

## Consolidated statements of income

| Year ended December 31, (in millions, except per share data)             | 2009             | 2008            | 2007             |
|--|------------------|-----------------|------------------|
| <b>Revenue</b>   |                  |                 |                  |
| Investment banking fees  | \$ 7,087         | \$ 5,526        | \$ 6,635         |
| Principal transactions   | 9,796            | (10,699)        | 9,015            |
| Lending- and deposit-related fees  | 7,045            | 5,088           | 3,938            |
| Asset management, administration and commissions                         | 12,540           | 13,943          | 14,356           |
| Securities gains <sup>(a)</sup>  | 1,110            | 1,560           | 164              |
| Mortgage fees and related income   | 3,678            | 3,467           | 2,118            |
| Credit card income   | 7,110            | 7,419           | 6,911            |
| Other income   | 916              | 2,169           | 1,829            |
| <b>Noninterest revenue</b>   | <b>49,282</b>    | <b>28,473</b>   | <b>44,966</b>    |
| Interest income  | 66,350           | 73,018          | 71,387           |
| Interest expense   | 15,198           | 34,239          | 44,981           |
| <b>Net interest income</b>   | <b>51,152</b>    | <b>38,779</b>   | <b>26,406</b>    |
| <b>Total net revenue</b>   | <b>100,434</b>   | <b>67,252</b>   | <b>71,372</b>    |
| <b>Provision for credit losses</b>                                       | <b>32,015</b>    | <b>20,979</b>   | <b>6,864</b>     |
| <b>Noninterest expense</b>   |                  |                 |                  |
| Compensation expense   | 26,928           | 22,746          | 22,689           |
| Occupancy expense  | 3,666            | 3,038           | 2,608            |
| Technology, communications and equipment expense                         | 4,624            | 4,315           | 3,779            |
| Professional and outside services  | 6,232            | 6,053           | 5,140            |
| Marketing  | 1,777            | 1,913           | 2,070            |
| Other expense  | 7,594            | 3,740           | 3,814            |
| Amortization of intangibles  | 1,050            | 1,263           | 1,394            |
| Merger costs   | 481              | 432             | 209              |
| <b>Total noninterest expense</b>   | <b>52,352</b>    | <b>43,500</b>   | <b>41,703</b>    |
| <b>Income before income tax expense/(benefit) and extraordinary gain</b> | <b>16,067</b>    | <b>2,773</b>    | <b>22,805</b>    |
| Income tax expense/(benefit)   | 4,415            | (926)           | 7,440            |
| <b>Income before extraordinary gain</b>                                  | <b>11,652</b>    | <b>3,699</b>    | <b>15,365</b>    |
| Extraordinary gain   | 76               | 1,906           | —                |
| <b>Net income</b>  | <b>\$ 11,728</b> | <b>\$ 5,605</b> | <b>\$ 15,365</b> |
| <b>Net income applicable to common stockholders</b>                      | <b>\$ 8,774</b>  | <b>\$ 4,742</b> | <b>\$ 14,927</b> |
| <b>Per common share data</b>   |                  |                 |                  |
| <b>Basic earnings per share</b>  |                  |                 |                  |
| Income before extraordinary gain   | \$ 2.25          | \$ 0.81         | \$ 4.38          |
| Net income   | 2.27             | 1.35            | 4.38             |
| <b>Diluted earnings per share</b>  |                  |                 |                  |
| Income before extraordinary gain   | 2.24             | 0.81            | 4.33             |
| Net income   | 2.26             | 1.35            | 4.33             |
| <b>Weighted-average basic shares</b>                                     | <b>3,863</b>     | <b>3,501</b>    | <b>3,404</b>     |
| <b>Weighted-average diluted shares</b>                                   | <b>3,880</b>     | <b>3,522</b>    | <b>3,445</b>     |
| <b>Cash dividends declared per common share</b>                          | <b>\$ 0.20</b>   | <b>\$ 1.52</b>  | <b>\$ 1.48</b>   |

(a) Securities gains for the year ended December 31, 2009, included credit losses of \$578 million, consisting of \$946 million of total other-than-temporary impairment losses, net of \$368 million of other-than-temporary impairment losses recorded in other comprehensive income.

The Notes to Consolidated Financial Statements are an integral part of these statements.

## Consolidated balance sheets

| December 31, (in millions, except share data)  | 2009                | 2008                |
|--|---------------------|---------------------|
| <b>Assets</b>  |                     |                     |
| Cash and due from banks  | \$ 26,206           | \$ 26,895           |
| Deposits with banks  | 63,230              | 138,139             |
| Federal funds sold and securities purchased under resale agreements (included \$20,536 and \$20,843 at fair value at December 31, 2009 and 2008, respectively)   | 195,404             | 203,115             |
| Securities borrowed (included \$7,032 and \$3,381 at fair value at December 31, 2009 and 2008, respectively)   | 119,630             | 124,000             |
| Trading assets (included assets pledged of \$38,315 and \$75,063 at December 31, 2009 and 2008, respectively)  | 411,128             | 509,983             |
| Securities (included \$360,365 and \$205,909 at fair value at December 31, 2009 and 2008, respectively, and assets pledged of \$100,931 and \$25,942 at December 31, 2009 and 2008, respectively)  | 360,390             | 205,943             |
| Loans (included \$1,364 and \$7,696 at fair value at December 31, 2009 and 2008, respectively)   | 633,458             | 744,898             |
| Allowance for loan losses  | (31,602)            | (23,164)            |
| Loans, net of allowance for loan losses  | 601,856             | 721,734             |
| Accrued interest and accounts receivable (included \$5,012 and \$3,099 at fair value at December 31, 2009 and 2008, respectively)  | 67,427              | 60,987              |
| Premises and equipment   | 11,118              | 10,045              |
| Goodwill   | 48,357              | 48,027              |
| Mortgage servicing rights  | 15,531              | 9,403               |
| Other intangible assets  | 4,621               | 5,581               |
| Other assets (included \$19,165 and \$29,199 at fair value at December 31, 2009 and 2008, respectively)  | 107,091             | 111,200             |
| <b>Total assets</b>  | <b>\$ 2,031,989</b> | <b>\$ 2,175,052</b> |
| <b>Liabilities</b>   |                     |                     |
| Deposits (included \$4,455 and \$5,605 at fair value at December 31, 2009 and 2008, respectively)  | \$ 938,367          | \$ 1,009,277        |
| Federal funds purchased and securities loaned or sold under repurchase agreements (included \$3,396 and \$2,993 at fair value at December 31, 2009 and 2008, respectively)   | 261,413             | 192,546             |
| Commercial paper   | 41,794              | 37,845              |
| Other borrowed funds (included \$5,637 and \$14,713 at fair value at December 31, 2009 and 2008, respectively)   | 55,740              | 132,400             |
| Trading liabilities  | 125,071             | 166,878             |
| Accounts payable and other liabilities (included the allowance for lending-related commitments of \$939 and \$659 at December 31, 2009 and 2008, respectively, and \$357 and zero at fair value at December 31, 2009 and 2008, respectively) | 162,696             | 187,978             |
| Beneficial interests issued by consolidated variable interest entities (included \$1,410 and \$1,735 at fair value at December 31, 2009 and 2008, respectively)  | 15,225              | 10,561              |
| Long-term debt (included \$48,972 and \$58,214 at fair value at December 31, 2009 and 2008, respectively)  | 266,318             | 270,683             |
| <b>Total liabilities</b>   | <b>1,866,624</b>    | <b>2,008,168</b>    |
| Commitments and contingencies (see Note 30 on page 238 of this Annual Report)  |                     |                     |
| <b>Stockholders' equity</b>  |                     |                     |
| Preferred stock (\$1 par value; authorized 200,000,000 shares at December 31, 2009 and 2008; issued 2,538,107 and 5,038,107 shares at December 31, 2009 and 2008, respectively)  | 8,152               | 31,939              |
| Common stock (\$1 par value; authorized 9,000,000,000 shares at December 31, 2009 and 2008; issued 4,104,933,895 shares and 3,941,633,895 shares at December 31, 2009 and 2008, respectively)  | 4,105               | 3,942               |
| Capital surplus  | 97,982              | 92,143              |
| Retained earnings  | 62,481              | 54,013              |
| Accumulated other comprehensive income/(loss)  | (91)                | (5,687)             |
| Shares held in RSU Trust, at cost (1,526,944 shares and 4,794,723 shares at December 31, 2009 and 2008, respectively)  | (68)                | (217)               |
| Treasury stock, at cost (162,974,783 shares and 208,833,260 shares at December 31, 2009 and 2008, respectively)  | (7,196)             | (9,249)             |
| <b>Total stockholders' equity</b>  | <b>165,365</b>      | <b>166,884</b>      |
| <b>Total liabilities and stockholders' equity</b>  | <b>\$ 2,031,989</b> | <b>\$ 2,175,052</b> |

The Notes to Consolidated Financial Statements are an integral part of these statements.

## Consolidated statements of changes in stockholders' equity and comprehensive income

| Year ended December 31, (in millions, except per share data)   | 2009              | 2008              | 2007              |
|--|-------------------|-------------------|-------------------|
| <b>Preferred stock</b>   |                   |                   |                   |
| Balance at January 1   | \$ 31,939         | \$ —              | \$ —              |
| Issuance of preferred stock  | —                 | 31,550            | —                 |
| Issuance of preferred stock – conversion of the Bear Stearns preferred stock   | —                 | 352               | —                 |
| Accretion of preferred stock discount on issuance to the U.S. Treasury   | 1,213             | 37                | —                 |
| Redemption of preferred stock issued to the U.S. Treasury  | (25,000)          | —                 | —                 |
| Balance at December 31   | 8,152             | 31,939            | —                 |
| <b>Common stock</b>  |                   |                   |                   |
| Balance at January 1   | 3,942             | 3,658             | 3,658             |
| Issuance of common stock   | 163               | 284               | —                 |
| Balance at December 31   | 4,105             | 3,942             | 3,658             |
| <b>Capital surplus</b>   |                   |                   |                   |
| Balance at January 1   | 92,143            | 78,597            | 77,807            |
| Issuance of common stock   | 5,593             | 11,201            | —                 |
| Warrant issued to U.S. Treasury in connection with issuance of preferred stock   | —                 | 1,250             | —                 |
| Preferred stock issue cost   | —                 | (54)              | —                 |
| Shares issued and commitments to issue common stock for employee stock-based compensation awards and related tax effects | 474               | 859               | 790               |
| Net change from the Bear Stearns merger:   |                   |                   |                   |
| Reissuance of treasury stock and the Share Exchange agreement  | —                 | 48                | —                 |
| Employee stock awards  | —                 | 242               | —                 |
| Other  | (228)             | —                 | —                 |
| Balance at December 31   | 97,982            | 92,143            | 78,597            |
| <b>Retained earnings</b>   |                   |                   |                   |
| Balance at January 1   | 54,013            | 54,715            | 43,600            |
| Cumulative effect of change in accounting principles   | —                 | —                 | 915               |
| Balance at January 1, adjusted   | 54,013            | 54,715            | 44,515            |
| Net income   | 11,728            | 5,605             | 15,365            |
| Dividends declared:  |                   |                   |                   |
| Preferred stock  | (1,328)           | (674)             | —                 |
| Accelerated amortization from redemption of preferred stock issued to the U.S. Treasury                                  | (1,112)           | —                 | —                 |
| Common stock (\$0.20, \$1.52 and \$1.48 per share for 2009, 2008 and 2007, respectively)                                 | (820)             | (5,633)           | (5,165)           |
| Balance at December 31   | 62,481            | 54,013            | 54,715            |
| <b>Accumulated other comprehensive income/(loss)</b>   |                   |                   |                   |
| Balance at January 1   | (5,687)           | (917)             | (1,557)           |
| Cumulative effect of change in accounting principles   | —                 | —                 | (1)               |
| Balance at January 1, adjusted   | (5,687)           | (917)             | (1,558)           |
| Other comprehensive income/(loss)  | 5,596             | (4,770)           | 641               |
| Balance at December 31   | (91)              | (5,687)           | (917)             |
| <b>Shares held in RSU Trust</b>  |                   |                   |                   |
| Balance at January 1   | (217)             | —                 | —                 |
| Resulting from the Bear Stearns merger   | —                 | (269)             | —                 |
| Reissuance from RSU Trust  | 149               | 52                | —                 |
| Balance at December 31   | (68)              | (217)             | —                 |
| <b>Treasury stock, at cost</b>   |                   |                   |                   |
| Balance at January 1   | (9,249)           | (12,832)          | (7,718)           |
| Purchase of treasury stock   | —                 | —                 | (8,178)           |
| Reissuance from treasury stock   | 2,079             | 2,454             | 3,199             |
| Share repurchases related to employee stock-based compensation awards  | (26)              | (21)              | (135)             |
| Net change from the Bear Stearns merger as a result of the reissuance of treasury stock and the Share Exchange agreement | —                 | 1,150             | —                 |
| Balance at December 31   | (7,196)           | (9,249)           | (12,832)          |
| <b>Total stockholders' equity</b>  | <b>\$ 165,365</b> | <b>\$ 166,884</b> | <b>\$ 123,221</b> |
| <b>Comprehensive income</b>  |                   |                   |                   |
| Net income   | \$ 11,728         | \$ 5,605          | \$ 15,365         |
| Other comprehensive income/(loss)  | 5,596             | (4,770)           | 641               |
| <b>Comprehensive income</b>  | <b>\$ 17,324</b>  | <b>\$ 835</b>     | <b>\$ 16,006</b>  |

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## Consolidated statements of cash flows

| Year ended December 31, (in millions)   | 2009             | 2008             | 2007             |
|---|------------------|------------------|------------------|
| <b>Operating activities</b>   |                  |                  |                  |
| Net income  | \$ 11,728        | \$ 5,605         | \$ 15,365        |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |                  |                  |                  |
| Provision for credit losses   | 32,015           | 20,979           | 6,864            |
| Depreciation and amortization   | 2,783            | 3,143            | 2,427            |
| Amortization of intangibles   | 1,050            | 1,263            | 1,394            |
| Deferred tax (benefit) expense  | (3,622)          | (2,637)          | 1,307            |
| Investment securities gains   | (1,110)          | (1,560)          | (164)            |
| Proceeds on sale of investment  | —                | (1,540)          | —                |
| Stock-based compensation  | 3,355            | 2,637            | 2,025            |
| Originations and purchases of loans held-for-sale   | (22,417)         | (34,902)         | (116,471)        |
| Proceeds from sales, securitizations and paydowns of loans held-for-sale                    | 33,902           | 38,036           | 107,350          |
| Net change in:  |                  |                  |                  |
| Trading assets  | 133,488          | (12,787)         | (121,240)        |
| Securities borrowed   | 4,452            | 15,408           | (10,496)         |
| Accrued interest and accounts receivable  | (6,312)          | 10,221           | (1,932)          |
| Other assets  | 32,182           | (33,629)         | (21,628)         |
| Trading liabilities   | (79,314)         | 24,061           | 12,681           |
| Accounts payable and other liabilities  | (26,450)         | 1,012            | 4,284            |
| Other operating adjustments   | 6,167            | (12,212)         | 7,674            |
| <b>Net cash provided by (used in) operating activities</b>                                  | <b>121,897</b>   | <b>23,098</b>    | <b>(110,560)</b> |
| <b>Investing activities</b>   |                  |                  |                  |
| Net change in:  |                  |                  |                  |
| Deposits with banks   | 74,829           | (118,929)        | 2,081            |
| Federal funds sold and securities purchased under resale agreements                         | 7,082            | (44,597)         | (29,814)         |
| Held-to-maturity securities:  |                  |                  |                  |
| Proceeds  | 9                | 10               | 14               |
| Available-for-sale securities:  |                  |                  |                  |
| Proceeds from maturities  | 87,712           | 44,414           | 31,143           |
| Proceeds from sales   | 114,041          | 96,806           | 98,450           |
| Purchases   | (346,372)        | (248,599)        | (122,507)        |
| Proceeds from sales and securitizations of loans held-for-investment                        | 30,434           | 27,531           | 34,925           |
| Other changes in loans, net   | 51,251           | (59,123)         | (83,437)         |
| Net cash received (used) in business acquisitions or dispositions                           | (97)             | 2,128            | (70)             |
| Proceeds from assets sale to the FRBNY  | —                | 28,850           | —                |
| Net maturities (purchases) of asset-backed commercial paper guaranteed by the FRBB          | 11,228           | (11,228)         | —                |
| All other investing activities, net   | (762)            | (934)            | (4,973)          |
| <b>Net cash provided by (used in) investing activities</b>                                  | <b>29,355</b>    | <b>(283,671)</b> | <b>(74,188)</b>  |
| <b>Financing activities</b>   |                  |                  |                  |
| Net change in:  |                  |                  |                  |
| Deposits  | (107,700)        | 177,331          | 113,512          |
| Federal funds purchased and securities loaned or sold under repurchase agreements           | 67,785           | 15,250           | (7,833)          |
| Commercial paper and other borrowed funds   | (76,727)         | 9,186            | 41,412           |
| Beneficial interests issued by consolidated variable interest entities                      | (7,275)          | (2,675)          | 1,070            |
| Proceeds from issuance of long-term debt and trust preferred capital debt securities        | 51,324           | 72,407           | 95,141           |
| Repayments of long-term debt and trust preferred capital debt securities                    | (55,713)         | (62,691)         | (49,410)         |
| Proceeds from issuance of common stock  | 5,756            | 11,500           | —                |
| Excess tax benefits related to stock-based compensation                                     | 17               | 148              | 365              |
| Proceeds from issuance of preferred stock and Warrant to the U.S. Treasury                  | —                | 25,000           | —                |
| Proceeds from issuance of preferred stock   | —                | 7,746            | —                |
| Redemption of preferred stock issued to the U.S. Treasury                                   | (25,000)         | —                | —                |
| Repurchases of treasury stock   | —                | —                | (8,178)          |
| Dividends paid  | (3,422)          | (5,911)          | (5,051)          |
| All other financing activities, net   | (1,224)          | 540              | 3,028            |
| <b>Net cash (used in) provided by financing activities</b>                                  | <b>(152,179)</b> | <b>247,831</b>   | <b>184,056</b>   |
| Effect of exchange rate changes on cash and due from banks                                  | 238              | (507)            | 424              |
| Net decrease in cash and due from banks   | (689)            | (13,249)         | (268)            |
| Cash and due from banks at the beginning of the year  | 26,895           | 40,144           | 40,412           |
| <b>Cash and due from banks at the end of the year</b>                                       | <b>\$ 26,206</b> | <b>\$ 26,895</b> | <b>\$ 40,144</b> |
| Cash interest paid  | \$ 16,875        | \$ 37,267        | \$ 43,472        |
| Cash income taxes paid  | 5,434            | 2,280            | 7,472            |

Note: In 2008, the fair values of noncash assets acquired and liabilities assumed in: (1) the merger with Bear Stearns were \$288.2 billion and \$287.7 billion, respectively (approximately 26 million shares of common stock valued at approximately \$1.2 billion were issued in connection with the Bear Stearns merger); and (2) the Washington Mutual transaction were \$260.3 billion and \$260.1 billion, respectively.

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