

Net Earnings Applicable to Common Shareholders, Diluted Earnings per Common Share and Average Common Shareholders' Equity Excluding the Impact of U.K. Bank Payroll Tax and SEC Settlement

(in millions, except per share amounts)

The following table sets forth the firm's annualized return on average common shareholders' equity and diluted earnings per common share, both including and excluding the impact of the \$600 million U.K. bank payroll tax and the \$550 million SEC settlement in the second quarter of 2010:

| | For the | | | |
|---|-------------------------------------|--------|---------------------------------|-------|
| | Nine Months Ended September 2010 | | Three Months Ended June 2010 | |
| Diluted earnings per common share | \$ | 9.39 | \$ | 0.78 |
| Annualized return on average common shareholders' equity ⁽¹⁾ | | 11.6 % | | 7.9 % |
| Diluted earnings per common share, excluding the impact of U.K. bank payroll tax and SEC settlement ⁽²⁾ | \$ | 11.34 | \$ | 2.75 |
| Annualized return on average common shareholders' equity, excluding the impact of U.K. bank payroll tax and SEC settlement ⁽²⁾ | | 13.2 % | | 9.5 % |

⁽¹⁾ Annualized ROE is computed by dividing annualized net earnings applicable to common shareholders by average monthly common shareholders' equity. The \$600 million U.K. bank payroll tax and the \$550 million SEC settlement in the second quarter of 2010 were not annualized in the calculation of annualized net earnings applicable to common shareholders for the nine months ended September 2010 as these were one-time events and therefore these amounts have no impact on other quarters in the year.

⁽²⁾ Management believes that presenting the firm's results excluding the impact of the \$600 million U.K. bank payroll tax and the \$550 million SEC settlement in the second quarter of 2010 is meaningful as these were one-time events and excluding them increases the comparability of period-to-period results. The following tables set forth the calculation of net earnings applicable to common shareholders, diluted earnings per common share and average common shareholders' equity excluding the impact of these amounts:

| | For the | | | |
|--|-------------------------------------|-------|---------------------------------|-------|
| | Nine Months Ended September 2010 | | Three Months Ended June 2010 | |
| Net earnings applicable to common shareholders | \$ | 5,486 | \$ | 453 |
| Impact of U.K. bank payroll tax | | 600 | | 600 |
| Pre-tax impact of SEC settlement | | 550 | | 550 |
| Tax impact of SEC settlement | | (6) | | (6) |
| Net earnings applicable to common shareholders, excluding the impact of U.K. bank payroll tax and SEC settlement | \$ | 6,630 | \$ | 1,597 |
| Divided by: average diluted common shares outstanding | | 584.4 | | 580.4 |
| Diluted earnings per common share, excluding the impact of U.K. bank payroll tax and SEC settlement | \$ | 11.34 | \$ | 2.75 |

| | Average for the | | | |
|---|-------------------------------------|---------|---------------------------------|---------|
| | Nine Months Ended September 2010 | | Three Months Ended June 2010 | |
| Total shareholders' equity | \$ | 73,557 | \$ | 73,529 |
| Preferred stock | | (6,957) | | (6,957) |
| Common shareholders' equity | | 66,600 | | 66,572 |
| Impact of U.K. bank payroll tax on average common shareholders' equity | | 300 | | 300 |
| Impact of SEC settlement on average common shareholders' equity | | 218 | | 136 |
| Common shareholders' equity, excluding the impact of U.K. bank payroll tax and SEC settlement | \$ | 67,118 | \$ | 67,008 |

Effective Income Tax Rate Excluding the Impact of U.K. Bank Payroll Tax and SEC Settlement

(\$ in millions)

Management believes that presenting the firm's effective income tax rate excluding the impact of the \$600 million U.K. bank payroll tax and the \$550 million SEC settlement in the second quarter of 2010, substantially all of which is non-deductible, is meaningful as these were one-time events and excluding them increases the comparability of period-to-period results. The following table sets forth the calculation of the effective income tax rate excluding the impact of these amounts:

| | For the Nine Months Ended September 2010 | | |
|---------------------------------|---|------------------------|------------------------------|
| | Pre-tax earnings | Provision for taxes | Effective income tax rate |
| As reported | \$ 9,418 | \$ 3,451 | 36.6% |
| Add back: | | | |
| Impact of U.K. bank payroll tax | 600 | - | |
| Impact of SEC settlement | 550 | 6 | |
| As adjusted | <u>\$ 10,568</u> | <u>\$ 3,457</u> | 32.7% |

| | For the Six Months Ended June 2010 | | |
|---------------------------------|---------------------------------------|------------------------|------------------------------|
| | Pre-tax earnings | Provision for taxes | Effective income tax rate |
| As reported | \$ 6,607 | \$ 2,538 | 38.4% |
| Add back: | | | |
| Impact of U.K. bank payroll tax | 600 | - | |
| Impact of SEC settlement | 550 | 6 | |
| As adjusted | <u>\$ 7,757</u> | <u>\$ 2,544</u> | 32.8% |

Ratio of Compensation and Benefits to Net Revenues Excluding the Impact of U.K. Bank Payroll Tax

(\$ in millions)

Management believes that presenting the firm's ratio of compensation and benefits to net revenues excluding the impact of the \$600 million U.K. bank payroll tax in the second quarter of 2010 is meaningful as this was a one-time event and excluding it increases the comparability of period-to-period results.

| | For the Nine Months Ended September 2010 | |
|---|--|---|
| Compensation and benefits (which excludes the impact of the \$600 million U.K. bank payroll tax) | \$ 13,123 | |
| Ratio of compensation and benefits to net revenues | 43.0 | % |
| Compensation and benefits, including the impact of the \$600 million U.K. bank payroll tax | \$ 13,723 | |
| Ratio of compensation and benefits to net revenues, including the impact of the \$600 million U.K. bank payroll tax | 45.0 | % |

Adjusted Assets, Tangible Equity Capital, Adjusted Leverage Ratio, Tangible Book Value Per Common Share and Tier 1 Common Ratio

(\$ in millions, except per share amounts)

The following table sets forth information on the firm's assets, shareholders' equity, leverage ratios, book value per common share and Tier 1 common ratio:

| | As of | | | |
|---|----------------|------------|------------|---------------|
| | September 2010 | June 2010 | March 2010 | December 2009 |
| Total assets | \$ 908,679 | \$ 883,188 | \$ 880,528 | \$ 848,942 |
| Adjusted assets ⁽¹⁾ | 579,894 | 551,117 | 548,503 | 546,151 |
| Total shareholders' equity | 75,657 | 73,819 | 72,944 | 70,714 |
| Tangible equity capital ⁽²⁾ | 74,791 | 72,925 | 71,961 | 70,794 |
| Leverage ratio ⁽³⁾ | 12.0 x | 12.0 x | 12.1 x | 12.0 x |
| Adjusted leverage ratio ⁽⁴⁾ | 7.8 x | 7.6 x | 7.6 x | 7.7 x |
| Common shareholders' equity | \$ 68,700 | \$ 66,862 | \$ 65,987 | \$ 63,757 |
| Tangible common shareholders' equity ⁽⁵⁾ | 62,834 | 60,968 | 60,004 | 58,837 |
| Book value per common share | \$ 127.08 | \$ 123.73 | \$ 122.52 | \$ 117.48 |
| Tangible book value per common share ^{(5) (6)} | 116.23 | 112.82 | 111.41 | 108.42 |
| Risk-weighted assets (RWAs) ⁽⁷⁾ | \$ 443,792 | \$ 451,247 | \$ 455,790 | \$ 431,890 |
| Tier 1 common ratio ⁽⁸⁾ | 13.0 % | 12.5 % | 12.4 % | 12.2 % |

⁽¹⁾ Adjusted assets excludes (i) low-risk collateralized assets generally associated with the matched book and securities lending businesses and federal funds sold, (ii) cash and securities segregated for regulatory and other purposes and (iii) goodwill and identifiable intangible assets which are deducted when calculating tangible equity capital (see footnote 2 below). The following table sets forth the reconciliation of total assets to adjusted assets:

| | As of | | | |
|--|----------------|------------|------------|---------------|
| | September 2010 | June 2010 | March 2010 | December 2009 |
| Total assets | \$ 908,679 | \$ 883,188 | \$ 880,528 | \$ 848,942 |
| Deduct: Securities borrowed | (184,068) | (190,079) | (202,841) | (189,939) |
| Securities purchased under agreements to resell and federal funds sold | (178,109) | (169,280) | (166,368) | (144,279) |
| Add: Trading liabilities, at fair value | 155,217 | 147,170 | 140,081 | 129,019 |
| Less derivative liabilities | (63,767) | (57,574) | (53,861) | (56,009) |
| Subtotal | 91,450 | 89,596 | 86,220 | 73,010 |
| Deduct: Cash and securities segregated for regulatory and other purposes | (52,192) | (56,414) | (43,053) | (36,663) |
| Goodwill and identifiable intangible assets | (5,866) | (5,894) | (5,983) | (4,920) |
| Adjusted assets | \$ 579,894 | \$ 551,117 | \$ 548,503 | \$ 546,151 |

⁽²⁾ Tangible equity capital equals total shareholders' equity and junior subordinated debt issued to trusts less goodwill and identifiable intangible assets. The firm considers junior subordinated debt issued to trusts to be a component of its tangible equity capital base due to certain characteristics of the debt, including its long-term nature, the firm's ability to defer payments due on the debt and the subordinated nature of the debt in the firm's capital structure. The following table sets forth the reconciliation of total shareholders' equity to tangible equity capital:

| | As of | | | |
|---|----------------|-----------|------------|---------------|
| | September 2010 | June 2010 | March 2010 | December 2009 |
| Total shareholders' equity | \$ 75,657 | \$ 73,819 | \$ 72,944 | \$ 70,714 |
| Add: Junior subordinated debt issued to trusts | 5,000 | 5,000 | 5,000 | 5,000 |
| Deduct: Goodwill and identifiable intangible assets | (5,866) | (5,894) | (5,983) | (4,920) |
| Tangible equity capital | \$ 74,791 | \$ 72,925 | \$ 71,961 | \$ 70,794 |

⁽³⁾ The leverage ratio equals total assets divided by total shareholders' equity.

⁽⁴⁾ The adjusted leverage ratio equals adjusted assets divided by tangible equity capital. 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 and reflects the tangible equity capital deployed in the firm's businesses.

⁽⁵⁾ 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 management and investors use to assess capital adequacy. The following table sets forth the reconciliation of total shareholders' equity to tangible common shareholders' equity:

| | As of | | | |
|---|----------------|-----------|------------|---------------|
| | September 2010 | June 2010 | March 2010 | December 2009 |
| Total shareholders' equity | \$ 75,657 | \$ 73,819 | \$ 72,944 | \$ 70,714 |
| Deduct: Preferred stock | (6,957) | (6,957) | (6,957) | (6,957) |
| Common shareholders' equity | 68,700 | 66,862 | 65,987 | 63,757 |
| Deduct: Goodwill and identifiable intangible assets | (5,866) | (5,894) | (5,983) | (4,920) |
| Tangible common shareholders' equity | \$ 62,834 | \$ 60,968 | \$ 60,004 | \$ 58,837 |

⁽⁶⁾ The following table sets forth common shares outstanding, including RSUs granted to employees with no future service requirements:

| | As of | | | |
|--|----------------|---------------|------------|---------------|
| | September 2010 | June 2010 | March 2010 | December 2009 |
| | | (in millions) | | |
| Common shares outstanding, including RSUs granted to employees with no future service requirements | 540.6 | 540.4 | 538.6 | 542.7 |

⁽⁷⁾ RWAs are calculated in accordance with the regulatory capital requirements currently applicable to bank holding companies, which are based on the Capital Accord of the Basel Committee on Banking Supervision (Basel I).

⁽⁸⁾ The Tier 1 common ratio equals Tier 1 capital less preferred stock and junior subordinated debt issued to trusts, divided by RWAs. Management believes that the Tier 1 common ratio is meaningful because it is one of the measures that management and investors use to assess capital adequacy. The following table sets forth the reconciliation of Tier 1 capital to Tier 1 common capital:

| | As of | | | |
|---|----------------|-----------|------------|---------------|
| | September 2010 | June 2010 | March 2010 | December 2009 |
| Tier 1 capital | \$ 69,800 | \$ 68,484 | \$ 68,472 | \$ 64,642 |
| Deduct: Preferred stock | (6,957) | (6,957) | (6,957) | (6,957) |
| Junior subordinated debt issued to trusts | (5,000) | (5,000) | (5,000) | (5,000) |
| Tier 1 common capital | \$ 57,843 | \$ 56,527 | \$ 56,515 | \$ 52,685 |