusted Ratio for Q1 2014 to Q4 2014 and the Standardized Ratio for Q1 2015 to Q4 2015. Lowest calculated ratio under any of these methodologies from Q4 2013 to Q4 2015 is presented in the table.

The most significant drivers of the changes in GS Bank's regulatory capital ratios are consistent with that of Group, except that GS Bank was not required to include the counterparty default scenario in its stress test. Potential capital planning initiatives are also drivers of these changes.

More information on the CCAR and DFAST stress tests, as well as the Federal Reserve's supervisory severely adverse scenario, is available on the Federal Reserve's website at http://www.federalreserve.gov.