

Tangible Common Shareholders' Equity, Tangible Book Value per Common Share and Return on Average Tangible Common Shareholders' Equity (ROTE)
(unaudited, in millions, except per share amounts)

The table below presents information about the firm's common shareholders' equity, book value per common share and basic shares.

	As of	
	December 2018	December 2017
Common shareholders' equity	\$ 78,982	\$ 70,390
Tangible common shareholders' equity ⁽¹⁾	74,900	66,352
Book value per common share	\$ 207.36	\$ 181.00
Tangible book value per common share ⁽¹⁾	196.64	170.61
Basic shares ⁽¹⁾	380.9	388.9

The table below presents information about the firm's annualized return on average common shareholders' equity (ROE) and annualized ROTE for the three months ended December 2018, and the firm's ROE and ROTE for the year ended December 2018.

	Three Months Ended December 2018	Year Ended December 2018
Net earnings applicable to common shareholders	\$ 2,322	\$ 9,860
Average tangible common shareholders' equity ⁽¹⁾	\$ 72,464	\$ 69,895
ROE ⁽¹⁾	12.1%	13.3%
ROTE ⁽¹⁾	12.8%	14.1%

⁽¹⁾ ROE is calculated by dividing net earnings (or annualized net earnings for annualized ROE) applicable to common shareholders by average monthly common shareholders' equity. Tangible common shareholders' equity is calculated as total shareholders' equity less preferred stock, goodwill and identifiable intangible assets. ROTE is calculated by dividing net earnings (or annualized net earnings for annualized ROTE) applicable to common shareholders by average monthly tangible common shareholders' equity. Tangible book value per common share is calculated by dividing tangible common shareholders' equity by basic shares (which include common shares outstanding and restricted stock units 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 and that ROTE is meaningful because it measures the performance of businesses consistently, whether they were acquired or developed internally. Tangible common shareholders' equity, ROTE 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 firm's average total and common shareholders' equity, as well as a reconciliation of total shareholders' equity to tangible common shareholders' equity.

	Average for the		As of	
	Three Months Ended December 2018	Year Ended December 2018	December 2018	December 2017
Total shareholders' equity	\$ 87,761	\$ 85,238	\$ 90,185	\$ 82,243
Preferred stock	(11,203)	(11,253)	(11,203)	(11,853)
Common shareholders' equity	76,558	73,985	78,982	70,390
Goodwill and identifiable intangible assets	(4,094)	(4,090)	(4,082)	(4,038)
Tangible common shareholders' equity	\$ 72,464	\$ 69,895	\$ 74,900	\$ 66,352

For further information, see the firm's Annual Report on Form 10-K for the year ended December 31, 2018



Balance Sheet Allocation

(unaudited, \$ in millions)

In addition to preparing the firm's consolidated statements of financial condition in accordance with U.S. GAAP, the firm prepares a balance sheet that generally allocates assets to the firm's businesses, which is a non-GAAP presentation and may not be comparable to similar non-GAAP presentations used by other companies. The firm believes that presenting the firm's assets on this basis is meaningful because it is consistent with the way management views and manages risks associated with the firm's assets and better enables investors to assess the liquidity of the firm's assets. For more information about the firm's balance sheet allocation, see "Balance Sheet and Funding Sources – Balance Sheet Allocation" in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the firm's Annual Report on Form 10-K for the year ended December 31, 2018.

The tables below present the reconciliations of the balance sheet allocation to the firm's businesses to the firm's U.S. GAAP balance sheet.

	GCLA, Segregated Assets and Other	Secured Client Financing	Institutional Client Services	Investing & Lending	Total
As of December 31, 2018					
Cash and cash equivalents	\$ 130,547	\$ –	\$ –	\$ –	\$ 130,547
Resale agreements	87,022	32,389	19,808	39	139,258
Securities borrowed	10,382	83,079	41,824	–	135,285
Loans receivable	–	–	–	80,590	80,590
Customer and other receivables	–	29,764	42,006	7,545	79,315
Financial instruments owned	85,187	–	204,584	46,390	336,161
Subtotal	\$ 313,138	\$ 145,232	\$ 308,222	\$ 134,564	\$ 901,156
Other assets					30,640
Total assets					\$ 931,796

	GCLA, Segregated Assets and Other	Secured Client Financing	Institutional Client Services	Investing & Lending	Total
As of December 31, 2017					
Cash and cash equivalents	\$ 110,051	\$ –	\$ –	\$ –	\$ 110,051
Resale agreements	73,277	26,202	20,931	412	120,822
Securities borrowed	49,242	97,546	44,060	–	190,848
Loans receivable	–	–	–	65,933	65,933
Customer and other receivables	–	40,375	36,750	7,663	84,788
Financial instruments owned	52,700	–	216,883	46,405	315,988
Subtotal	\$ 285,270	\$ 164,123	\$ 318,624	\$ 120,413	\$ 888,430
Other assets					28,346
Total assets					\$ 916,776

For further information, see the firm's Annual Report on Form 10-K for the year ended December 31, 2018



Net Earnings/(Loss) Applicable to Common Shareholders, Diluted Earnings per Common Share (EPS) and Average Common Shareholders' Equity, Excluding the Impact of the Tax Cuts and Jobs Act (Tax Legislation)

(unaudited, in millions, except per share amounts)

The tables below present the calculation of net earnings applicable to common shareholders, diluted EPS and average common shareholders' equity, excluding the impact of Tax Legislation.

	Three Months Ended December 2018	Year Ended December 2018	Three Months Ended December 2017	Year Ended December 2017
Net earnings/(loss) applicable to common shareholders, as reported	\$ 2,322	\$ 9,860	\$ (2,143)	\$ 3,685
Impact of Tax Legislation	(467)	(487)	4,400	4,400
Net earnings applicable to common shareholders, excluding the impact of Tax Legislation	\$ 1,855	\$ 9,373	\$ 2,257	\$ 8,085
Divided by average diluted common shares used in the calculation of diluted earnings (excluding the impact of Tax Legislation) per common share	384.3	390.2	397.4	409.1
Diluted EPS, excluding the impact of Tax Legislation	\$ 4.83	\$ 24.02	\$ 5.68	\$ 19.76

	Three Months Ended December 2017	Year Ended December 2017
Average basic common shares, as reported	389.8	401.6
Effect of dilutive securities	7.6	7.5
Average diluted common shares used in the calculation of diluted earnings (excluding the impact of Tax Legislation) per common share	397.4	409.1

	Average For The Year Ended	
	December 2018	December 2017
Common shareholders' equity, as reported	\$ 73,985	\$ 74,721
Impact of Tax Legislation	(42)	338
Common shareholders' equity, excluding the impact of Tax Legislation	\$ 73,943	\$ 75,059
Goodwill and identifiable intangible assets	(4,090)	(4,065)
Tangible common shareholders' equity, excluding the impact of Tax Legislation	\$ 69,853	\$ 70,994

For further information, see the firm's Annual Report on Form 10-K for the year ended December 31, 2018

