

Return on Average Tangible Common Shareholders' Equity (ROTCE) and ROTCE Excluding the Impact of the Series G Preferred Stock Dividend

ROTCE is computed by dividing net earnings applicable to common shareholders by average monthly tangible common shareholders' equity. Management believes that ROTCE is meaningful because it measures the performance of businesses consistently, whether they were acquired or developed internally. ROTCE is a non-GAAP measure and may not be comparable to similar non-GAAP measures used by other companies. Management believes that presenting the firm's results for 2011 excluding the impact of the preferred dividend of \$1.64 billion related to the redemption of the firm's Series G Preferred Stock (calculated as the difference between the carrying value and the redemption value of the preferred stock) is meaningful, as it increases the comparability of period-to-period results. The table below presents the firm's ROTCE including and excluding the impact of the Series G Preferred Stock dividend.

	Three Months Ended March 2012 ⁽¹⁾		Year Ended December 2011	
ROTCE ⁽²⁾	13.3	%	4.0	%
ROTCE, excluding the impact of the Series G Preferred Stock dividend ⁽³⁾	N.A.		6.4	%

⁽¹⁾ March 2012 ratio is annualized.

⁽²⁾ The table below presents the reconciliation of average total shareholders' equity to average tangible common shareholders' equity.

	Average for the	
	Three Months Ended March 2012	Year Ended December 2011
	(in millions)	
Total shareholders' equity	\$ 70,824	\$ 72,708
Preferred stock	(3,100)	(3,990)
Common shareholders' equity	\$ 67,724	\$ 68,718
Goodwill and identifiable intangible assets	(5,421)	(5,394)
Tangible common shareholders' equity	\$ 62,303	\$ 63,324

⁽³⁾ The tables below present the calculation of net earnings applicable to common shareholders, average common shareholders' equity and average tangible common shareholders' equity excluding the impact of this dividend.

	Year Ended December 2011
	(in millions)
Net earnings applicable to common shareholders	\$ 2,510
Impact of the Series G Preferred Stock dividend	1,643
Net earnings applicable to common shareholders, excluding the impact of the Series G Preferred Stock dividend	\$ 4,153

	Average for the Year Ended December 2011
	(in millions)
Total shareholders' equity	\$ 72,708
Preferred stock	(3,990)
Common shareholders' equity	68,718
Impact of the Series G Preferred Stock dividend	1,264
Common shareholders' equity, excluding the impact of the Series G Preferred Stock dividend	\$ 69,982
Goodwill and identifiable intangible assets	(5,394)
Tangible common shareholders' equity, excluding the impact of the Series G Preferred Stock dividend	\$ 64,588

Net Earnings Applicable to Common Shareholders, Diluted Earnings per Common Share (EPS) and Annualized Return on Average Common Shareholders' Equity (ROE) Excluding the Impact of the Series G Preferred Stock Dividend

Management believes that presenting the firm's results for the first quarter of 2011 excluding the impact of the preferred dividend of \$1.64 billion related to the redemption of the firm's Series G Preferred Stock (calculated as the difference between the carrying value and the redemption value of the preferred stock) is meaningful, as it increases the comparability of period-to-period results. Diluted EPS and annualized ROE excluding this dividend are non-GAAP measures and may not be comparable to similar non-GAAP measures used by other companies. The table below presents the firm's diluted EPS and annualized ROE including and excluding the impact of the Series G Preferred Stock dividend.

	Three Months Ended March 2011	
Diluted EPS	\$	1.56
Annualized ROE ⁽¹⁾		12.2 %
Diluted EPS, excluding the impact of the Series G Preferred Stock dividend ⁽²⁾	\$	4.38
Annualized ROE, excluding the impact of the Series G Preferred Stock dividend ⁽²⁾		14.5 %

⁽¹⁾ Annualized ROE is computed by dividing annualized net earnings applicable to common shareholders by average monthly common shareholders' equity. The impact of the \$1.64 billion Series G Preferred Stock dividend was not annualized in the calculation of annualized net earnings applicable to common shareholders as this amount had no impact on other quarters in the year.

⁽²⁾ The tables below present the calculation of net earnings applicable to common shareholders, diluted EPS and average common shareholders' equity excluding the impact of this dividend.

	Three Months Ended March 2011 (in millions, except per share amounts)	
Net earnings applicable to common shareholders	\$	908
Impact of the Series G Preferred Stock dividend		1,643
Net earnings applicable to common shareholders, excluding the impact of the Series G Preferred Stock dividend		2,551
Divided by: average diluted common shares outstanding		583.0
Diluted EPS, excluding the impact of the Series G Preferred Stock dividend	\$	4.38

	Average for the Three Months Ended March 2011 (in millions)	
Total shareholders' equity	\$	76,052
Preferred stock		(5,993)
Common shareholders' equity		70,059
Impact of the Series G Preferred Stock dividend		411
Common shareholders' equity, excluding the impact of the Series G Preferred Stock dividend	\$	70,470

Adjusted Assets, Adjusted Leverage Ratio, Tangible Common Shareholders' Equity, Tangible Book Value Per Common Share and Tier 1 Common Ratio
(\$ in millions, except per share amounts)

The table below presents information on the firm's assets, shareholders' equity, leverage ratios, book value per common share and Tier 1 common ratio.

	March 2012		December 2011	
Total assets	\$ 950,932		\$ 923,225	
Adjusted assets ⁽¹⁾	647,592		604,391	
Total shareholders' equity	71,656		70,379	
Leverage ratio ⁽²⁾	13.3	x	13.1	x
Adjusted leverage ratio ⁽³⁾	9.0	x	8.6	x
Common shareholders' equity	\$ 68,556		\$ 67,279	
Tangible common shareholders' equity ⁽⁴⁾	63,186		61,811	
Book value per common share ⁽⁵⁾	\$ 134.48		\$ 130.31	
Tangible book value per common share ^{(4) (5)}	123.94		119.72	
Risk-weighted assets (RWAs) ⁽⁶⁾	\$ 437,570		\$ 457,027	
Tier 1 common ratio ⁽⁷⁾	12.9	%	12.1	%

⁽¹⁾ Adjusted assets equals total assets less (i) low-risk collateralized assets generally associated with the firm's secured client financing transactions, federal funds sold and excess liquidity (which includes financial instruments sold, but not yet purchased, at fair value, less derivative liabilities) and (ii) cash and securities segregated for regulatory and other purposes. Adjusted assets is a non-GAAP measure and may not be comparable to similar non-GAAP measures used by other companies. The table below presents the reconciliation of total assets to adjusted assets.

	March 2012		December 2011
Total assets	\$ 950,932		\$ 923,225
Deduct: Securities borrowed	(169,092)		(153,341)
Securities purchased under agreements to resell and federal funds sold	(181,050)		(187,789)
Add: Financial instruments sold, but not yet purchased, at fair value	151,251		145,013
Less derivative liabilities	(51,350)		(58,453)
Subtotal	(250,241)		(254,570)
Deduct: Cash and securities segregated for regulatory and other purposes	(53,099)		(64,264)
Adjusted assets	<u>\$ 647,592</u>		<u>\$ 604,391</u>

Adjusted Assets, Adjusted Leverage Ratio, Tangible Common Shareholders' Equity, Tangible Book Value Per Common Share and Tier 1 Common Ratio, continued

(2) The leverage ratio equals total assets divided by total shareholders' equity.

(3) The adjusted leverage ratio equals adjusted assets divided by total shareholders' equity. Management believes that the adjusted leverage ratio is a more meaningful measure of the firm's capital adequacy than the leverage ratio because it excludes certain low-risk collateralized assets that are generally supported with little or no capital. The adjusted leverage ratio is a non-GAAP measure and may not be comparable to similar non-GAAP measures used by other companies.

(4) Tangible common shareholders' equity equals total shareholders' equity less preferred stock, goodwill and identifiable intangible assets. Tangible book value per common share is computed by dividing tangible common shareholders' equity by the number of common shares outstanding, including restricted stock units (RSUs) granted to employees with no future service requirements. Management believes that tangible common shareholders' equity and tangible book value per common share are meaningful because they are measures that the firm and investors use to assess capital adequacy. Tangible common shareholders' equity and tangible book value per common share are non-GAAP measures and may not be comparable to similar non-GAAP measures used by other companies. The table below presents the reconciliation of total shareholders' equity to tangible common shareholders' equity.

	March 2012	December 2011
	(in millions)	
Total shareholders' equity	\$ 71,656	\$ 70,379
Deduct: Preferred stock	(3,100)	(3,100)
Common shareholders' equity	68,556	67,279
Deduct: Goodwill and identifiable intangible assets	(5,370)	(5,468)
Tangible common shareholders' equity	<u>\$ 63,186</u>	<u>\$ 61,811</u>

(5) The table below presents common shares outstanding, including RSUs granted to employees with no future service requirements.

	March 2012	December 2011
	(in millions)	
Common shares outstanding, including RSUs granted to employees with no future service requirements	509.8	516.3

(6) RWAs are calculated in accordance with the Federal Reserve Board's capital adequacy regulations currently applicable to bank holding companies (which are based on the 'Basel 1' Capital Accord of the Basel Committee on Banking Supervision).

(7) The Tier 1 common ratio equals Tier 1 common capital divided by RWAs. Management believes that the Tier 1 common ratio is meaningful because it is one of the measures that the firm and investors use to assess capital adequacy and, while not currently a formal regulatory capital ratio, this measure is of increasing importance to regulators. The Tier 1 common ratio is a non-GAAP measure and may not be comparable to similar non-GAAP measures used by other companies. The table below presents the reconciliation of Tier 1 capital to Tier 1 common capital.

	March 2012	December 2011
	(in millions)	
Tier 1 capital	\$ 64,534	\$ 63,262
Deduct: Preferred stock	(3,100)	(3,100)
Junior subordinated debt issued to trusts	(3,250)	(5,000)
Stock purchase contracts related to Normal Automatic Preferred Enhanced Capital Securities (APEX)	(1,750)	-
Tier 1 common capital	<u>\$ 56,434</u>	<u>\$ 55,162</u>