



# Bank Financial Statement Fundamentals



## 0. Course Overview



Identify the **key components** of a bank's **financial statements**

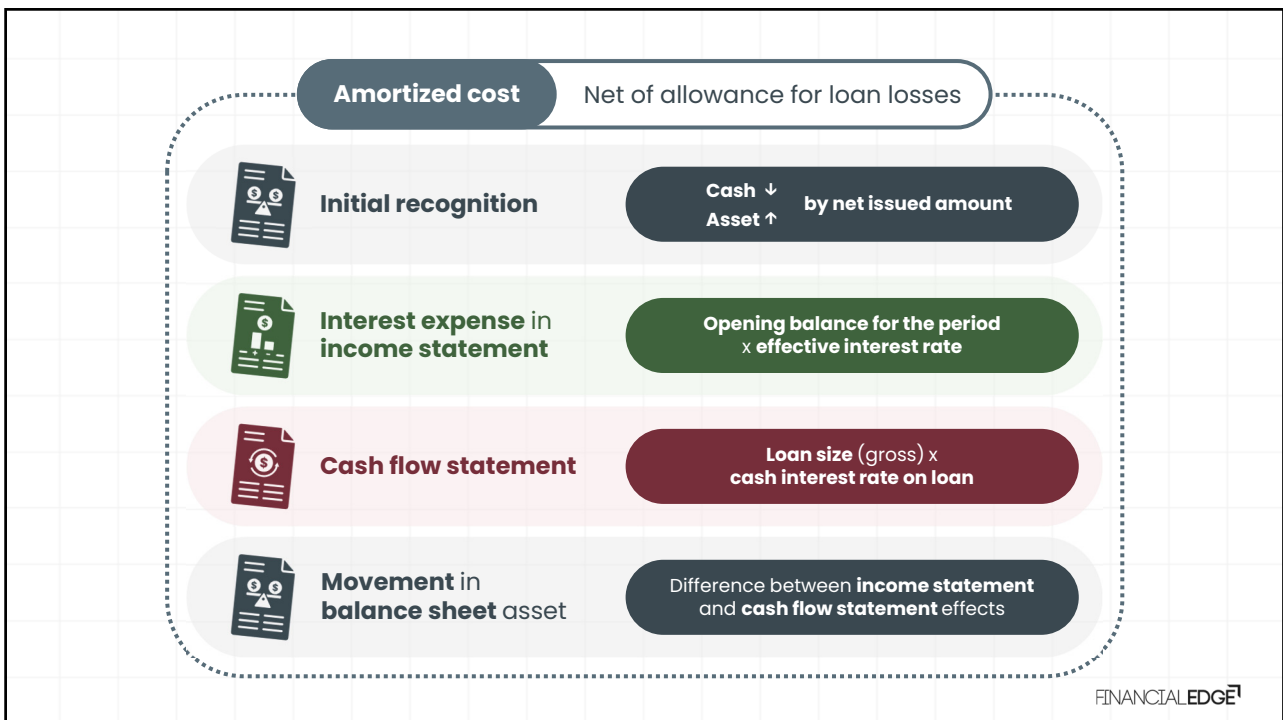
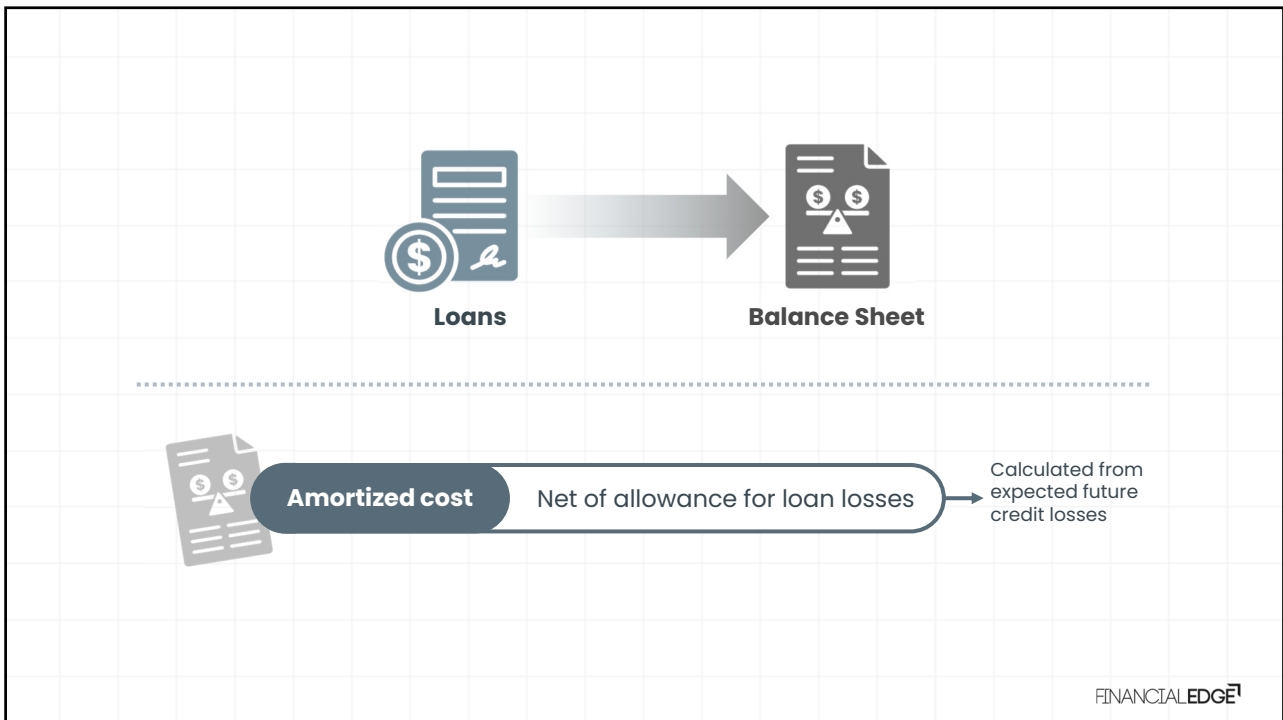


Recognize the **key differences** between bank and non-financial **financial statements**



Understand the **rules** for bank specific **financial statement items**

# 1. Loans





**Balance sheet**

\$ in millions	As of December	
	2024	2023
<b>Assets</b>		
Cash and cash equivalents	\$ 182,092	\$ 241,577
Collateralized agreements:		
Securities purchased under agreements to resell (includes \$179,793 and \$223,543 at fair value)	180,062	223,805
Securities borrowed (includes \$46,902 and \$44,930 at fair value)	194,645	199,420
Customer and other receivables (includes \$23 and \$23 at fair value)	133,717	132,495
Trading assets (at fair value and includes \$148,417 and \$110,567 pledged as collateral)	570,555	477,510
Investments:		
Available-for-sale securities (at fair value; amortized cost of \$80,777 and \$51,001)	79,458	49,141
Held-to-maturity securities	78,713	70,310
Other investments (includes \$25,284 and \$26,626 at fair value)	26,343	27,388
Loans (net of allowance of \$4,666 and \$5,050, and includes \$5,460 and \$6,506 at fair value)	196,200	183,358
Other assets (includes \$194 and \$366 at fair value)	34,187	36,590
<b>Total assets</b>	<b>\$ 1,675,972</b>	<b>\$ 1,641,594</b>



**Income statement**

in millions, except per share amounts	Year Ended December		
	2024	2023	2022
<b>Revenues</b>			
Investment banking	\$ 7,738	\$ 6,218	\$ 7,360
Investment management	10,596	9,532	9,005
Commissions and fees	4,086	3,789	4,034
Market making	18,390	18,238	18,634
Other principal transactions	4,646	2,126	654
Total non-interest revenues	45,456	39,903	39,687
Interest income	81,397	68,515	29,024
Interest expense	73,341	62,164	21,346
Net interest income	8,056	6,351	7,678
Total net revenues	53,512	46,254	47,365
Provision for credit losses	1,348	1,028	2,715
<b>Operating expenses</b>			
Compensation and benefits	16,706	15,499	15,148
Transaction based	6,724	5,698	5,312
Market development	646	629	812
Communications and technology	1,991	1,919	1,808
Depreciation and amortization	2,392	4,856	2,455
Occupancy	973	1,053	1,026
Professional fees	1,652	1,623	1,887
Other expenses	2,683	3,210	2,716
Total operating expenses	33,767	34,487	31,164
Pre-tax earnings	18,397	10,739	13,486
Provision for taxes	4,121	2,223	2,225
Net earnings	14,276	8,516	11,261
Preferred stock dividends	751	609	497
<b>Net earnings applicable to common shareholders</b>	<b>\$ 13,525</b>	<b>\$ 7,907</b>	<b>\$ 10,764</b>



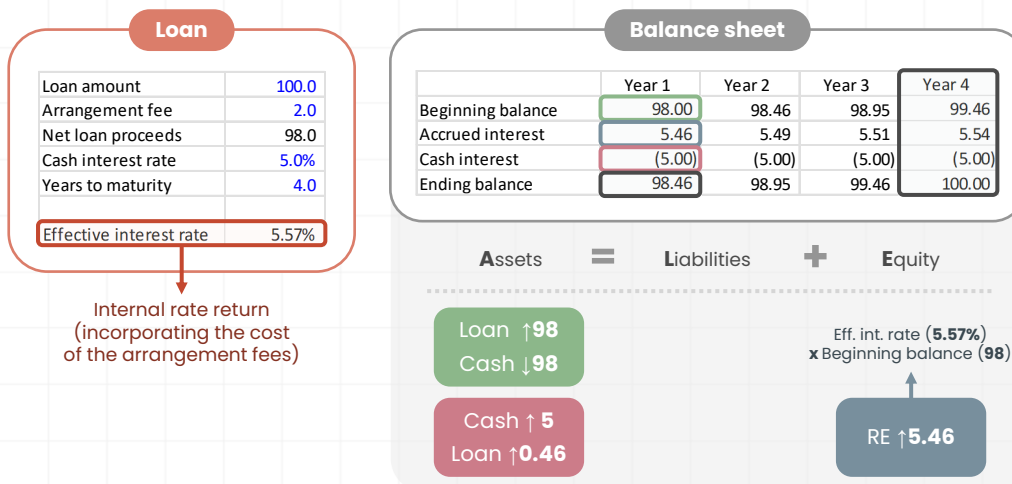
**+ Interest income:**  
Key operating activity, through issuing loans

**- Interest expense:**  
Deposits and other debt financing needed for loans

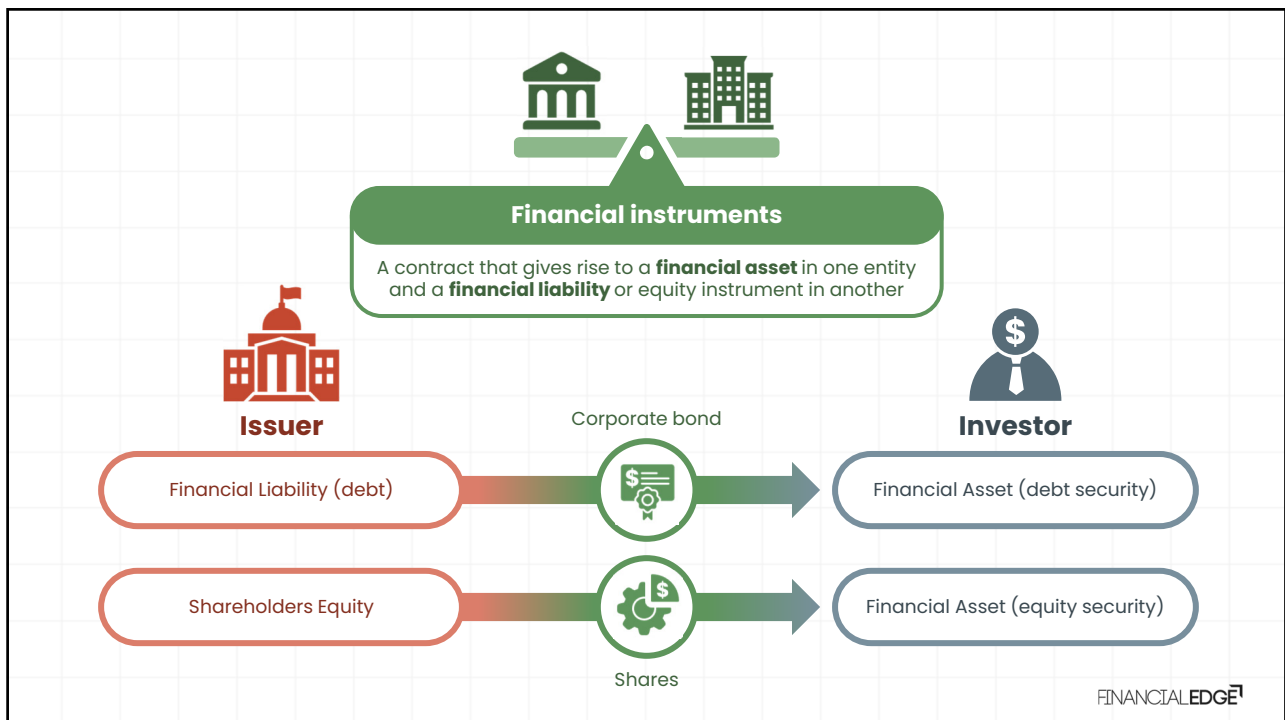
## 2. Loans example

Market value is completely ignored (keeps the loan balance constant except for the amortization of arrangement fees)

### Example of amortized cost accounting



### 3. Fin. Instr. – US GAAP



## US GAAP classifications

### Held to maturity



Relevant for **debt securities** and **redeemable preference shares**

Requires **positive intent** and **ability to hold to maturity**

Balance Sheet:  
**Amortized cost**

(fair value not relevant to the investor)

### Trading



**Securities** acquired with the **intention to sell** in the **near term**

**Generating profits** on **short term price differences**

Balance Sheet:  
**Fair value through net income**

(AKA marked-to-market)

### Available for sale



**Not categorized** as either **held to maturity** or **trading**

Includes securities that **may be sold** if **economic conditions change**

Balance Sheet:  
**Fair value through other comprehensive income (OCI)**

**Reclassification** is **rare** and only allowed if **justified by the circumstances** of the accounting rules

## Financial instruments on a **balance sheet** (US GAAP)

\$ in millions	As of December	
	2024	2023
<b>Assets</b>		
Cash and cash equivalents	\$ 182,092	\$ 241,577
Collateralized agreements:		
Securities purchased under agreements to resell (includes \$179,793 and \$223,543 at fair value)	180,062	223,805
Securities borrowed (includes \$46,902 and \$44,930 at fair value)	194,645	199,420
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Trading assets (at fair value and includes \$148,417 and \$110,567 pledged as collateral)	570,555	477,510
Investments:		
Available-for-sale securities (at fair value; amortized cost of \$80,777 and \$51,001)	79,458	49,141
Held-to-maturity securities	78,713	70,310
Other investments (includes \$25,284 and \$26,626 at fair value)	26,343	27,388
Loans (net of allowance of \$4,666 and \$5,050, and includes \$5,460 and \$6,506 at fair value)	196,200	183,358
Other assets (includes \$194 and \$366 at fair value)	34,187	36,590
<b>Total assets</b>	<b>\$ 1,675,972</b>	<b>\$ 1,641,594</b>

**Income statement**

*in millions, except per share amounts*

	Year Ended December		
	2024	2023	2022
<b>Revenues</b>			
Investment banking	\$ 7,738	\$ 6,218	\$ 7,360
Investment management	10,596	9,532	9,005
Commissions and fees	4,086	3,789	4,034
Market making	18,390	18,238	18,634
Other principal transactions	3,545	2,725	854
Total non-interest revenues	45,456	39,903	39,697
Interest income	81,397	68,515	29,024
Interest expense	73,341	62,764	21,338
Net interest income	8,056	6,351	7,678
Total net revenues	53,512	46,254	47,365
Provision for credit losses	1,348	1,028	2,715
<b>Operating expenses</b>			
Compensation and benefits	16,706	15,499	15,148
Transaction based	6,724	5,698	5,312
Market development	646	629	612
Communications and technology	1,991	1,919	1,888
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Professional fees	1,652	1,623	1,887
Other expenses	2,683	3,210	2,716
Total operating expenses	33,767	34,487	31,164
Pre-tax earnings	18,397	10,739	13,486
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Net earnings	14,276	8,516	11,261
Preferred stock dividends	751	609	497
<b>Net earnings applicable to common shareholders</b>	<b>\$ 13,525</b>	<b>\$ 7,907</b>	<b>\$ 10,764</b>

Realized and unrealized gains and losses

From debt securities

**Consolidated Statements of Comprehensive Income**

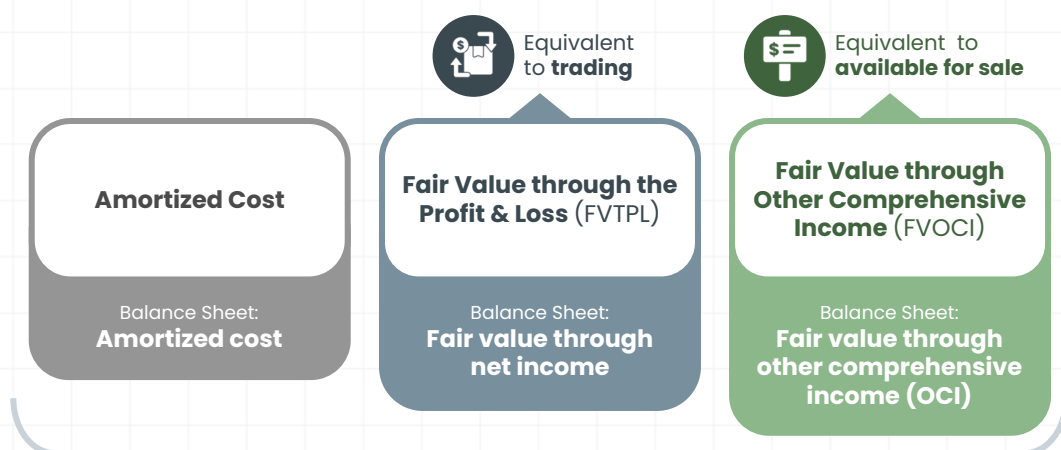
*\$ in millions*

	Year Ended December		
	2024	2023	2022
Net earnings	\$ 14,276	\$ 8,516	\$ 11,261
Other comprehensive income/(loss) adjustments, net of tax:			
Currency translation	32	(62)	(47)
Debt valuation adjustment	(263)	(1,015)	1,403
Pension and postretirement liabilities	47	(76)	(172)
Available-for-sale securities	401	1,245	(2,126)
Cash flow hedges	(1)	-	-
Other comprehensive income/(loss)	216	92	(942)
<b>Comprehensive income</b>	<b>\$ 14,492</b>	<b>\$ 8,608</b>	<b>\$ 10,319</b>

## 4. Fin. Instr. – IFRS overview

FINANCIALEDGE<sup>1</sup>

### IFRS classifications

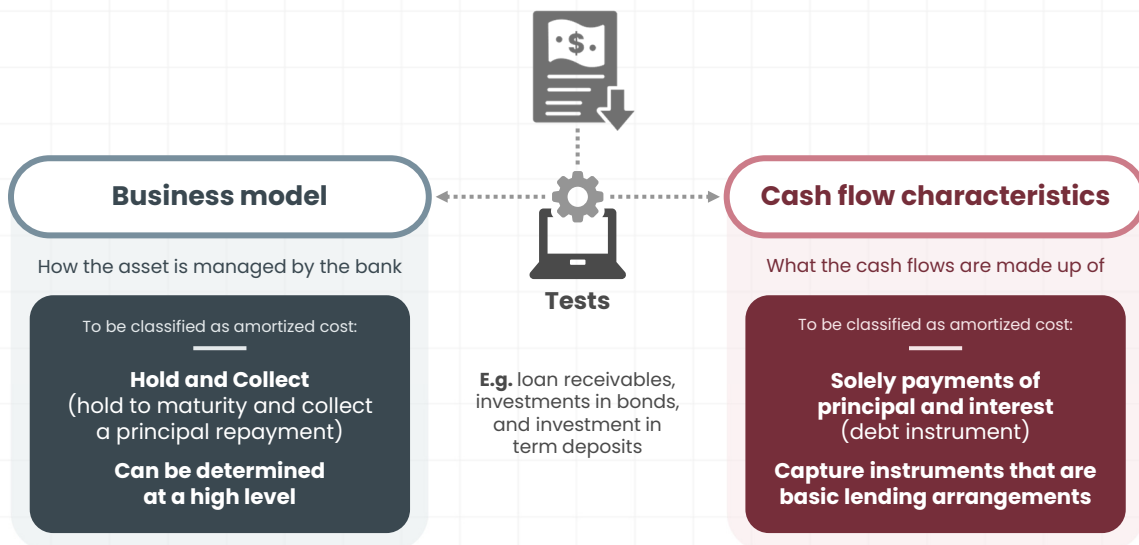


**Reclassification only allowed in a rare change in business model**  
(for securities classified as FVOCI, this is irrevocable, so classification can never be changed)

FINANCIALEDGE<sup>1</sup>

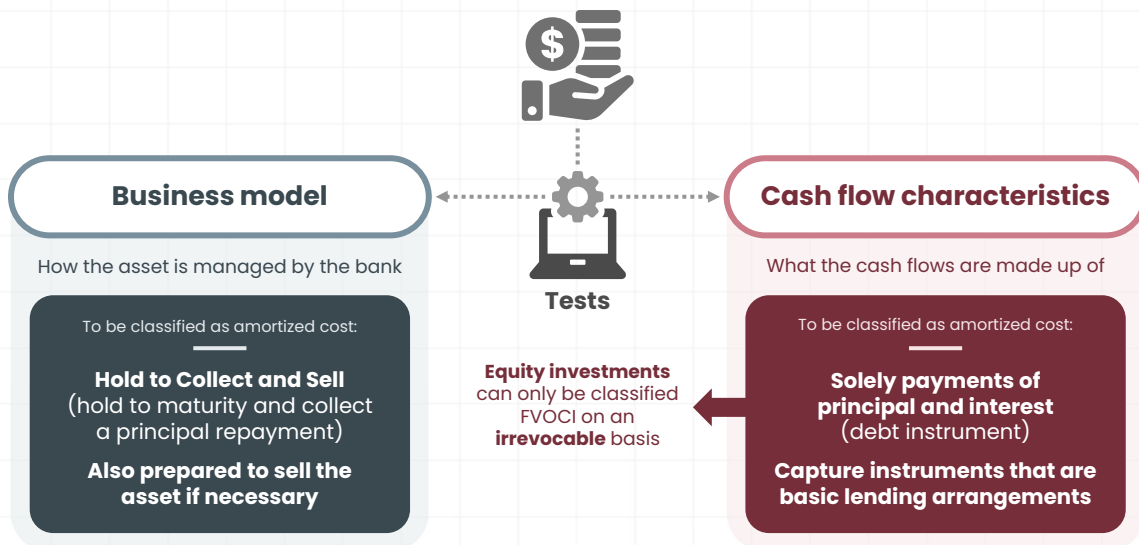
# 5. Fin. Instr. - IFRS Amortized Cost

Categorize as held at **amortized cost**



## 6. Fin. Instr. – IFRS FVOCI

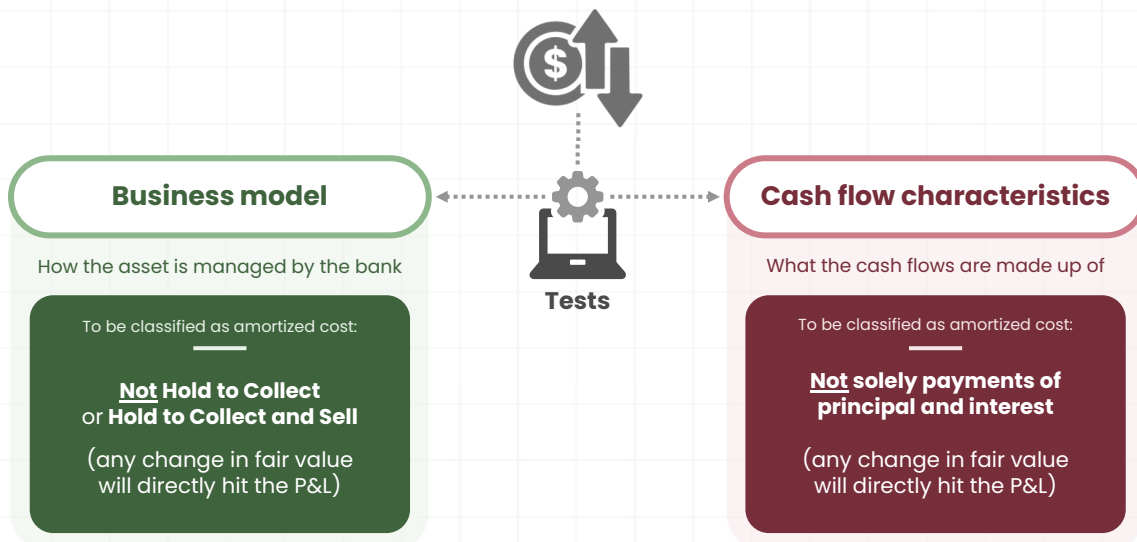
Categorize as **Fair Value Through Other Comprehensive Income (FVOCI)**

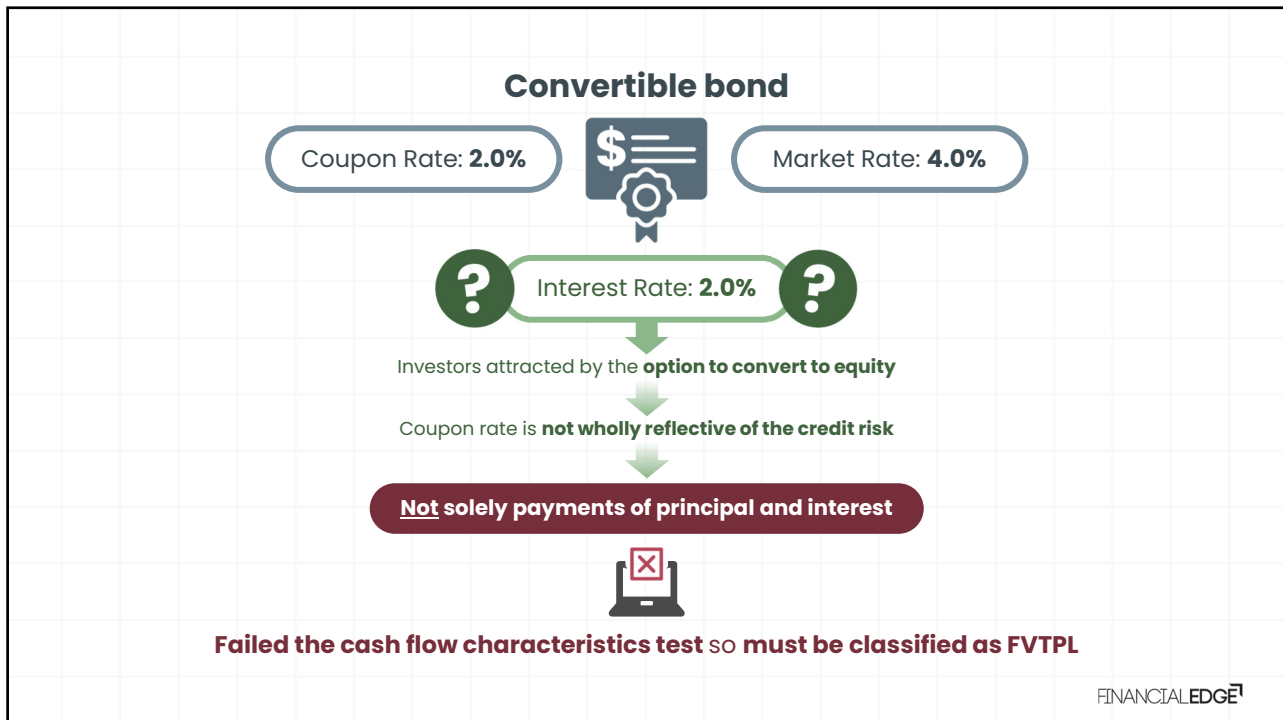


## 7. Fin. Instr. – IFRS FVTPL

FINANCIALEDGE<sup>1</sup>

Categorize as **Fair Value through the Profit & Loss (FVTPL)**

FINANCIALEDGE<sup>1</sup>



## 8. Fin. Instr. – Trading FVTPL example

**Example bond**



Par value	100
Initial purchase price	100
Coupon rate	5%
Market value at end of year 1	120
Market value when sold during year 2	120

(Accounting treatment would be the same for an equity investment)

Par value	100
Initial purchase price	100
Coupon rate	5%
Market value at end of year 1	120
Market value when sold during year 2	120

Transaction	Purchase	Year end revaluation	Coupon received	Sale
<b>Assets</b>				
Cash	(100.0)		5.0	120.0
Investment	100.0	20.0		(120.0)
<b>Equity</b>				
Retained earnings		20.0	5.0	
Other reserves				

**Cash down 100** (indicated by a red arrow pointing left from the Cash row)  
**Market value up 20** (indicated by a red arrow pointing left from the Retained earnings row)  
**Investment up 100** (indicated by a red arrow pointing right from the Investment row)  
**Coupon up 5** (indicated by a red arrow pointing down from the Coupon received column)  
**No income statement impact when sold (gain already recognized)** (indicated by a red bracket on the right side of the Equity section)

## 9. Fin. Instr. - AFS FVOCI example

FINANCIALEDGE<sup>1</sup>

Debt securities

US GAAP: **Available for sale** / IFRS: **Fair value through OCI**

Par value	<b>100</b>
Initial purchase price	<b>100</b>
Coupon rate	<b>5%</b>
Market value at end of year 1	<b>120</b>
Market value when sold during year 2	<b>120</b>

FINANCIALEDGE<sup>1</sup>

Accounting treatment would be the **same for an equity investment**

**Debt securities**

US GAAP: **Available for sale** / IFRS: **Fair value through OCI**

**Don't want carrying amount adjustments to hit P&L**  
(we're not actually trading the asset)

Transaction	Purchase	Year end revaluation	Coupon received	Sale
<b>Assets</b>				
Cash	(100.0)		5.0	120.0
Investment	100.0	20.0		(120.0)
<b>Equity</b>				
Retained earnings			5.0	20.0
Other reserves		20.0		(20.0)

Fair value **up 20**  
(carrying value = 120)

Interest income **5**  
cash **up 5**

Gains from reserves  
**recycled to retained earnings**

Treatment would be **slightly different for an equity investment**

US GAAP: **Available for sale** / IFRS: **Fair value through OCI**

**Using FVOCI for equity investments is irrevocable**  
so it would be inappropriate to show gains or losses in the income statement

Transaction	Purchase	Year end revaluation	Dividend received	Sale
<b>Assets</b>				
Cash	(100.0)		5.0	120.0
Investment	100.0	20.0		(120.0)
<b>Equity</b>				
Retained earnings			5.0	20.0
Other reserves		20.0		(20.0)

**No recycling of gains when investment sold**  
(no income statement impact)

## 10. Fin. Instr. – HTM Amortized Cost example

FINANCIALEDGE<sup>1</sup>

### Held to Maturity / Amortized Cost

(full amount of the loan or bond may not be received by the borrower)

Par value	<b>100</b>
Initial purchase price	<b>100</b>
Coupon rate	<b>5%</b>
Market value at end of year 1	<b>120</b>
Market value when sold during year 2	<b>120</b>

FINANCIALEDGE<sup>1</sup>

**Held to Maturity** / **Amortized Cost**

(full amount of the loan or bond may not be received by the borrower)



200m Bond issued with a discount and cash interest	
Bond par value	200.0
Annual coupon rate	5.0%
Bond purchase price (at issue)	192.0
Maturity (bullet repayment) in years	4
PV	(192.0)
Payment	10.0
FV	200.0
N	4.0
= IRR	6.2%

**Bond accounting**

Debt schedule	Year 1	Year 2	Year 3	Year 4
Beginning	192.0	193.8	195.8	197.8
Interest income	11.8	12.0	12.1	12.2
Cash interest	(10.0)	(10.0)	(10.0)	(10.0)
Repayment	0.0	0.0	0.0	(200.0)
Ending	193.8	195.8	197.8	0.0

**Total interest income = 48m**  
(sum of each year's interest income)

= eff. int. rate  
x beginning  
balance

= coupon rate  
x par value

= balance +  
income - interest

**Bank's financial statements**

Year 1	Assets =	Liabilities + equity
Issue of bond	Cash ↓ 192.0	
	Bond ↑ 192.0	
Interest income	Cash ↑ 10.0	RE ↑ 11.8
	Bond ↑ 1.8	

## 11. Trading FV Hierarchy

FINANCIALEDGE<sup>1</sup>

### Largest single asset line on the balance sheet

\$ in millions	As of December	
	2024	2023
<b>Assets</b>		
Cash and cash equivalents	\$ 182,092	\$ 241,577
Collateralized agreements:		
Securities purchased under agreements to resell (includes \$179,793 and \$223,543 at fair value)	180,062	223,805
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Customer and other receivables (includes \$23 and \$23 at fair value)	133,717	132,495
<b>Trading assets (at fair value and includes \$148,417 and \$110,567 pledged as collateral)</b>	<b>570,555</b>	<b>477,510</b>
Investments:		
Available-for-sale securities (at fair value; amortized cost of \$80,777 and \$51,001)	79,458	49,141
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<b>Total assets</b>	<b>\$ 1,675,972</b>	<b>\$ 1,641,594</b>

FINANCIALEDGE<sup>1</sup>

<i>\$ in millions</i>	Trading Assets	Trading Liabilities
<b>As of December 2024</b>		
Trading cash instruments	\$ 523,216	\$ 127,575
Derivatives	47,339	74,980
<b>Total</b>	<b>\$ 570,555</b>	<b>\$ 202,555</b>

<i>\$ in millions</i>	Level 1	Level 2	Level 3	Total
<b>Trading cash instruments</b>				
<b>As of December 2024</b>				
<b>Assets</b>				
Government and agency obligations:				
U.S.	\$ 169,121	\$ 66,958	\$ -	\$ 236,079
Non-U.S.	44,427	25,071	41	69,539
Loans and securities backed by:				
Commercial real estate	-	1,450	38	1,488
Residential real estate	-	11,364	57	11,421
Corporate debt instruments	172	46,739	728	47,639
State and municipal obligations	-	529	-	529
Other debt obligations	1	2,236	95	2,332
Equity securities	141,821	1,143	242	143,206
Commodities	-	10,971	12	10,983
<b>Total</b>	<b>\$ 355,542</b>	<b>\$ 166,461</b>	<b>\$ 1,213</b>	<b>\$ 523,216</b>

**Fair Value Hierarchy**

Level 1 "Identical asset" (In an active market)

Level 2 "Similar assets"

Level 3 "Discounted cash flow"

**Gains and Losses from Market Making**

The table below presents market making revenues by major product type.

<i>\$ in millions</i>	Year Ended December		
	2024	2023	2022
Interest rates	\$ 715	\$ 4,437	\$ (4,890)
Credit	2,467	1,141	1,095
Currencies	6,292	2,827	11,662
Equities	7,632	7,938	7,734
Commodities	1,284	1,895	3,033
<b>Total</b>	<b>\$ 18,390</b>	<b>\$ 18,238</b>	<b>\$ 18,634</b>

**Net Revenues**

The table below presents our net revenues by line item.

<i>\$ in millions</i>	Year Ended December		
	2024	2023	2022
Investment banking	\$ 7,738	\$ 6,218	\$ 7,360
Investment management	10,596	9,532	9,005
Commissions and fees	4,086	3,789	4,034
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Net interest income	8,056	6,351	7,678
<b>Total net revenues</b>	<b>\$ 53,512</b>	<b>\$ 46,254</b>	<b>\$ 47,365</b>

**Further meaningful profitability analysis is difficult at this level of detail**

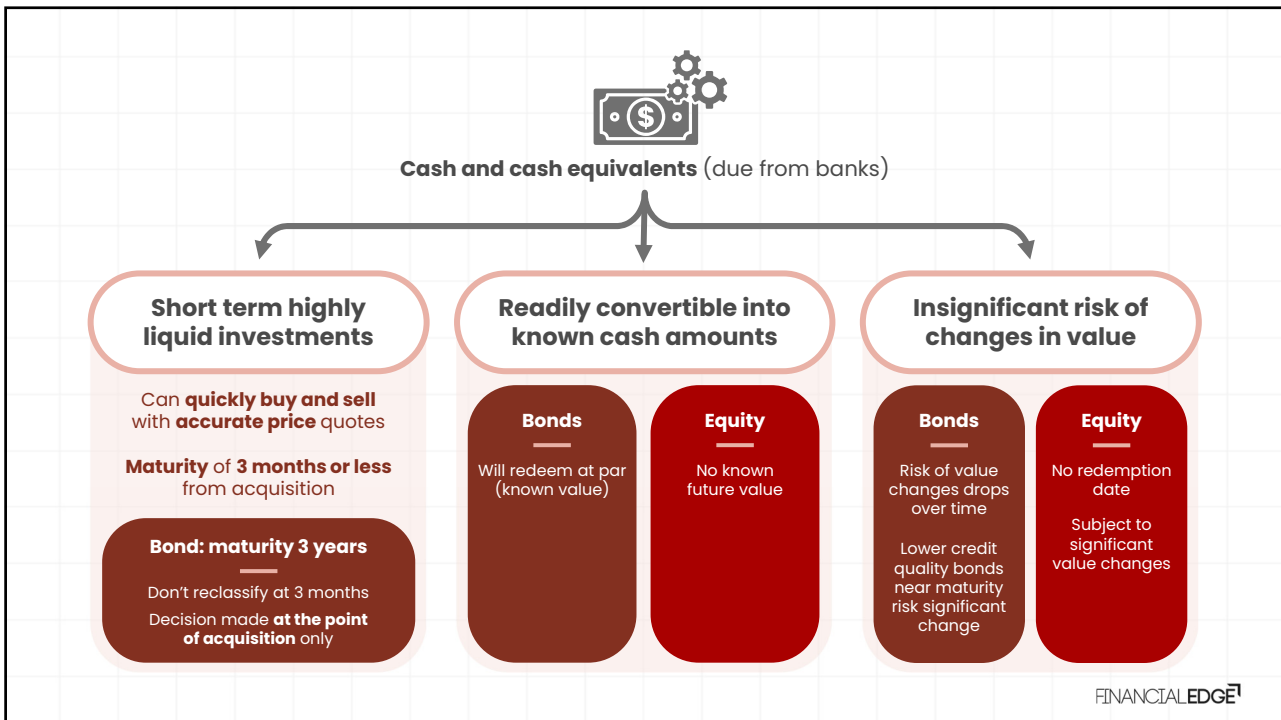
## 12. Cash and equivalents

FINANCIALEDGE<sup>1</sup>

**The bank's most liquid assets**  
(level of cash held driven by regulatory requirements)

<i>\$ in millions</i>	As of December	
	2024	2023
<b>Assets</b>		
Cash and cash equivalents	\$ 182,092	\$ 241,577
Collateralized agreements:		
Securities purchased under agreements to resell (includes <b>\$179,793</b> and \$223,543 at fair value)	180,062	223,805
Securities borrowed (includes <b>\$46,902</b> and \$44,930 at fair value)	194,645	199,420
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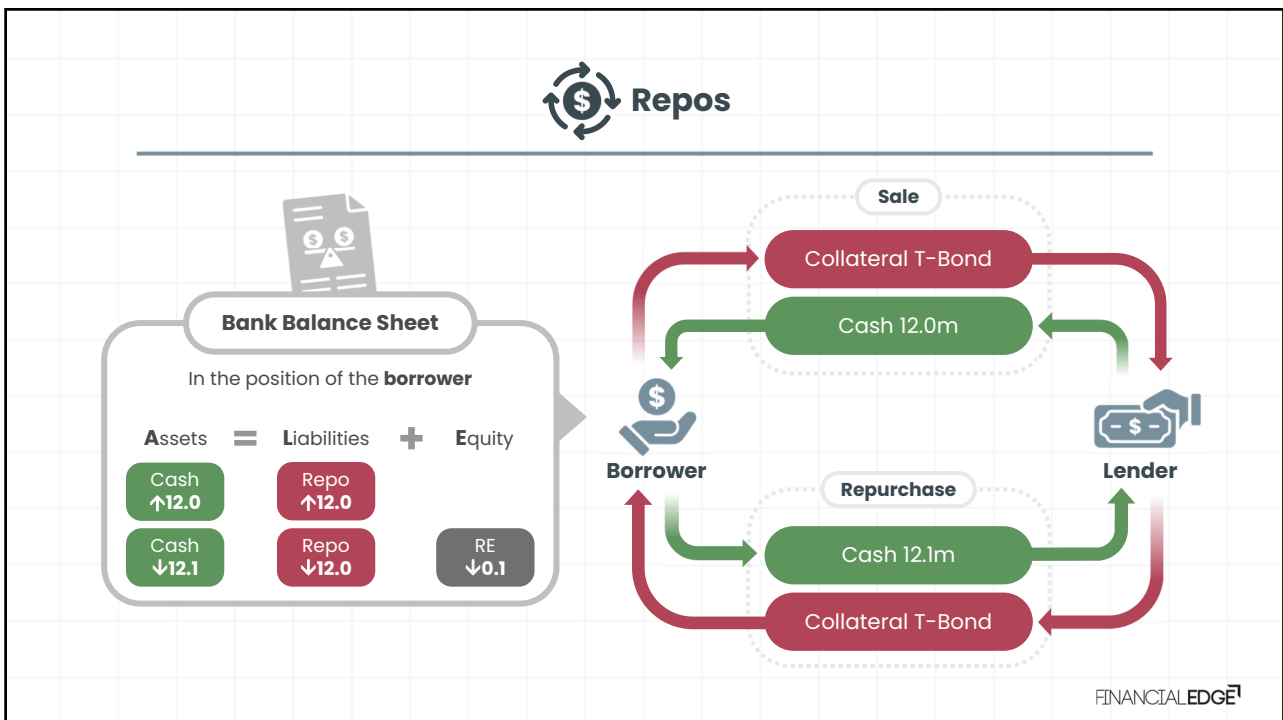
FINANCIALEDGE<sup>1</sup>



## 13. Repos and Reverse Repos

\$ in millions	As of December	
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Customer and other receivables (includes \$23 and \$23 at fair value)	133,717	132,495
<b>Liabilities and shareholders' equity</b>		
Deposits (includes \$44,855 and \$29,460 at fair value)	\$ 433,013	\$ 428,417
Collateralized financings:		
Securities sold under agreements to repurchase (at fair value)	274,380	249,887
Securities loaned (includes \$10,246 and \$8,934 at fair value)	56,060	60,483
Other secured financings (includes \$27,985 and \$12,554 at fair value)	28,150	13,194

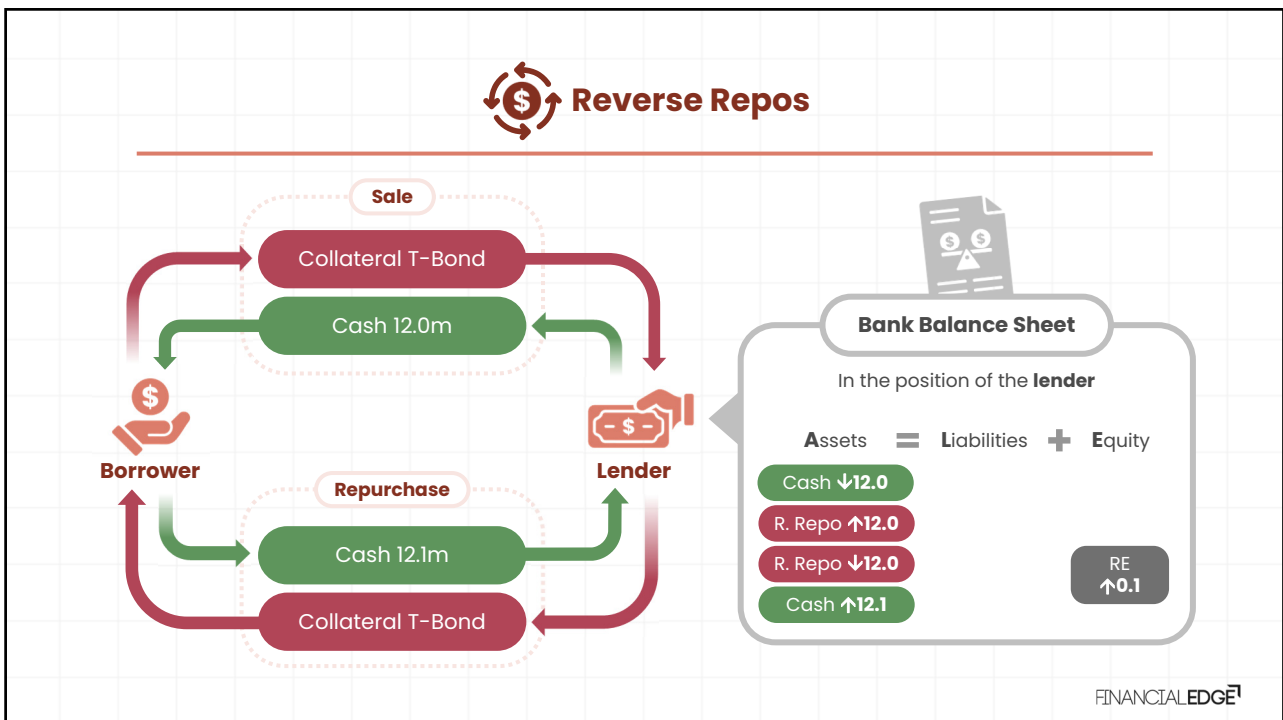
↓  
**AKA Repos**



**AKA Reverse Repos**

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	2024	2023
<b>Assets</b>		
Cash and cash equivalents	\$ 182,092	\$ 241,577
Collateralized agreements:		
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FINANCIALEDGE<sup>1</sup>



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### Repos

Collateralized by **treasury bonds**

Receives **cash as collateral**

Generally entered into for **funding**

### Securities loaned

Securities can be **bonds or equities**

May receive **other securities as collateral**

Could be to borrow to open a **short position**

# 14. Receivables

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	2024	2023
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Cash and cash equivalents	\$ 182,092	\$ 241,577
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Available-for-sale securities (at fair value; amortized cost of \$80,777 and \$51,001)	79,458	49,141
Held-to-maturity securities	78,713	70,310
Other investments (includes \$25,284 and \$26,626 at fair value)	26,343	27,388
Loans (net of allowance of \$4,666 and \$5,050, and includes \$5,460 and \$6,506 at fair value)	196,200	183,358
Other assets (includes \$194 and \$366 at fair value)	34,187	36,590
<b>Total assets</b>	<b>\$ 1,675,972</b>	<b>\$ 1,641,594</b>

#### Customer and Other Receivables

Customer and other receivables included receivables from customers and counterparties of \$92.88 billion as of December 2024 and \$90.16 billion as of December 2023, and receivables from brokers, dealers and clearing organizations of \$40.84 billion as of December 2024 and \$42.33 billion as of December 2023. Such receivables primarily consist of customer margin loans, collateral posted in connection with certain derivative transactions, and receivables resulting from unsettled transactions.

Substantially all of these receivables are accounted for at amortized cost net of any allowance for credit losses, which generally approximates fair value. As these receivables are

Customer and other receivables includes receivables from contracts with clients and contract assets. Contract assets represent the firm's right to receive consideration for services provided in connection with its contracts with clients for which collection is conditional and not merely subject to the passage of time. The firm's receivables from contracts with clients were \$4.08 billion as of December 2024 and \$3.59 billion as of December 2023. As of both December 2024 and December 2023, contract assets were not material.

# 15. Deposits

FINANCIALEDGE<sup>1</sup>

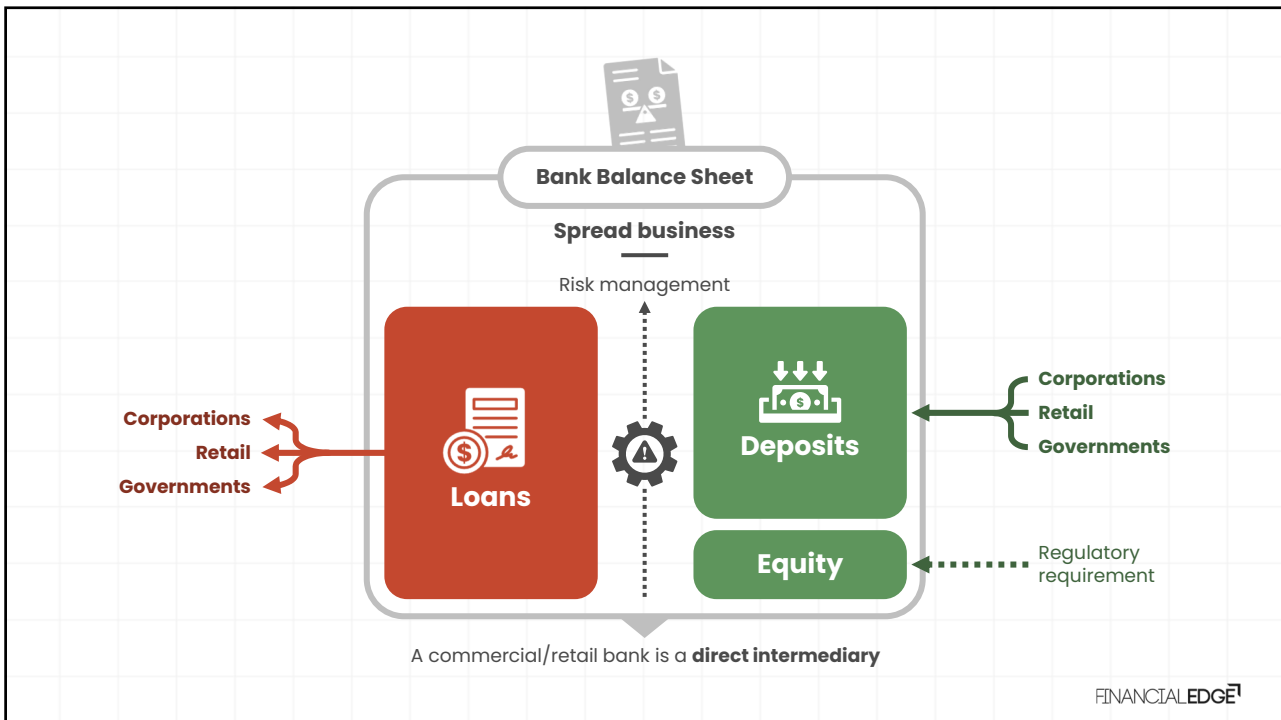
## Liabilities and shareholders' equity

Deposits (includes <b>\$44,855</b> and \$29,460 at fair value)	<b>\$ 433,013</b>	\$ 428,417
Collateralized financings:		
Securities sold under agreements to repurchase (at fair value)	<b>274,380</b>	249,887
Securities loaned (includes <b>\$10,246</b> and \$8,934 at fair value)	<b>56,060</b>	60,483
Other secured financings (includes <b>\$27,985</b> and \$12,554 at fair value)	<b>28,150</b>	13,194
Customer and other payables	<b>223,255</b>	230,728
Trading liabilities (at fair value)	<b>202,555</b>	200,355
Unsecured short-term borrowings (includes <b>\$50,367</b> and \$46,127 at fair value)	<b>69,709</b>	75,945
Unsecured long-term borrowings (includes <b>\$89,189</b> and \$86,410 at fair value)	<b>242,634</b>	241,877
Other liabilities (includes <b>\$84</b> and \$266 at fair value)	<b>24,220</b>	23,803
Total liabilities	<b>1,553,976</b>	1,524,689

*in millions, except per share amounts*

	Year Ended December		
	2024	2023	2022
<b>Revenues</b>			
Investment banking	<b>\$ 7,738</b>	\$ 6,218	\$ 7,360
Investment management	<b>10,596</b>	9,532	9,005
Commissions and fees	<b>4,086</b>	3,789	4,034
Market making	<b>18,390</b>	18,238	18,634
Other principal transactions	<b>4,646</b>	2,126	654
Total non-interest revenues	<b>45,456</b>	39,903	39,687
Interest income	<b>81,397</b>	68,515	29,024
Interest expense	<b>73,341</b>	62,164	21,346
Net interest income	<b>8,056</b>	6,351	7,678
Total net revenues	<b>53,512</b>	46,254	47,365

FINANCIALEDGE<sup>1</sup>



<i>\$ in millions</i>	Savings and Demand	Time	Total
<b>As of December 2024</b>			
Consumer	\$ 126,694	\$ 54,541	\$ 181,235
Private bank	90,013	6,489	96,502
Brokered certificates of deposit	-	41,014	41,014
Deposit sweep programs	30,927	-	30,927
Transaction banking	60,925	1,820	62,745
Other	1,776	18,814	20,590
<b>Total</b>	<b>\$ 310,335</b>	<b>\$ 122,678</b>	<b>\$ 433,013</b>

The table below presents maturities of time deposits held in U.S. and non-U.S. offices.

<i>\$ in millions</i>	As of December 2024		Total
	U.S.	Non-U.S.	
<b>2025</b>	<b>\$ 86,122</b>	<b>\$ 23,167</b>	<b>\$ 109,289</b>
2026	6,325	543	6,868
2027	2,192	215	2,407
2028	1,031	194	1,225
2029	1,382	192	1,574
2030 - thereafter	1,265	50	1,315
<b>Total</b>	<b>\$ 98,317</b>	<b>\$ 24,361</b>	<b>\$ 122,678</b>

FINANCIALEDGE<sup>1</sup>

# 16. Payables

### Liabilities and shareholders' equity

Deposits (includes <b>\$44,855</b> and \$29,460 at fair value)	<b>433,013</b>	\$ 428,417
Collateralized financings:		
Securities sold under agreements to repurchase (at fair value)	<b>274,380</b>	249,887
Securities loaned (includes <b>\$10,246</b> and \$8,934 at fair value)	<b>56,060</b>	60,483
Other secured financings (includes <b>\$27,985</b> and \$12,554 at fair value)	<b>28,150</b>	13,194
Customer and other payables	<b>223,255</b>	230,728
Trading liabilities (at fair value)	<b>202,555</b>	200,355
Unsecured short-term borrowings (includes <b>\$50,367</b> and \$46,127 at fair value)	<b>69,709</b>	75,945
Unsecured long-term borrowings (includes <b>\$89,189</b> and \$86,410 at fair value)	<b>242,634</b>	241,877
Other liabilities (includes <b>\$84</b> and \$266 at fair value)	<b>24,220</b>	23,803
<b>Total liabilities</b>	<b>1,553,976</b>	1,524,689

Customers and counterparties  
**\$217.15 billion**

Brokers, dealers, and clearing organizations  
**\$6.11 billion**

### Customer and Other Payables

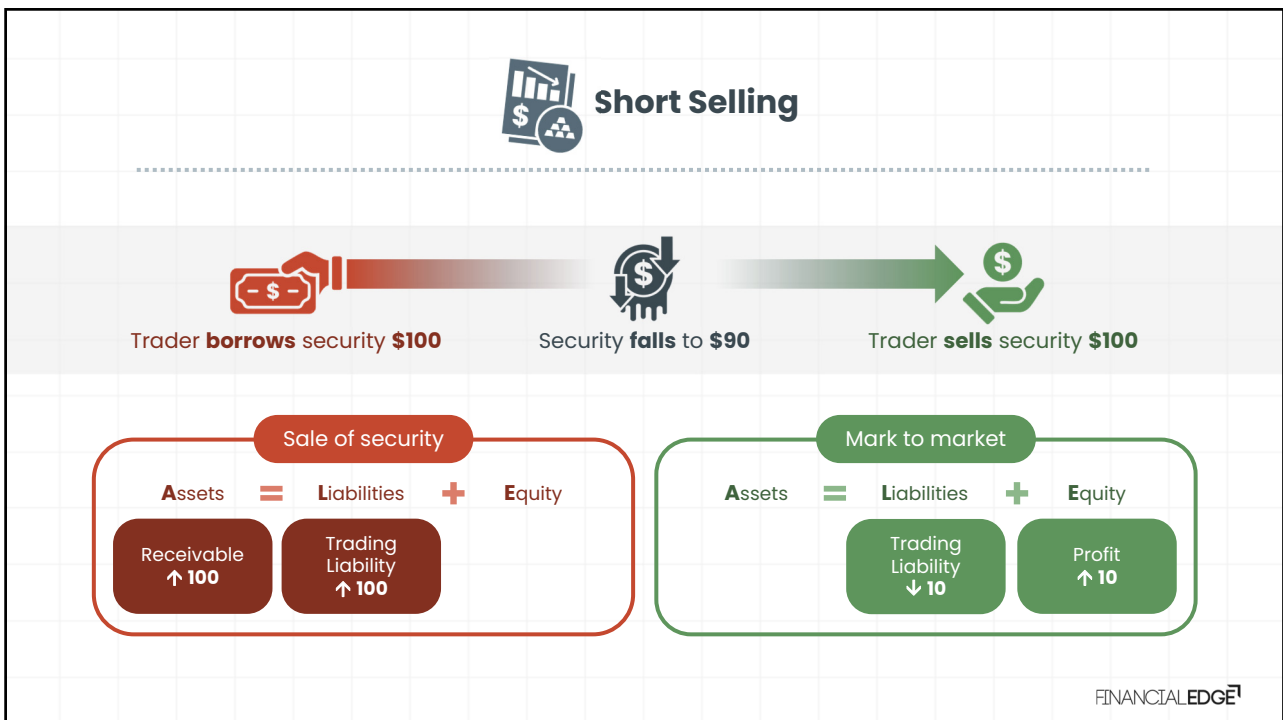
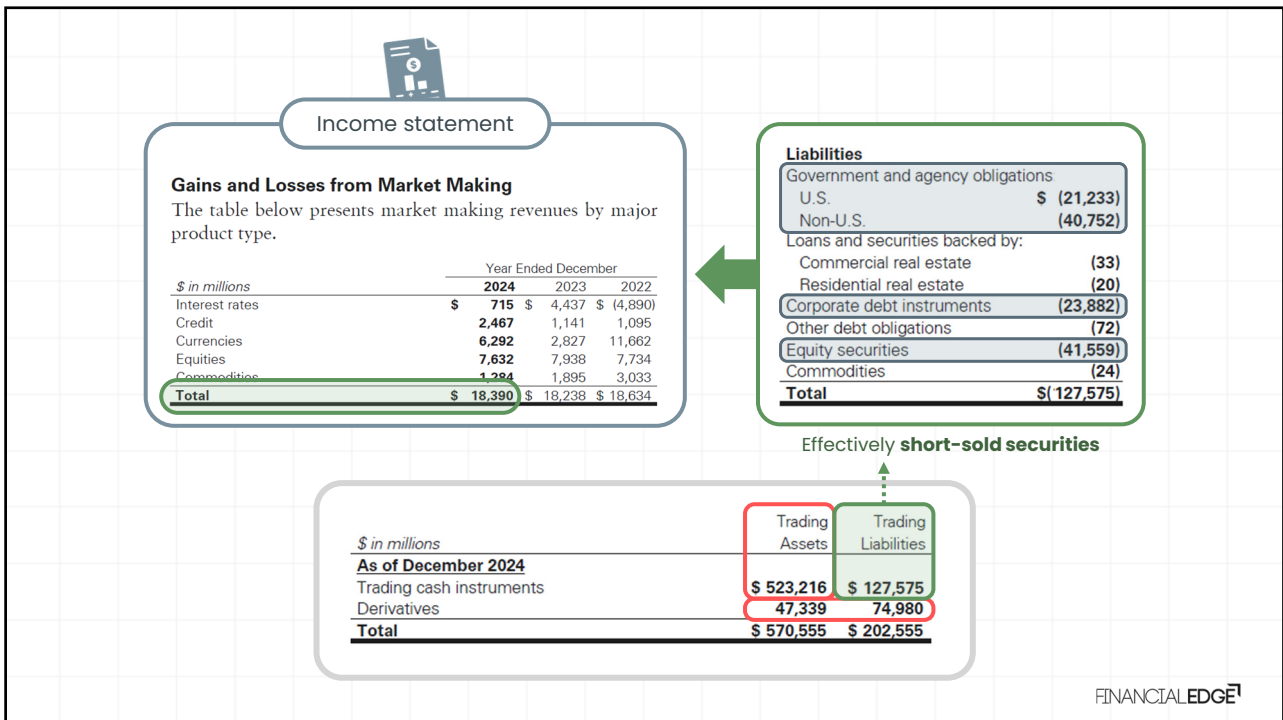
Customer and other payables included payables to customers and counterparties of **\$217.15 billion** as of December 2024 and \$220.71 billion as of December 2023, and payables to brokers, dealers and clearing organizations of **\$6.11 billion** as of December 2024 and \$10.02 billion as of December 2023. Such payables primarily consist of customer credit balances related to the firm's prime brokerage activities. Customer and other payables are accounted for at cost plus accrued interest, which generally approximates fair value. As these payables are not accounted for at fair value, they are not included in the firm's fair value hierarchy in Notes 4 and 5. Had these payables been included in the firm's fair value hierarchy, substantially all would have been classified in level 2 as of both December 2024 and December 2023. Interest on customer and other payables is recognized over the life of the transaction and included in interest expense.

## 17. Trading Liabilities

FINANCIALEDGE<sup>1</sup>

<b>Liabilities and shareholders' equity</b>		
Deposits (includes <b>\$44,855</b> and \$29,460 at fair value)	<b>433,013</b>	\$ 428,417
Collateralized financings:		
Securities sold under agreements to repurchase (at fair value)	<b>274,380</b>	249,887
Securities loaned (includes <b>\$10,246</b> and \$8,934 at fair value)	<b>56,060</b>	60,483
Other secured financings (includes <b>\$27,985</b> and \$12,554 at fair value)	<b>28,150</b>	13,194
Customer and other payables	<b>223,255</b>	230,728
Trading liabilities (at fair value)	<b>202,555</b>	200,355
Unsecured short-term borrowings (includes <b>\$50,367</b> and \$46,127 at fair value)	<b>69,709</b>	75,945
Unsecured long-term borrowings (includes <b>\$89,189</b> and \$86,410 at fair value)	<b>242,634</b>	241,877
Other liabilities (includes <b>\$84</b> and \$266 at fair value)	<b>24,220</b>	23,803
<b>Total liabilities</b>	<b>1,553,976</b>	1,524,689

FINANCIALEDGE<sup>1</sup>



## 18. Unsecured borrowings

FINANCIALEDGE<sup>1</sup>

Valuation – mostly Level 2  
Small mark-to-market effect each year

<b>Liabilities and shareholders' equity</b>		
Deposits (includes <b>\$44,855</b> and \$29,460 at fair value)	<b>433,013</b>	\$ 428,417
Collateralized financings:		
Securities sold under agreements to repurchase (at fair value)	<b>274,380</b>	249,887
Securities loaned (includes <b>\$10,246</b> and \$8,934 at fair value)	<b>56,060</b>	60,483
Other secured financings (includes <b>\$27,985</b> and \$12,554 at fair value)	<b>28,150</b>	13,194
Customer and other payables	<b>223,255</b>	230,728
Trading liabilities (at fair value)	<b>202,555</b>	200,355
Unsecured short-term borrowings (includes <b>\$50,367</b> and \$46,127 at fair value)	<b>69,709</b>	75,945
Unsecured long-term borrowings (includes <b>\$89,189</b> and \$86,410 at fair value)	<b>242,634</b>	241,877
Other liabilities (includes <b>\$84</b> and \$266 at fair value)	<b>24,220</b>	23,803
<b>Total liabilities</b>	<b>1,553,976</b>	1,524,689

Provides funding for the business

FINANCIALEDGE<sup>1</sup>

**Short term borrowing**

<i>\$ in millions</i>	As of December	
	2024	2023
Current portion of unsecured long-term borrowings	\$ 38,521	\$ 49,361
Hybrid financial instruments	29,130	23,073
Commercial paper	-	1,213
Other unsecured short-term borrowings	2,058	2,298
<b>Total unsecured short-term borrowings</b>	<b>\$ 69,709</b>	<b>\$ 75,945</b>
<b>Weighted average interest rate</b>	<b>5.87%</b>	<b>3.64%</b>

**Long term borrowing**

<i>\$ in millions</i>	As of December 2024		
	Group Inc.	Subsidiaries	Total
2026	\$ 22,884	\$ 14,046	\$ 36,930
2027	22,389	18,749	41,138
2028	20,728	8,476	29,204
2029	21,205	11,531	32,736
2030 - thereafter	80,317	22,309	102,626
<b>Total</b>	<b>\$ 167,523</b>	<b>\$ 75,111</b>	<b>\$ 242,634</b>

<i>\$ in millions</i>	U.S. Dollar	Non-U.S. Dollar	Total
<b>As of December 2024</b>			
Fixed-rate obligations:			
Group Inc.	\$ 116,077	\$ 24,613	\$ 140,690
Subsidiaries	7,034	3,708	10,742
Floating-rate obligations:			
Group Inc.	18,017	8,816	26,833
Subsidiaries	42,713	21,656	64,369
<b>Total</b>	<b>\$ 183,841</b>	<b>\$ 58,793</b>	<b>\$ 242,634</b>

Appear as an expense on the income statement

FINANCIALEDGE<sup>1</sup>

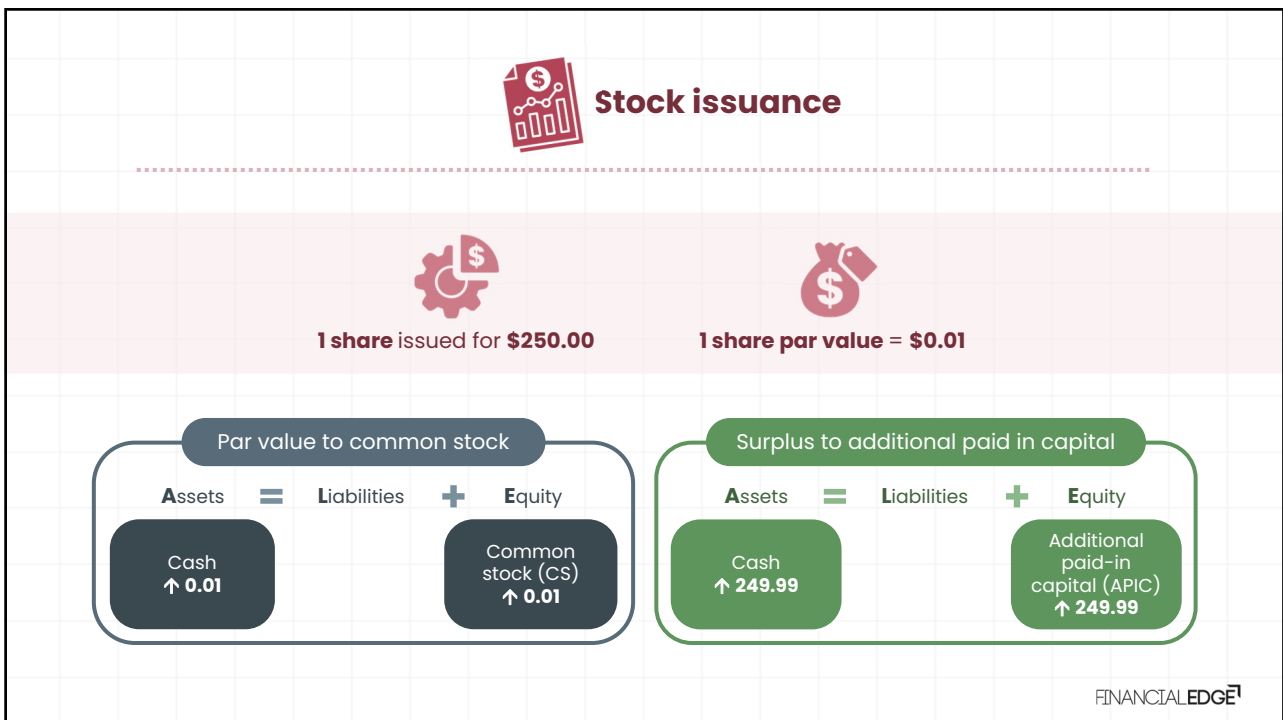
# 19. Equity

FINANCIALEDGE<sup>1</sup>

**Share par value = 1 cent**

Shareholders' equity			
Preferred stock; aggregate liquidation preference of \$13,253 and \$11,203		13,253	11,203
Common stock; <b>927,499,667</b> and 922,895,030 shares issued, and <b>310,653,708</b> and 323,376,354 shares outstanding		<b>9</b>	9
Share-based awards		5,148	5,121
Nonvoting common stock; no shares issued and outstanding		-	-
Additional paid-in capital		<b>61,376</b>	60,247
Retained earnings		153,412	143,688
Accumulated other comprehensive loss		(2,702)	(2,918)
Stock held in treasury, at cost; <b>616,845,961</b> and 599,518,678 shares		<b>(108,500)</b>	(100,445)
<b>Total shareholders' equity</b>		<b>121,996</b>	116,905
<b>Total liabilities and shareholders' equity</b>		<b>\$ 1,675,972</b>	\$ 1,641,594

Usually the **first accounts** created



**Shareholders' equity**

Preferred stock; aggregate liquidation preference of <b>\$13,253</b> and \$11,203	<b>13,253</b>	11,203
Common stock; <b>927,499,667</b> and 922,895,030 shares issued, and <b>310,653,708</b> and 323,376,354 shares outstanding	<b>9</b>	9
Share-based awards	<b>5,148</b>	5,121
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Total shareholders' equity	<b>121,996</b>	116,905
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,675,972</b>	\$1,641,594



## Retained earnings

Captures all the items on the income statement less dividends

▶	<b>B</b>	Beginning <b>Retained Earnings</b>	80,000.0
+	<b>A</b>	Add <b>Net Income</b>	20,000.0
-	<b>S</b>	Subtract <b>Dividends</b>	(10,000.0)
=	<b>E</b>	Ending <b>Retained Earnings</b>	90,000.0

## Preferred stock

Has a **preferred claim** against the assets of the business (paid out first)

**Fairly uncommon in corporations** - save for regulatory capital purposes

### Shareholders' equity

Preferred stock; aggregate liquidation preference of <b>\$13,253</b> and \$11,203	<b>13,253</b>	11,203
Common stock; <b>927,499,667</b> and 922,895,030 shares issued, and <b>310,653,708</b> and 323,376,354 shares outstanding	<b>9</b>	9
Share-based awards	<b>5,148</b>	5,121
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<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,675,972</b>	\$1,641,594

FINANCIALEDGE<sup>1</sup>

## Share-based awards

**Equity or options issued** to employees as part of **compensation**

### Shareholders' equity

Preferred stock; aggregate liquidation preference of <b>\$13,253</b> and \$11,203	<b>13,253</b>	11,203
Common stock; <b>927,499,667</b> and 922,895,030 shares issued, and <b>310,653,708</b> and 323,376,354 shares outstanding	<b>9</b>	9
Share-based awards	<b>5,148</b>	5,121
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<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,675,972</b>	\$1,641,594

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## Nonvoting common stock

Shareholders' equity		
Preferred stock; aggregate liquidation preference of <b>\$13,253</b> and \$11,203	<b>13,253</b>	11,203
Common stock; <b>927,499,667</b> and 922,895,030 shares issued, and <b>310,653,708</b> and 323,376,354 shares outstanding	<b>9</b>	9
Share-based awards	<b>5,148</b>	5,121
Nonvoting common stock; no shares issued and outstanding	<b>–</b>	–
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FINANCIALEDGE<sup>1</sup>

## Accumulated other comprehensive loss

**Gains and losses which have not been realized**

**Shown in the Comprehensive Income Statement, not the regular Income Statement**

Shareholders' equity		
Preferred stock; aggregate liquidation preference of <b>\$13,253</b> and \$11,203	<b>13,253</b>	11,203
Common stock; <b>927,499,667</b> and 922,895,030 shares issued, and <b>310,653,708</b> and 323,376,354 shares outstanding	<b>9</b>	9
Share-based awards	<b>5,148</b>	5,121
Nonvoting common stock; no shares issued and outstanding	<b>–</b>	–
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Retained earnings	<b>153,412</b>	143,688
Accumulated other comprehensive loss	<b>(2,702)</b>	(2,918)
Stock held in treasury, at cost; <b>616,845,961</b> and 599,518,678 shares	<b>(108,500)</b>	(100,445)
Total shareholders' equity	<b>121,996</b>	116,905
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,675,972</b>	\$1,641,594

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## Treasury stock

Money used to **buy back stock** in the marketplace

**Contra account** (as this gets more negative, the total shareholders' equity falls)

Shareholders' equity		
Preferred stock; aggregate liquidation preference of <b>\$13,253</b> and \$11,203	<b>13,253</b>	11,203
Common stock; <b>927,499,667</b> and 922,895,030 shares issued, and <b>310,653,708</b> and 323,376,354 shares outstanding	<b>9</b>	9
Share-based awards	<b>5,148</b>	5,121
Nonvoting common stock; no shares issued and outstanding	<b>-</b>	-
Additional paid-in capital	<b>61,376</b>	60,247
Retained earnings	<b>153,412</b>	143,688
Accumulated other comprehensive loss	<b>(2,702)</b>	(2,918)
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