US Banks

Far From Over: We Believe The Credit Crisis Will Extend Well Into 2009

May 19, 2008

OUTPERFORM

American Express(AXP $48.56)

PERFORM

Bank of America(BAC $36.10)
CIT Group Inc.(CIT $12.08)
Capital One Financial Corporation(COF $51.71)
Goldman Sachs Group, Inc.(GS $184.40)
JP Morgan Chase & Company(JPM $45.99)
Lehman Brothers Holdings Inc.(LEH $42.79)
Morgan Stanley(MS $46.20)
Wachovia(WB $27.36)
Charles Schwab(SCHW $22.39)

UNDERPERFORM

Citigroup Inc.(C $22.99)
Merrill Lynch & Co.(MER $47.71)
UBS AG(UBS $30.40)
Wells Fargo & Company(WFC $28.48)

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Summary: Our view is that the credit crisis will extend well into 2009 and perhaps beyond, and although the complexion will change, the net effect will be the same: three years of multi billion dollar revenue reversals. To date, for the large-cap US banks under our coverage, over $70 billion in write-downs have been taken related to real estate securities held. To date, over $25 billion of reserve builds have been taken related to on balance sheet loans. We estimate that by the end of 2009, over $170 billion of reserve builds will flow through bank earnings on top of "business as usual" loan loss provisions. Either in the form of write-downs or reserve builds, we believe the effect is the same: revenue reversal from years worth of inherently flawed underwriting.

- The first problem, in our view, is one of basic "bad math." Multi-trillion dollars of loans were underwritten with the false assumption that home prices would go up in perpetuity on a national basis. After all, they hadn't declined on a national basis since the Great Depression. The second problem, in our opinion, is that unprecedented leverage was put on assets underwritten with "bad math" leaving very little margin for error. The third problem, and in our opinion the "next shoe to drop," is what became an over-reliance on the securitization market for consumer liquidity. Herein, we draw a direct correlation between a shutdown in securitization volumes and accelerating losses on bank balance sheets. As we see no near or medium term come back in securitization volumes, we believe losses will only accelerate further and far worse than even the most draconian estimates.
- Making matters worse, impending regulatory changes intended to help the consumer, we believe, will actually strip even more liquidity out of the system. By our estimates, we believe by 2010, $2 trillion of available credit card lines or 45% of total outstanding credit lines will be stripped from consumer liquidity. Given the fact that the regulators so glaringly gaffed on the housing bubble, we believe there is a true sense of urgency to "protect" the consumers with the "Unfair Lending and Deceptive Practices" proposal and that said proposal will be set firmly in place by this year end and fully enforced by 2009 year end.
- Due to continued deterioration in consumer liquidity, we are raising our loss expectations significantly for the group and lowering our earnings estimates significantly for the group. Our revised FY2008 and FY2009 estimates are now 72% and 37% below consensus respectively.

See pages 30 - 32 for important disclosures

Far From Over: We Believe The Credit Crisis Will Extend Well Into 2009

Our view is that the credit crisis will extend well into 2009 and perhaps beyond, and although the complexion will change, the net effect will be the same: three years of multi billion dollar revenue reversals. To date for the large cap US banks under our coverage, over $70 billion in write downs have been taken related to real estate securities held. To date, over $25 billion of reserve builds have been taken related to on balance sheet loans. We estimate that by the end of 2009, over $170 billion of reserve builds will flow through bank earnings on top of "business as usual" loan loss provisions. Either in the form of write downs or reserve builds, the effect is the same: revenue reversal from years worth of inherently flawed underwriting.

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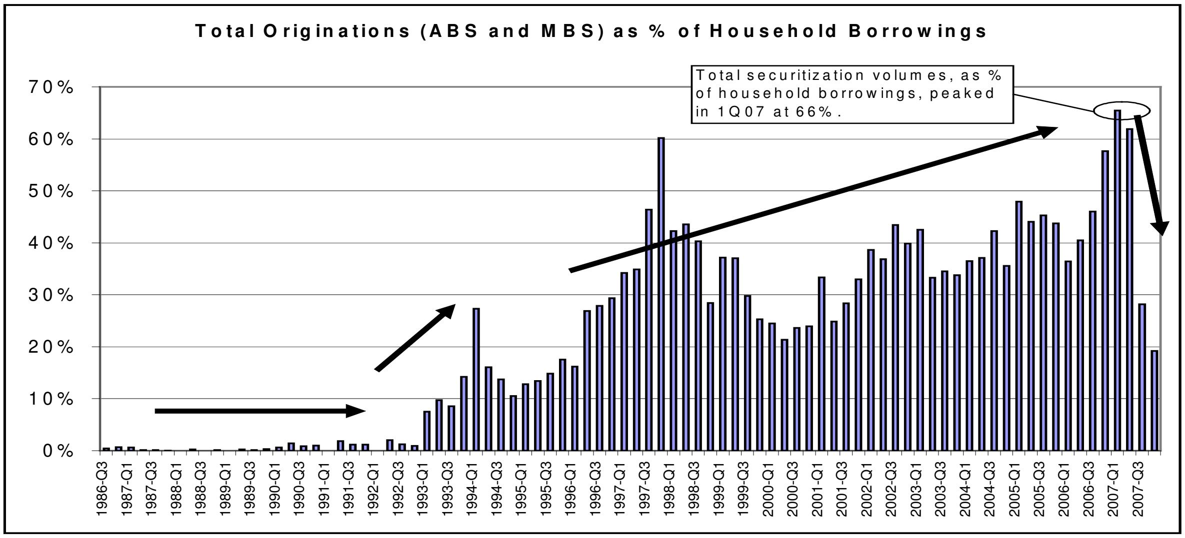
Securitization Markets Strike & "Game Changing" Regulatory Action To Prolong & Intensify Credit Recession

We believe the current credit crisis is far from over. In fact, we believe that what lies ahead will be worse than what is behind us. For large-cap banks, for example, over $70 billion in write downs were incurred since July, but we argue more than $170 billion in incremental additional reserve builds will be incurred by the end of 2009. When most talk about the shut down in the securitization markets, they more often focus on declining profits for the investment banks. However, we argue the far more important consequence of the "buyers strike" in the securitization market is the impact on overall consumer liquidity, consumer spending, and ultimately on consumer defaults. Herein, we tie a direct correlation between spiking loan losses and last summer's shut down in the securitization markets. Over time, the bank lending model will reclaim lost lending market share over the mortgage market, but bank balance sheets simply do not have the capacity to provide the liquidity lost by the shut down in the securitization market.

Exhibit 1. Since the Early 1990s, Wall Street Expanded Credit To Those Previously Unqualified



Source: Dealogic and Oppenheimer & Co. Inc.

Total originations (ABS and MBS) as a percentage of household borrowings peaked at 66% in 1Q07, but by 3Q07, the percentage dropped sharply in 3Q07, down to 28%, and fell further to 19% in 4Q07.

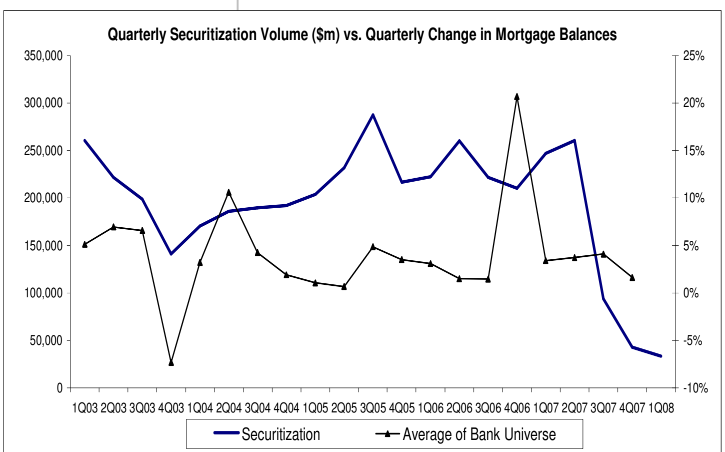
We estimate that the "buyers strike" in the securitization market has created considerable stress for consumer liquidity. So far, $1.4 trillion of liquidity has been extracted from the capital markets, and by year-end, we expect over $3 trillion of liquidity to be expunged. This continues to wreak havoc on consumer losses and bank earnings, and we believe the effects have only begun to be seen. In fact, we believe new and unforeseen strains on consumer liquidity will push more consumers into precarious credit positions and cause consumer credit losses to be far worse than what is currently estimated, even by the most draconian of investors.

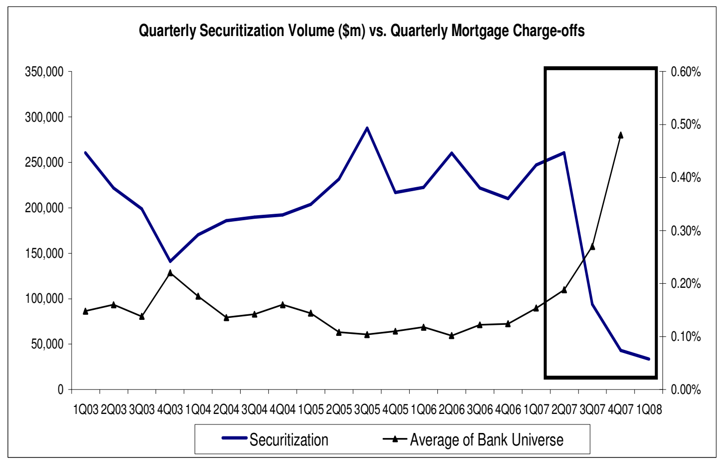
We are dramatically lowering our earnings estimates for the banks under our coverage as a result of ever deteriorating consumer losses.

Prolonged Shutdown in Structured Products Market Will Only Drive Losses Sharply Higher: Our Correlation Analysis

First, let's establish the key correlation between liquidity and losses. Shown below, the correlation between a slowdown in securitization and an acceleration in loss rates is undeniable. As we believe liquidity will remain strained as the securitization market remains effectively closed for most asset classes, we believe more consumers will face the threat of default and banks will simply face far higher loss rates.

Exhibit 2. 1st Mortgage Loss Correlation to Securitization Activity





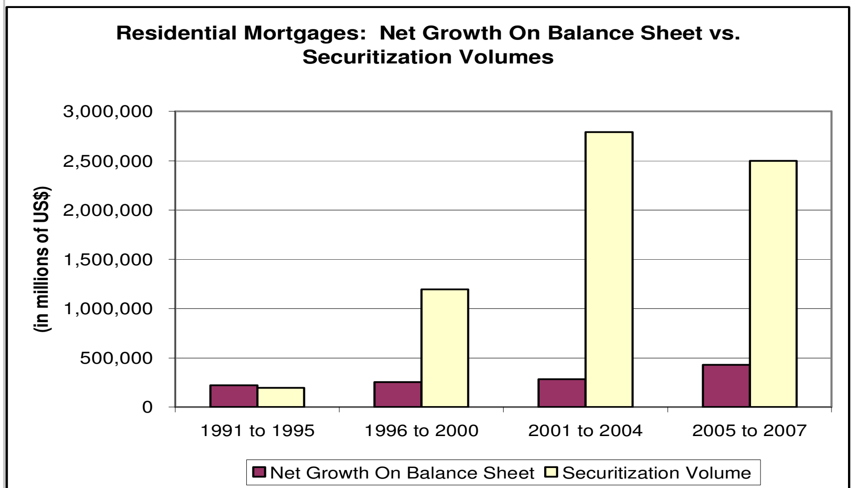
Average of Bank Universe is: BAC, C, JPM, WB, WFC from regulatory filings

Source: Dealogic, SNL Financial, and Oppenheimer & Co. Inc.

The Great Enabler: The Role of the Structured Products Markets in the US Housing Bubble

Securitizations financed over 7 times the amount of mortgages as did traditional bank lending since 2000. To put into context, until 1995, securitizations had accounted for no greater than 90% of the mortgage volume of on balance sheet bank lending. Our point here is that when the securitization markets came to a grinding halt last July, liquidity dried up dramatically and almost instantaneously. As the expression goes, "A rolling loan gathers no loss," so too can it be applied to a consumer on the edge who can refinance and refinance to avoid default. After July, the consumers' ability to refinance his way out of trouble diminished greatly. As we show below, there is a clear and direct correlation between liquidity and losses. Almost instantaneously, after liquidity dried up losses exploded.

Exhibit 3. Residential Mortgages



Quarterly Average Securitization Volume ($m)	
1991 to 1995	9,796
1996 to 2000	59,681
2001 to 2004	174,408
2005 to 2007	208,283
4Q07	43,027
1Q08	33,518

	Level ($M)		YoY Change ($M)		YoY Change		
Year	Net Growth On Balance Sheet	Securitization Volume	Net Growth On Balance Sheet	Securitization Volume	Net Growth On Balance Sheet	Securitization Volume	Securitization as X Balance Sheet
1991 to 1995	222,157	195,915	NA	NA	NA	NA	0.9x
1996 to 2000	255,514	1,193,629	33,357	997,714	15%	509%	4.7x
2001 to 2004	283,899	2,790,527	28,386	1,596,898	11%	134%	9.8x
2005 to 2007	431,374	2,499,402	147,475	(291,125)	52%	-10%	5.8x

Net Growth on balance sheet is for all commercial and savings institutions per SNL Financial.

Source: Dealogic, SNL Financial, and Oppenheimer & Co. Inc.

While many assume that the securitization boom began in the 1990s, it is clear from the data shown above that the real securitization boom began this decade.

During the 1990s, residential mortgage securitization volumes averaged $30.2 billion on a quarterly basis. From 1991 to 1995, residential mortgage securitization averaged $9.8b per quarter. From 1996 to 2000, the average quarterly volume increased to $59.7b. The quarterly volume for residential mortgage securitization rose above $100 billion for the first time in 2Q98. From 2001 to 2004, the average quarterly volume jumped to $174.4b and it further increased to $208.3b per quarter from 2005 to 2007. Securitization dropped significantly to $43b in 4Q07 and dropped further to $33.5b in 1Q08.

Comparing securitization volume to on balance sheet growth illustrates the rapid expansion of the securitization market. From 1991 to 1995, on balance sheet residential mortgage loans increased by $222b while $196b in residential mortgages were securitized. From 1996 to 2000, securitizations surpassed on balance sheet loans, as securitization volume was $1,194b vs. $256b on balance sheet loan growth. Put another way, securitization volume was 4.7x on balance sheet loan growth during that time period. From 2001 to 2004, securitizations were 9.8x on balance sheet growth, at $2,791b vs. $284b. Securitizations were rapidly outpacing the on balance sheet loans, before slowing back to 1996 to 2000 levels in the next time period, 2005 to 2007. From 2005 to 2007, securitizations were $2,499b vs. $431b in growth for on balance sheet loans, a multiple of 5.8x. During that three year time period, banks, savings institutions and bank holding companies grabbed a larger share of the residential mortgage market via on balance sheet loans, as volumes increased 52% from the previous four years. Volumes grew 52% from the previous time period, despite the period being 25% shorter.

Previously we presented quarterly trends since 1Q03 comparing securitization volume of residential mortgages to growth of on-balance sheet mortgage loans and charge-offs for our universe of banks. We use regulatory data for our bank universe. Currently both mortgage securitizations and loans are trending downwards, which is not surprising given the environment. In 4Q06 there was a notable spike in the growth of on-balance sheet mortgages, coincident with a decline securitization volume. With 1Q08 securitizations plummeting to $33b, a level not seen since 3Q96, we expect that the growth of on-balance sheet mortgage loans, albeit slowing, will exceed securitized volume.

Charge-offs are rapidly accelerating, coinciding with shrinking securitization volume. This trend is similar to the one seen in 4Q03, where securitizations dipped to multi-year lows, and charge-offs increased. The magnitude of the increase in charge-offs is similar to the magnitude of the decrease in securitization volume.

Sensitivity Analysis

Below we present sensitivity analysis regarding the residential mortgage portfolios for our banks. We use 1Q08 loan balances and share counts to derive estimated losses for the portfolios, and assume a tax rate of 34% to calculate after-tax EPS impact.

For the residential mortgage portfolios, we separate JPM's $16b subprime portfolio and we provide two categories for WB as the company has two subsets to its overall portfolio in its Traditional and Pick-A-Pay portfolios. As we believe these portfolios will have varying degrees of loss, we provide them separately.

Exhibit 4. Residential Mortgage Portfolios

			Sensitivity Analysis of Mortgage Loan Losses at Loss Rates ($m)							
Company	Residential Mortgages ($b)	As-of:	(0.25%)	(0.50%)	(0.75%)	(1.00%)	(1.25%)	(1.50%)	(1.75%)	(2.00%)
BAC	266	1Q08	(665)	(1,331)	(1,996)	(2,661)	(3,327)	(3,992)	(4,658)	(5,323)
C	155	1Q08	(387)	(773)	(1,160)	(1,546)	(1,933)	(2,319)	(2,706)	(3,092)
JPM Prime	45	1Q08	(113)	(225)	(338)	(450)	(563)	(675)	(788)	(900)
WB Traditional	49	1Q08	(122)	(245)	(367)	(489)	(612)	(734)	(856)	(979)
WB Pick-A-Pay	121	1Q08	(303)	(606)	(909)	(1,212)	(1,515)	(1,817)	(2,120)	(2,423)
WFC	73	1Q08	(183)	(367)	(550)	(733)	(917)	(1,100)	(1,283)	(1,466)
Total	709		($1,773)	($3,546)	($5,319)	($7,092)	($8,864)	($10,637)	($12,410)	($14,183)

	Sensitivity Analysis of After-Tax Impact to EPS of Mortgage Losses									
Company	Effective Tax Rate	Avg Diluted Shares (in millions)	(0.25%)	(0.50%)	(0.75%)	(1.00%)	(1.25%)	(1.50%)	(1.75%)	(2.00%)
BAC	34%	4,461	($0.10)	($0.20)	($0.30)	($0.39)	($0.49)	($0.59)	($0.69)	($0.79)
C	34%	5,086	($0.05)	($0.10)	($0.15)	($0.20)	($0.25)	($0.30)	($0.35)	($0.40)
JPM Prime	34%	3,495	($0.02)	($0.04)	($0.06)	($0.08)	($0.11)	($0.13)	($0.15)	($0.17)
WB Traditional	34%	1,963	($0.04)	($0.08)	($0.12)	($0.16)	($0.21)	($0.25)	($0.29)	($0.33)
WB Pick-A-Pay	34%	3,318	($0.06)	($0.12)	($0.18)	($0.24)	($0.30)	($0.36)	($0.42)	($0.48)
WFC	34%	3,318	($0.04)	($0.07)	($0.11)	($0.15)	($0.18)	($0.22)	($0.26)	($0.29)

			Sensitivity Analysis of Mortgage Loan Losses at Loss Rates ($m)							
Company	Residential Mortgages ($b)	As-of:	(1.00%)	(2.00%)	(3.00%)	(4.00%)	(5.00%)	(6.00%)	(7.00%)	(8.00%)
JPM Subprime	16	1Q08	*(158)*	*(316)*	*(474)*	*(632)*	*(790)*	*(948)*	*(1,106)*	*(1,264)*

	Sensitivity Analysis of After-Tax Impact to EPS of Mortgage Losses									
Company	Effective Tax Rate	Avg Diluted Shares (in millions)	(1.00%)	(2.00%)	(3.00%)	(4.00%)	(5.00%)	(6.00%)	(7.00%)	(8.00%)
JPM Subprime	34%	3,495	($0.03)	($0.06)	($0.09)	($0.12)	($0.15)	($0.18)	($0.21)	($0.24)

Source: Company Reports, SNL Financial, and Oppenheimer & Co. Inc.

Based on 1.00% losses for residential mortgages (excluding JPM subprime), we see overall losses of $7b for our universe, and based on 2.00% losses we see $14b. We note that BAC has the largest exposure to the residential mortgage market, with a portfolio of $266b. WB has the second largest via its combined portfolio of $170b, followed by C at $155b.

On an after tax basis, WB has the most sensitivity to its combined residential mortgage portfolio as 1% losses would result in an after-tax loss of $0.40 per share, followed closely by BAC at $0.39 per share.

Below we present recently quarterly loss curves for the residential mortgage portfolios of our banks. We note that on average, excluding JPM's subprime book, residential mortgage net charge-offs increased by 113% from 4Q07 to 1Q08. JPM's prime portfolio deteriorated the most rapidly, by 167%, with NCOs rising to 0.48% from 0.18%. WB's Pick-A-Pay portfolio was close behind, with NCOs increasing by 155%, to 0.79% from 0.31%.

Exhibit 5. Residential Mortgage NCOs

Residential Mortgages	4Q07	1Q08	*QoQ Change*
BAC	0.04%	0.10%	*150%*
C	0.56%	1.00%	*79%*
JPM Prime	0.18%	0.48%	*167%*
WB Traditional	0.13%	0.23%	*77%*
WB Pick-A-Pay	0.31%	0.79%	*155%*
WFC	0.19%	0.41%	*116%*
Average	0.24%	0.50%	*113%*
JPM Subprime	2.08%	3.82%	*84%*

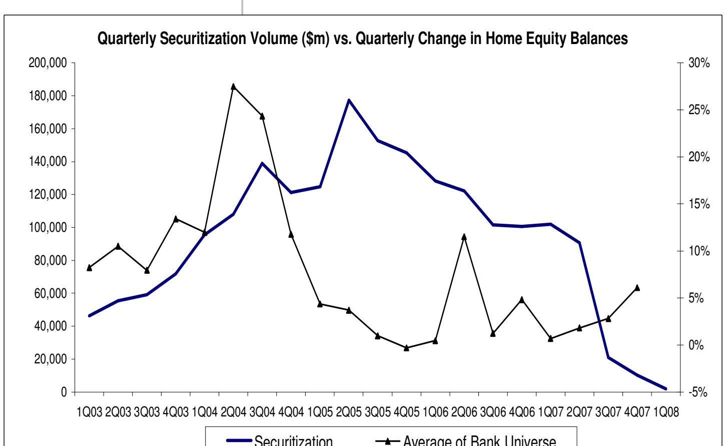
Source: Company reports and Oppenheimer & Co. Inc.

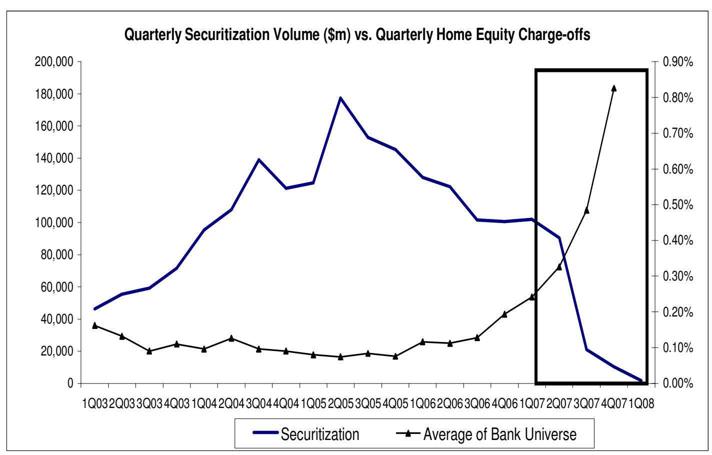
Securitization Played An Even Greater Relative Role In The Home Equity Market

Below we present quarterly home equity securitization volumes vs. the change in on-balance sheet home equity loans and charge-offs for our bank universe. We use regulatory data for our banks. Securitizations have been dropping rather steadily since 2Q05, while on-balance sheet growth peaked in 2Q04 but has edged upwards in the past several quarters.

In terms of charge-offs, after an abnormally low loss rate cycle concurrent with high securitization volumes in 2005, charge-offs are accelerating upwards while securitizations are dropping swiftly.

Exhibit 6. Home Equity Loss Correlation to Securitization Activity

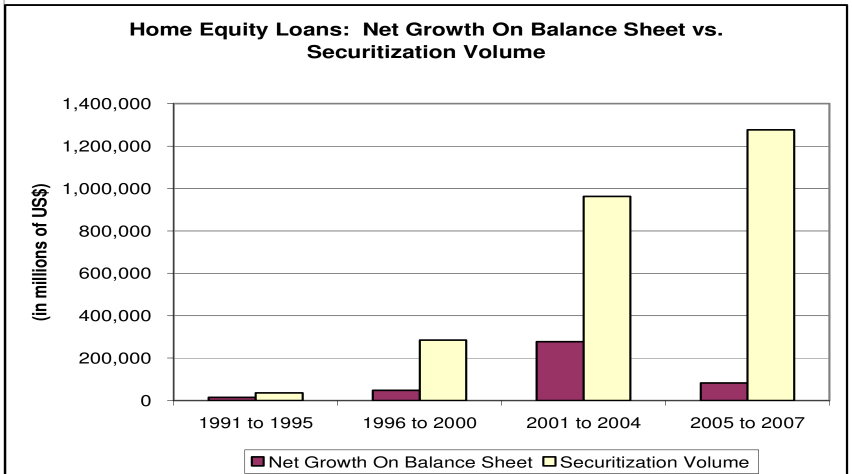




Average of Bank Universe is: BAC, C, JPM, WB, WFC

Source: Dealogic, SNL Financial, and Oppenheimer & Co. Inc.

Exhibit 7. Home Equity



Quarterly Average Securitization Volume ($m)	
1991 to 1995	1,817
1996 to 2000	14,248
2001 to 2004	60,195
2005 to 2007	106,387
4Q07	10,346
1Q08	1,817

	Level ($M)		YoY Change ($M)		YoY Change		
Year	Net Growth On Balance Sheet	Securitization Volume	Balance Sheet	Securitization Volume	Balance Sheet	Securitization Volume	Securitization as X Balance Sheet
1991 to 1995	15,851	36,332	NA	NA	NA	NA	2.3x
1996 to 2000	48,155	284,966	32,304	248,634	204%	684%	5.9x
2001 to 2004	278,223	963,113	230,068	678,147	478%	238%	3.5x
2005 to 2007	83,143	1,276,640	(195,080)	313,527	-70%	33%	15.4x

Net Growth on balance sheet is for all commercial and savings institutions per SNL Financial.

Source: Dealogic, SNL Financial, and Oppenheimer & Co. Inc.

From 1991 to 1995 average home equity securitization averaged $1.8b per quarter. From 1996 to 2000, average volume increased to $14.2b and rose dramatically from 2001 to 2004, reaching $60.2b per quarter. The period between the fourth quarter of 2000 to the first quarter of 2006 marked twenty-two consecutive quarters of positive YoY growth in deal volumes, the longest consecutive period of growth for home equity loan securitization. Quarterly volumes broke above $100b level in 2Q 2004 and peaked at $177b in 2Q 2005. Average quarterly volume grew to $106.4b from 2005 to 2007, but dropped markedly to $10.3b in 4Q07 and fell further to $1.8b in 1Q08.

By comparing home equity securitization volume vs. home equity on balance sheet growth since 1991, it is evident that securitization drove the creation of new home equity loans. From 1991 to 1995 securitizations were $36b vs. $16b in on balance sheet home equity loan growth, a multiple of 2.3x. From 1996 to 2000, this multiple expanded to 5.9x, as securitization volume was $285b vs. $48b for on balance sheet growth. From 2001 to 2004 the multiple contracted but the overall volume increased, as home equity securitizations were $963b vs. $278b for on balance sheet loan growth. From 2005 to 2007, the securitization volume sharply increased to $1,277b vs. $83b for on balance sheet loans, a multiple of 15.4x. Once again despite a shorter time period from 2005 to 2007, vs. 2001 to 2004, the total volume was larger and home equity loan creation was predominantly due to securitization.

Sensitivity Analysis

Below we present sensitivity analysis regarding the home equity portfolios for our banks. We use 1Q08 loan balances and share counts to derive estimated losses for the portfolios, and assume a tax rate of 34% to calculate after-tax EPS impact.

We provide portfolios for each of our banks and we note that we separate WFC's liquidating home equity book which has significantly higher losses than the remainder of the company's portfolio.

Exhibit 8. Home Equity Portfolios

			Sensitivity Analysis of Home Equity Loan Losses at Loss Rates ($m)							
Company	Home Equity ($b)	As-of:	(2.00%)	(2.50%)	(3.00%)	(3.50%)	(4.00%)	(4.50%)	(5.00%)	(5.50%)
BAC	118	1Q08	(2,368)	(2,960)	(3,551)	(4,143)	(4,735)	(5,327)	(5,919)	(6,511)
C	63	1Q08	(1,250)	(1,563)	(1,875)	(2,188)	(2,500)	(2,813)	(3,125)	(3,438)
JPM	95	1Q08	(1,900)	(2,375)	(2,850)	(3,325)	(3,800)	(4,275)	(4,750)	(5,225)
WB	60	1Q08	(1,202)	(1,503)	(1,803)	(2,104)	(2,404)	(2,705)	(3,005)	(3,306)
WFC	72	1Q08	(1,441)	(1,801)	(2,162)	(2,522)	(2,882)	(3,243)	(3,603)	(3,963)
Total	408		($8,161)	($10,201)	($12,241)	($14,281)	($16,322)	($18,362)	($20,402)	($22,442)

Sensitivity Analysis of After-Tax Impact to EPS of Home Equity Losses									
Effective Tax Rate	Avg Diluted Shares (in millions)	(2.00%)	(2.50%)	(3.00%)	(3.50%)	(4.00%)	(4.50%)	(5.00%)	(5.50%)
34%	4,461	($0.35)	($0.44)	($0.53)	($0.61)	($0.70)	($0.79)	($0.88)	($0.96)
34%	5,086	($0.16)	($0.20)	($0.24)	($0.28)	($0.32)	($0.37)	($0.41)	($0.45)
34%	3,495	($0.36)	($0.45)	($0.54)	($0.63)	($0.72)	($0.81)	($0.90)	($0.99)
34%	1,963	($0.40)	($0.51)	($0.61)	($0.71)	($0.81)	($0.91)	($1.01)	($1.11)
34%	3,318	($0.29)	($0.36)	($0.43)	($0.50)	($0.57)	($0.65)	($0.72)	($0.79)

			Sensitivity Analysis of Home Equity Loan Losses at Loss Rates ($m)							
Company	Home Equity ($b)	As-of:	(1.00%)	(2.00%)	(3.00%)	(4.00%)	(5.00%)	(6.00%)	(7.00%)	(8.00%)
WFC Liquidating	12	1Q08	(115)	(230)	(345)	(460)	(575)	(690)	(805)	(920)

Sensitivity Analysis of After-Tax Impact to EPS of Home Equity Losses									
Effective Tax Rate	Avg Diluted Shares (in millions)	(1.00%)	(2.00%)	(3.00%)	(4.00%)	(5.00%)	(6.00%)	(7.00%)	(8.00%)
34%	3,318	($0.02)	($0.05)	($0.07)	($0.09)	($0.11)	($0.14)	($0.16)	($0.18)

Source: Company Reports and Oppenheimer & Co. Inc.

Based on losses of 4.00% we see combined losses for our banks of ~$16b. We note that BAC has the highest exposure with $118b of home equity loans. JPM follows with $95b and WFC is third with $84b, with $12b in its liquidating portfolio and $72b in its traditional portfolio.

On an after tax EPS basis, WB has the most downside exposure to its home equity portfolio with losses of $0.81 per share if losses are 4.00%. JPM and BAC follow with estimated losses of $0.72 and $0.70, respectively, at the 4.00% loss rate.

Below we present recently quarterly loss curves for the home equity portfolios of our banks. We note that on average, excluding WFC's liquidating portfolio, home equity net charge-offs increased by 62% from 4Q07 to 1Q08. BAC's portfolio deteriorated the most rapidly, by 171% to 1.71% from 0.63%.

Exhibit 9. Home Equity NCOs

Home Equity	4Q07	1Q08	*QoQ Change*
BAC	0.63%	1.71%	*171%*
C	1.38%	1.45%	*5%*
JPM	1.05%	1.89%	*80%*
WB	0.25%	0.47%	*88%*
WFC	1.42%	2.12%	*49%*
Average	0.95%	1.53%	*62%*
WFC Liquidating	4.80%	5.58%	*16%*

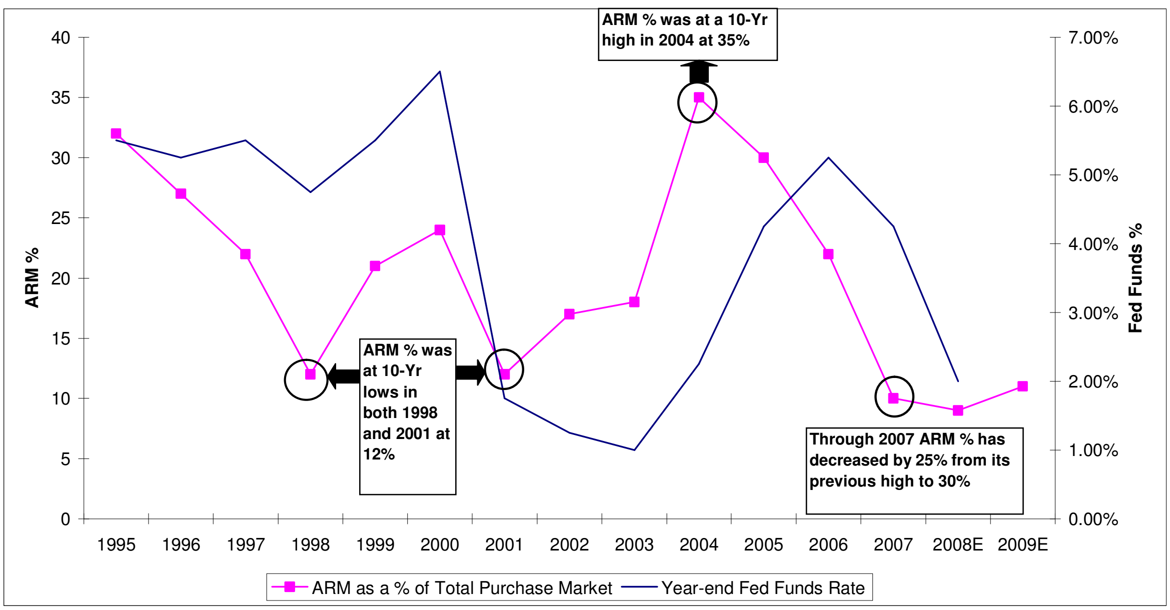
Source: Company reports and Oppenheimer & Co. Inc.

A Different Kind Of Liquidity Squeeze: The Regulatory Backlash: Overcompensating For The Great Mortgage Gaffe

After suffering endless blame for their role in the greatest housing bubble in this country's history, regulators are mindful of past mistakes made and actively trying to prevent new ones. A clear example of this is the speedy and united support of The Proposal on Unfair and Deceptive Lending Practices which was posted in the Federal Registry on May 19. With such a proposal, we believe that the regulators believe they are actually doing what is best for the consumer, however we argue herein that the "unintended consequences" of such actions will at least do a commensurate amount of harm to the economy.

As we show below, the adjustable rate mortgage market was booming during a time of rising rates. We wondered at the time who would take out an adjustable rate product in a rising rate environment. After all, the notion seems counterintuitive. Most would lock in a low rate when faced with prospectively higher rates. We now know, largely the folks that taking out ARM products during 2005-2007 were those that could not otherwise afford a home. Our point here is that this trend was clear for everyone to see, mistakes were made, and now we believe regulators will try to make up for past mistakes.

Exhibit 10. ARM Market



2008 and 2009 are estimates from the Mortgage Bankers Association

Source: Mortgage Bankers Association, Federal Reserve, and Oppenheimer & Co. Inc.

Proposal On Unfair And Deceptive Practices

"We believe that if the legislation is adopted in its current form, some of its provisions would have negative, unintended consequences for consumers." – Testimony of Larry Sharnak, Executive Vice President and General Manager, Consumer Cards American Express

We believe the entire credit card industry is about to face a "game changing" regulatory environment in which the current economics of the business will decline to such levels that lenders will ultimately choose to provide credit lines to far few customers. In fact, we expect that ultimately greater than $2 trillion of credit card lines will be reduced, lowering the total available credit to US consumers by more than 45%.

Timing: On May 19, a proposal from the Federal Reserve, Office of Thrift Supervision, and National Credit Union Administration was posted on the Federal Registry and the formal 75 day comment period began. After comments are considered, collaborative consortium anticipated making the rule final by the end of the year. In our opinion, the greatest variable here is the timing of implementation rather than the surety of implementation.

Probability: After the regulators have caught seemingly endless blame for the obvious gaffes in their role in the housing bubble, we believe extra attention will be afforded to easing pressure on the consumer related to unfair credit card regulations. We believe the regulators believe wholeheartedly that the adoption of these proposed rules will actually provide relief to consumers, and therefore we view the probability of adoption in or near to current form as high.

Consequence: While we believe the regulators are spot on with their intention of stomping out abusive lending practices to consumers, however, like AXP's Larry Sharnak's quote above suggests, we believe a clear "unintended" consequence will be higher borrowing rates and less credit available to consumers. Without a doubt, we believe the profitability of credit card lending will decline meaningfully, but we also believe lower liquidity will drive higher consumer defaults across all consumer loan product buckets.

Below we present a summary of the most important aspects of the proposals. Ultimately, we believe an inability to maintain pricing power on an unsecured loan will result in dramatic reduction of risk taking or credit lines outstanding. Such a reduction in lines outstanding will strain credit quality not just for credit card loans but we believe for all consumer loans.

Exhibit 11. Proposal On Unfair And Deceptive Practices

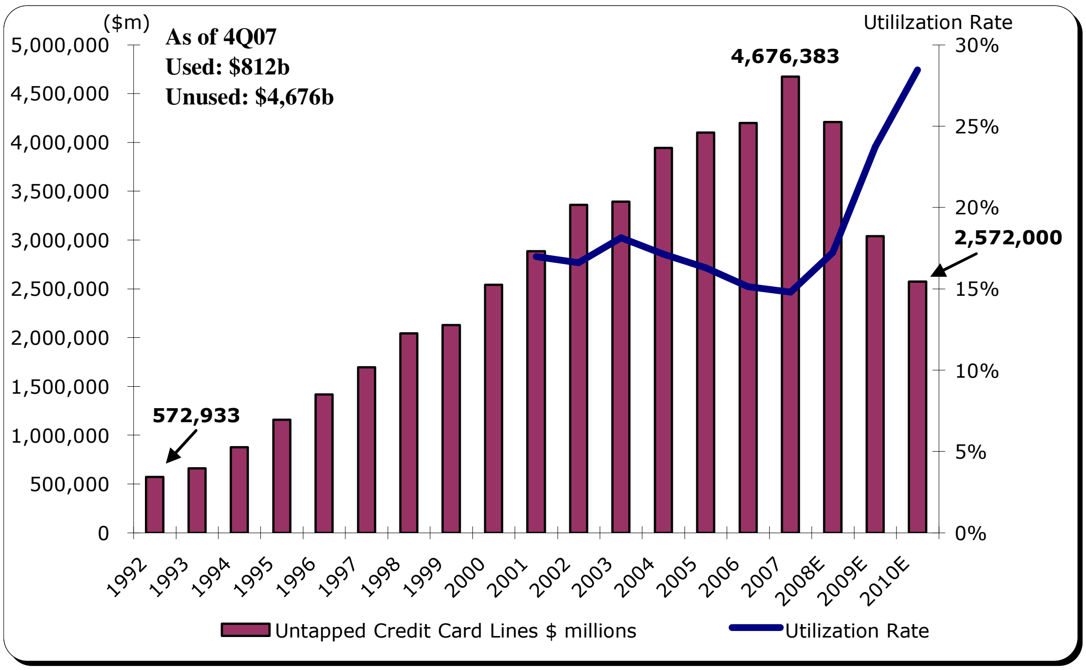
Proposal	Explanation	Impact
Unfair time periods for making payments →	Minimum of 21 days to make a payment →	Lower late fees
Unfair payment allocations →	Highest interest rate balances paid first →	Elimination of teaser programs leads to slower account growth
Unfair interest rate increases on outstanding balances →	Limited repricing ability →	Lack of pricing power will cause higher rates and fewer lines available to consumers
Elimination of over limit fees →		Lower fees

Source: OTS and Oppenheimer & Co. Inc.

Credit Card Liquidity Squeeze

Currently, there are roughly $5.5 trillion in credit card lines outstanding, with over $800 billion actually used and $4.7 trillion unused. As a result of the proposed regulatory changes, we believe deteriorating economics for the lenders will cause said lenders to pull over $2 trillion in outstanding lines by 2010. In other words, we expect available consumer liquidity in the form or credit card lines to decline by 45% by 2010.

Exhibit 12. Credit Card Utilization Data



Source: FDIC and Oppenheimer & Co. Inc.

Below we present estimates for both unused lines and used lines for 2008, 2009, and 2010. For the next three years we increase used lines at a rate of 8% year, which gives increase from 2007 of 8%, 17%, and 26%. For unused lines, we estimate reductions from 2007 levels of 10% in 2008, 35% in 2009, and 45% in 2010.

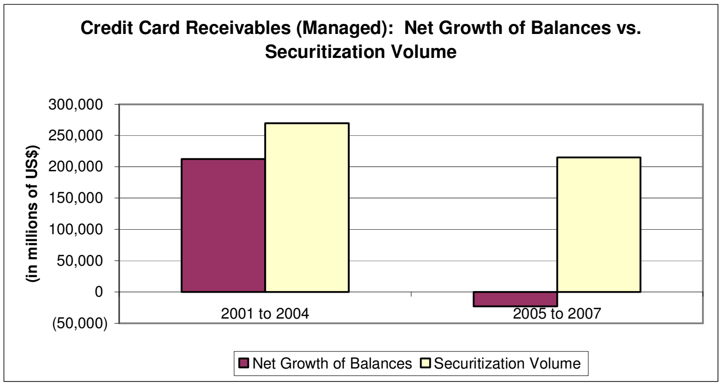
Credit Card Lines ($b)	2007	2008E	2009E	2010E
Used Lines	812	877	947	1,023
Unused Lines	4,676	4,209	3,040	2,572
Utilization Rate	15%	17%	24%	28%
% Change from 2007				
Used Lines	9%	8%	17%	26%
Unused Lines	11%	-10%	-35%	-45%
Total Liquidity Removed From System ($b)	NA	468	1,637	2,104

Source: FDIC and Oppenheimer & Co. Inc.

By the end of 2010, we estimate a credit card utilization rate of ~28%, and over ~$2.0 trillion in reduced credit lines.

The Credit Card Sector: While Securitizations Are More Expensive, Liquidity In That Segment of The Market Remains; However The Industry Is Less Reliant on Securitization For Liquidity

Exhibit 13. Credit Card



Quarterly Average Securitization Volume ($m)	
1991 to 1995	6,975
1996 to 2000	13,873
2001 to 2004	16,846
2005 to 2007	17,908
4Q07	23,065
1Q08	28,764

	Level ($M)		YoY Change ($M)		YoY Change		Securitization
Year	Net Growth of Balances	Securitization Volume	Net Growth of Balances	Securitization Volume	Net Growth of Balances	Securitization Volume	as X Balance Sheet
2001 to 2004	212,247	269,532	150,726	179,941	NA	NA	1.3x
2005 to 2007	(23,372)	214,899	(235,619)	(54,633)	-111%	-20%	-9.2x
4Q07	42,637	23,065	113%	17%	NM	86%	0.5x

Net Growth on balance sheet is for all commercial and savings institutions per SNL Financial.

Source: Dealogic, SNL Financial, and Oppenheimer & Co. Inc.

We show the above tables to provide relative context to the mortgage and home equity segments, but place less importance on the securitization market on overall consumer liquidity. We believe the impending regulatory changes will have far greater an impact on the card market and overall consumer liquidity than a slowdown in securitization.

From 1991 to 1995, quarterly average credit card securitization volume was $7.0b. This increased to $13.9b in 1996 to 2000. From 2001 to 2004, the quarterly average securitization volume was $16.9b and from 2005 to 2007 it was $17.9b. Despite the difficulties in the securitization market, the credit card securitization peak in the 2000s was reached in the first quarter of 2008 at $28.8 billion.

Comparing credit card on balance sheet growth with securitizations, from 2001 to 2004 credit card securitizations were $270b, 1.3x the $212b in on balance sheet credit card loan growth. From 2005 to 2007, securitization volume was $215b while on balance sheet credit card loans decreased by $23b.

Despite the reduction in securitization volume in other asset classes, credit card securitization in the past two quarters has actually been higher than the quarterly average from 2005 to 2007. Credit card securitizations were $29b in 1Q08 and $23b in 4Q07, above the 2005 to 2007 quarterly average of $18b and the 2001 to 2004 average of $17b.

Sensitivity Analysis

Below we present sensitivity analysis regarding the managed credit card portfolios for our banks. We use 1Q08 loan balances and share counts to derive estimated losses for the portfolios, and assume a tax rate of 34% to calculate after-tax EPS impact. We note that the most recent data available for WB is as of 4Q07.

Exhibit 14. Managed Credit Card Portfolios

Company	Cards (managed) ($b)	As-of:	Sensitivity Analysis of Card Losses at Loss Rates ($m) (4.50%)	(5.00%)	(5.50%)	(6.00%)	(6.50%)	(7.00%)	(7.50%)	(8.00%)
BAC	184	1Q08	(8,269)	(9,188)	(10,107)	(11,025)	(11,944)	(12,863)	(13,782)	(14,701)
C	194	1Q08	(8,726)	(9,695)	(10,665)	(11,634)	(12,604)	(13,573)	(14,543)	(15,512)
JPM	151	1Q08	(6,791)	(7,545)	(8,300)	(9,054)	(9,809)	(10,563)	(11,318)	(12,072)
WB	2	4Q07	(90)	(100)	(110)	(120)	(130)	(140)	(150)	(160)
WFC	19	1Q08	(840)	(934)	(1,027)	(1,121)	(1,214)	(1,307)	(1,401)	(1,494)
Total	549		($24,715)	($27,462)	($30,208)	($32,954)	($35,700)	($38,446)	($41,192)	($43,939)

Company	Effective Tax Rate	Avg Diluted Shares (in millions)	Sensitivity Analysis of After-Tax Impact to EPS of Card Losses (4.50%)	(5.00%)	(5.50%)	(6.00%)	(6.50%)	(7.00%)	(7.50%)	(8.00%)
BAC	34%	4,461.2	($1.22)	($1.36)	($1.50)	($1.63)	($1.77)	($1.90)	($2.04)	($2.17)
C	34%	5,085.6	($1.13)	($1.26)	($1.38)	($1.51)	($1.64)	($1.76)	($1.89)	($2.01)
JPM	34%	3,494.7	($1.28)	($1.42)	($1.57)	($1.71)	($1.85)	($1.99)	($2.14)	($2.28)
WB	34%	1,963.0	($0.03)	($0.03)	($0.04)	($0.04)	($0.04)	($0.05)	($0.05)	($0.05)
WFC	34%	3,317.9	($0.17)	($0.19)	($0.20)	($0.22)	($0.24)	($0.26)	($0.28)	($0.30)

Source: Company Reports, and Oppenheimer & Co. Inc.

On a managed card portfolio basis, C has the largest portfolio with $194b in exposure, followed by BAC at $184b and JPM at $151b. Based on losses of 6.00% we estimate losses for our universe of $33b.

On an after-tax EPS basis, JPM has the largest downside with estimated losses of $1.71 at losses of 6.00%. BAC follows closely at $1.63, with C at $1.51.

Below we present recently quarterly loss curves for the managed cards portfolios of our banks. We note that on average, card net charge-offs increased by 12% from 4Q07 to 1Q08. WFC and C's international cards portfolio deteriorated the most rapidly, with NCOs up 18% from 4Q07 to 1Q08.

Exhibit 15. Managed Cards NCOs

Cards (managed)	4Q07	1Q08	*QoQ Change*
BAC	4.75%	5.19%	*9%*
C (US cards)	4.55%	4.63%	*2%*
C (Int'l cards)	4.22%	4.99%	*18%*
JPM	3.89%	4.37%	*12%*
WB	NA	NA	*NA*
WFC	5.01%	5.89%	*18%*
Average	4.48%	5.01%	*12%*

Source: Company reports and Oppenheimer & Co. Inc.

Summary: It Is Far From Over

We believe the real harrowing days of the credit crisis are still in front of us and will prove more widespread in effect than anything yet seen. Just as strained liquidity pushed so many small and mid-sized specialty finance companies to beyond the brink, we believe it will do the same with the US consumer. As we set forth in this report, we believe the strained liquidity resulting from shut down in the securitization market but also strained liquidity resulting as what we believe to be an unintended consequence of dramatic regulatory changes set to take affect by the end of the year.

From 1991 to 2007, securitizations evolved from a footnote in the consumer loan origination market to peaking at 66% of household borrowings in 1Q07. The rise of securitization flooded the market with liquidity. Investors wanted yield and lax lenders were happy to package up poorly underwritten loans and provide it to them. Originators enjoyed fees from securitizations, servicing rights, and minimal residual exposure to the securitized product. Lenders were unconcerned with the credit quality of borrowers; after all they did not suffer the losses if the loans went bad, the holders of the securitized products did.

Borrowers enjoyed immense liquidity as loans were incredibly easy to obtain, as originators competed for the business and the subsequent securitization revenues. This process epitomized the phrase “a rolling loan gathers no loss,” as borrowers were consistently able to cash out their equity in homes through refinancing, avoiding any unfavorable, post introductory interest rates or terms.

With securitizations down sharply over the past two quarters, liquidity has effectively been vacuumed out of the system. Loans are now originated and held by banks on a local basis, and more stringent lending standards are a result of the lack of competition from securitizing originators.

Not only are lending standards tougher, but banks have very limited capital in the current environment. Beyond the capital raises of the largest banks, which are largely due to writedowns, regional banks are raising capital and in some cases reducing dividends due to higher losses on their loan portfolio. Rapidly accelerating losses are forcing sharply higher loan provisions as banks build reserves. Ironically, some banks including BAC were releasing loan loss reserves as recently as 1Q07. Due to rising losses, banks can’t lend as aggressively as they might like; they have to preserve capital as reserves for future loan losses.

Provision and Reserve Builds

Below we present historical and our estimate for future loan loss provisions for our banks. We note that 2007 saw a 126% increase in provision to ~$40b from ~$18b in 2006. In 1Q08 we saw $21b in provisions, over half of the total from 2007. For 2008, we estimate an increase of 122% from 2007, to $88b, and for 2009 we estimate $96b in provisions, an increase of 9% from our 2008 estimates.

We note that our provision estimates of $88b in 2008 and $96b in 2009 are larger than the ~$73b in write-downs seen by our companies to date.

Exhibit 16. Provisions

Provisions for Credit Losses					Write-downs To Date
($m)	2006	2007	2008E	2009E	
BAC	5,010	8,385	20,413	22,136	(9,022)
YoY Change		*67%*	*143%*	*8%*	
C	6,744	17,421	25,382	29,518	(38,200)
YoY Change		*158%*	*46%*	*16%*	
JPM	3,270	6,864	23,217	28,281	(5,291)
YoY Change		*110%*	*238%*	*22%*	
WB	434	2,261	6,228	6,329	(4,973)
YoY Change		*421%*	*175%*	*2%*	
WFC	2,204	4,939	13,080	9,920	
YoY Change		*124%*	*165%*	*(24%)*	
Total	17,662	39,870	88,320	96,184	(73,976)
YoY Change		*126%*	*122%*	*9%*	

Source: Company Reports and Oppenheimer & Co. Inc.

Below we present the reserve builds that our banks made in 1Q08. Reserve build is defined as the difference between the loan loss provision and net charge-offs. While oftentimes the ratio of the loan loss allowance to loans is the main area of focus, we also emphasize the amount of the reserve build as this is the amount that banks have put away for future losses.

In sum, our banks and COF built reserves by $10,640m in 1Q08, a 14% greater build than $9,339m in 4Q07. The sharp increases in the reserve builds in the past three quarters highlight further the fact that some banks like BAC in 1Q07 and COF in 1Q07 and 2Q07 actually released reserves in 2007.

Exhibit 17. Reserve Builds

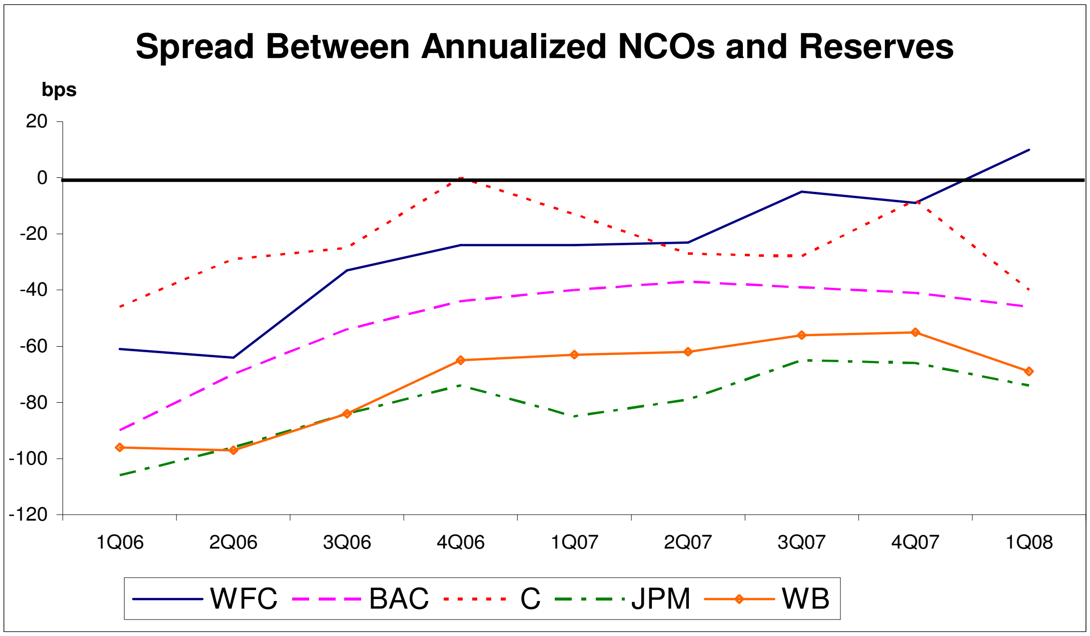
Reserve Build ($ millions)	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	QoQ%	YoY%
Bank of America Corporation	(192)	315	457	1,325	3,295	149%	nm
Capital One Financial Corporation	(80)	(4)	116	644	312	-52%	nm
Citigroup Inc.	597	465	2,240	3,821	1,949	-49%	226%
JPMorgan Chase & Co.	105	544	564	1,113	2,518	126%	2298%
Wachovia Corporation	22	29	202	1,036	2,066	99%	9291%
Wells Fargo & Company	0	0	0	1,400	500	-64%	nm
AVERAGE	**75**	**225**	**596**	**1,557**	**1,773**	**14%**	**nm**
TOTAL	**452**	**1,349**	**3,579**	**9,339**	**10,640**	**14%**	**nm**
QoQ Change	**-99%**	**198%**	**165%**	**161%**	**14%**		

Source: SNL Financial, Company Reports and Oppenheimer & Co. Inc.

Universe NCO and Spread Analysis

Below we present the spread between annualized NCOs and reserves for our bank universe. In general, the banks have trended upwards, with annualized charge-offs surpassing reserves in the case of WFC by 10bps in 1Q08. JPM had the highest spread at 74bps as of 1Q08.

Exhibit 18. NCO and Reserves Spread



Source: SNL Financial, Company Reports and Oppenheimer & Co. Inc.

Estimates

We are reducing our FY2008 estimates for our banks (BAC, C, JPM, WB, WFC) by an average of 17%. We are reducing our FY2009 estimates for our bank universe by 20%. Our estimates for our bank universe are now 72% below consensus for FY2008 and 37% below consensus for FY2009.

Exhibit 19. Estimates

Firm	FY2007	2Q08E					FY2008E					FY2009E				
		Oppenheimer Prior	Oppenheimer Revised	Chg	First Call	Opco-FC Diff	Oppenheimer Prior	Oppenheimer Revised	Chg	First Call	Opco-FC Diff	Oppenheimer Prior	Oppenheimer Revised	Chg	First Call	Opco-FC Diff
BAC	3.34 A	0.91	0.72	(21%)	0.76	(5%)	3.00	2.50	(17%)	2.80	(11%)	3.95	3.00	(24%)	3.97	(24%)
C	0.72 A	0.20	0.21	5%	0.38	(44%)	(0.45)	(0.58)	(29%)	0.42	(237%)	0.90	0.80	(11%)	2.88	(72%)
JPM	4.38 A	0.72	0.41	(43%)	0.86	(52%)	2.85	1.95	(32%)	3.21	(39%)	3.80	1.95	(49%)	4.06	(52%)
WB	3.44 A	0.62	0.63	2%	0.54	16%	1.70	1.55	(9%)	2.14	(27%)	3.00	2.65	(12%)	2.97	(11%)
WFC	2.38 A	0.27	0.27	0%	0.55	(51%)	1.20	1.20	0%	2.27	(47%)	2.00	1.90	(5%)	2.61	(27%)

* First Call Estimates as-of 5/19/08

Source: FactSet, Company Reports, and Oppenheimer & Co. Inc.

We are reducing our 2Q08 estimate for BAC to $0.72 from $0.91; we are now 5% below consensus of $0.76. We are reducing our FY2008 estimate for BAC to $2.50 from $3.00; we are now 11% below consensus of $2.80. We are reducing our FY2009 estimate for BAC to $3.00 from $3.95; we are now 24% below consensus of $3.97.

Our FY2008 estimate for C goes to a loss of $0.58; we are $1.00 below consensus of a gain of $0.42. We are reducing our FY2009 estimate for C to $0.80 from $0.90; we are now 72% below consensus of $2.88.

We are reducing our 2Q08 estimate for JPM to $0.41 from $0.72; we are now 52% below consensus of $0.86. We are reducing our FY2008 estimate for JPM to $1.95 from $2.85; we are now 39% below consensus of $3.21. We are reducing our FY2009 estimate for JPM to $1.95 from $3.80; we are now 52% below consensus of $4.06.

We are reducing our FY2008 estimate for WB to $1.55 from $1.70; we are now 27% below consensus of $2.14. We are reducing our FY2009 estimate for WB to $2.65 from $3.00; we are now 11% below consensus of $2.97.

Our 2Q08 estimate for WFC is $0.27 and we are 51% below consensus of $0.55. Our FY2008 estimate for WFC is $1.20 and is 47% below consensus of $2.27. We are reducing our FY2009 estimate for WFC to $1.90 from $2.00; we are now 27% below consensus of $2.61.

Valuation

Below we present a comp table for our bank universe. Our FY2008 and FY2009 estimates indicate that banks are getting more expensive on a P/E basis as estimates are lowered. On a FY2008 P/E basis excluding C due to negative earnings in FY2008, WFC is the most expensive at 23.7x followed by JPM at 23.6x. Excluding C, the group's average 2008 P/E is 20.0x. For P/E based on FY2009, C is the most expensive at 28.7x, followed by JPM at 23.6x. The group's average P/E based on our FY2009 estimates is 17.9x, well above the 2003-2007 average forward P/E ratio of 12.0x.

On a price to book basis, WFC is the most expensive at 2.0x followed by BAC and JPM at 1.2x. On a price to tangible book basis, BAC is the most expensive at 2.9x, followed by WFC at 2.8x.

Exhibit 20. Comp Table

	BAC	C	JPM	WB	WFC
Stock Price	36.10	22.99	45.99	27.36	28.48
Opco FY2008 EPS	2.50	-0.58	1.95	1.55	1.20
Opco FY2009 EPS	3.00	0.80	1.95	2.65	1.90
P / Opco FY2008E	14.4x	nm	23.6x	17.7x	23.7x
P / Opco FY2009E	12.0x	28.7x	23.6x	10.3x	15.0x
Consenus FY2008 EPS	2.80	0.42	3.21	2.14	2.27
Consenus FY2009 EPS	3.97	2.88	4.06	2.97	2.61
P / Consenus FY2008E	12.9x	54.2x	14.3x	12.8x	12.5x
P / Consenus FY2009E	9.1x	8.0x	11.3x	9.2x	10.9x
2003-2007 Avg Forward P/E	11.1x	11.8x	11.9x	11.9x	13.5x
Book Value	31.22	20.73	36.94	36.24	14.58
Price / Book	1.2x	1.1x	1.2x	0.8x	2.0x
Tangible Book Value	12.62	10.20	22.38	13.60	10.28
Price / Tangible Book	2.9x	2.3x	2.1x	2.0x	2.8x

Prices as of May 19.
Source: Reuters, SNL Financial, FactSet, Company Reports and Oppenheimer & Co. Inc.

Dividend Payout Ratios

Based on our revised estimates, all of our banks except for JPM and WB are paying out more in dividends then they will earn in 2008. C will likely pay out $1.28 per share despite negative earnings, and BAC and WFC will payout 102% and 103% respectively of their FY2008 EPS.

Based on our revised FY2009 estimates, C continues to pay out more than it earns, with a payout ratio of 160%.

Exhibit 21. Dividend Payout Ratio

	Divident Payout Ratio					
		FY 2007	FY2008 (Based on Oppenheimer EPS Estimates)		FY2009	
Firm	Current Annual Dividend Per Share	Actual	Prior Est.	Revised	Prior Est.	Revised
BAC	2.56	72%	85%	102%	65%	85%
C	1.28	300%	NM	NM	142%	160%
JPM	1.52	33%	53%	78%	40%	78%
WB	1.50	70%	88%	97%	50%	57%
WFC	1.24	50%	103%	103%	62%	65%

Source: SNL Financial, Company Reports and Oppenheimer & Co. Inc.

Oppenheimer & Co. Inc.
BANK OF AMERICA
Income Statement & Balance Sheet

					2007				2008				2009			
(In Millions, Except Per Share Data)	2006A	2007A	2008E	2009E	1QA	2QA	3QA	4QA	1QA	2QE	3QE	4QE	1QE	2QE	3QE	4QE
GAAP Earnings Per Share	$4.59	$3.30	$2.50	$3.00	$1.16	$1.28	$0.82	$0.05	$0.23	$0.72	$0.76	$0.80	$0.73	$0.75	$0.73	$0.80
GAAP EPS Growth	*14%*	*-28%*	*-24%*	*20%*	*9%*	*7%*	*-31%*	*-96%*	*-80%*	*-44%*	*-7%*	*1564%*	*220%*	*5%*	*-4%*	*-1%*
Operating Earnings Per Share	$4.71	$3.34	$2.50	$3.00	$1.17	$1.29	$0.83	$0.05	$0.23	$0.72	$0.76	$0.80	$0.73	$0.75	$0.73	$0.80
Operating EPS Growth	*15%*	*-29%*	*-25%*	*20%*	*9%*	*6%*	*-32%*	*-96%*	*-81%*	*-44%*	*-9%*	*1564%*	*220%*	*5%*	*-4%*	*-1%*
KEY RATIOS (Income Statement)																
Interest Income/Average Earning Assets	6.73%	6.77%	6.15%	6.15%	6.68%	6.72%	6.79%	6.87%	6.15%	6.15%	6.15%	6.15%	6.15%	6.15%	6.15%	6.15%
Interest Expense/Average Earning Liabilities	3.53%	3.87%	3.13%	3.20%	3.76%	3.83%	3.92%	3.94%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%
Net Interest Spread	3.20%	2.90%	3.02%	2.95%	2.92%	2.89%	2.87%	2.93%	3.01%	3.02%	3.02%	3.02%	3.02%	3.02%	3.02%	3.02%
Total Service Charges/Deposits	1.2%	1.1%	1.2%	1.2%	1.2%	1.3%	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Card Income/Avg. Card Portfolio	12.36%	7.95%	7.87%	7.79%	8.06%	8.49%	8.37%	8.04%	7.92%	7.90%	7.90%	7.90%	7.90%	7.90%	7.90%	7.90%
Mortgage Income/Avg. Servicing Portfolio	0.65%	0.90%	1.74%	1.74%	0.25%	0.16%	0.16%	0.39%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%
Investment Banking Fee Growth	24.84%	1.21%	-26.40%	-8.94%	27.35%	26.47%	-23.73%	-21.61%	-25.39%	-45.00%	0.00%	-20.00%	0.00%	0.00%	0.00%	5.00%
Investment & Brokerage Srvs/Net Client Assets	0.57%	0.54%	0.59%	0.59%	0.58%	0.59%	0.55%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Compensation Expense/Revenues	24.94%	28.35%	25.84%	24.50%	27.77%	24.22%	26.18%	38.38%	28.17%	25.50%	25.00%	25.00%	24.50%	24.50%	24.50%	24.50%
Noncompensation Expense/Revenues	23.81%	27.60%	24.17%	22.36%	22.51%	22.27%	27.47%	43.42%	26.64%	23.00%	23.00%	21.50%	23.00%	22.50%	22.50%	21.45%
Noninterest Income/Net Revenues	52.63%	47.94%	46.86%	48.89%	54.30%	57.13%	45.89%	27.06%	40.45%	48.03%	48.77%	49.35%	48.46%	48.84%	48.94%	49.31%
Tax Rate	33.90%	28.40%	33.15%	33.00%	32.83%	33.48%	30.96%	129.29%	32.70%	33.20%	33.20%	33.20%	33.00%	33.00%	33.00%	33.00%
INCOME STATEMENT																
Interest and Fees on Loans and Leases	48,274	55,681	14,415	-	12,884	13,323	14,111	15,363	14,415	-	-	-	-	-	-	-
Interest and Dividends on Securities	11,655	9,784	2,774	-	2,380	2,332	2,334	2,738	2,774	-	-	-	-	-	-	-
Fed. Funds Sold & Securities Purchased for Resell	7,823	7,722	1,208	-	1,979	2,156	1,839	1,748	1,208	-	-	-	-	-	-	-
Trading Account Assets	7,232	9,417	2,364	-	2,273	2,267	2,519	2,358	2,364	-	-	-	-	-	-	-
Other Interest Income	3,601	4,700	1,098	-	1,044	1,154	1,230	1,272	1,098	-	-	-	-	-	-	-
Total Interest Income	78,585	87,304	87,396	89,557	20,560	21,232	22,033	23,479	21,859	21,807	21,760	21,970	22,223	22,333	22,382	22,620
Deposits	14,480	18,093	4,588	-	4,034	4,261	4,545	5,253	4,588	-	-	-	-	-	-	-
Short-Term Borrowings	19,840	21,975	4,142	-	5,318	5,537	5,521	5,599	4,142	-	-	-	-	-	-	-
Trading Account Liabilities	2,640	3,444	840	-	892	821	906	825	840	-	-	-	-	-	-	-
Long-Term Debt	7,034	9,359	2,298	-	2,048	2,227	2,446	2,638	2,298	-	-	-	-	-	-	-
Total Interest Expense	43,994	52,871	47,909	49,076	12,292	12,846	13,418	14,315	11,868	11,921	12,009	12,111	12,169	12,210	12,295	12,401
Net Interest Income	34,591	34,433	39,486	40,482	8,268	8,386	8,615	9,164	9,991	9,885	9,751	9,859	10,054	10,123	10,086	10,219
Card Income	14,290	14,077	14,776	15,135	3,333	3,558	3,595	3,591	3,639	3,673	3,672	3,791	3,720	3,765	3,764	3,886
Total Service Charges	8,224	8,908	9,797	10,353	2,072	2,200	2,221	2,415	2,397	2,434	2,454	2,512	2,528	2,573	2,595	2,656
Investment and Brokerage Services	4,456	5,147	5,442	5,669	1,149	1,193	1,378	1,427	1,340	1,346	1,364	1,392	1,403	1,414	1,419	1,433
Investment Banking Income	2,317	2,345	1,726	1,572	638	774	389	544	476	426	389	435	300	426	389	457
Equity Investment Gain/Losses	3,078	4,064	1,954	1,244	1,014	1,829	904	317	1,054	300	300	300	320	302	320	302
Trading Account Profits	3,180	(5,131)	(583)	2,000	872	890	(1,457)	(5,436)	(1,783)	400	400	400	500	500	500	500
Mortgage Banking Income	541	902	1,838	1,953	213	148	155	386	451	458	454	476	482	485	481	504
Other Income	2,346	1,394	(137)	800	534	583	122	155	(787)	100	250	300	200	200	200	200
Noninterest Income	38,432	31,706	34,813	38,725	9,825	11,175	7,307	3,399	6,787	9,137	9,283	9,606	9,454	9,665	9,667	9,939
Net Revenues	73,023	66,139	74,299	79,207	18,093	19,561	15,922	12,563	16,778	19,022	19,034	19,465	19,507	19,788	19,754	20,157
Provision for Credit Losses	5,010	8,385	20,413	22,136	1,235	1,810	2,030	3,310	6,010	4,870	4,652	4,881	5,386	5,490	5,649	5,611
Gains on Sales of Securities	(443)	180	263	50	62	2	7	109	225	13	13	13	13	13	13	13
Personnel	18,211	18,753	19,201	19,406	5,025	4,737	4,169	4,822	4,726	4,851	4,758	4,866	4,779	4,848	4,840	4,939
Occupancy	2,826	3,038	849	-	713	744	754	827	849	-	-	-	-	-	-	-
Equipment	1,329	1,391	396	-	350	332	336	373	396	-	-	-	-	-	-	-
Marketing	2,336	2,356	637	-	555	537	552	712	637	-	-	-	-	-	-	-
Professional Fees	1,078	1,174	285	-	229	283	258	404	285	-	-	-	-	-	-	-
Amortization of Intangibles	1,755	1,676	446	-	389	391	429	467	446	-	-	-	-	-	-	-
Data Processing	1,732	1,962	563	-	437	472	463	590	563	-	-	-	-	-	-	-
Telecommunications	945	1,013	260	-	251	244	255	263	260	-	-	-	-	-	-	-
Other General Operating	4,580	5,237	13,801	17,707	1,037	1,278	1,243	1,679	863	4,375	4,378	4,185	4,487	4,452	4,445	4,324
Merger and Restructuring Charges	805	410	720	-	111	75	84	140	170	150	200	200	-	-	-	-
Total Noninterest Expense	35,597	37,010	37,158	37,113	9,097	9,093	8,543	10,277	9,195	9,376	9,336	9,251	9,266	9,300	9,284	9,262
Income Before Income Taxes	31,973	20,924	16,990	20,008	7,823	8,660	5,356	(915)	1,798	4,789	5,058	5,345	4,868	5,011	4,833	5,296
Income Tax Expense	10,840	5,942	5,632	6,603	2,568	2,899	1,658	(1,183)	588	1,590	1,679	1,775	1,606	1,653	1,595	1,748
Dilution	22	182	190	-	46	40	43	53	190	-	-	-	-	-	-	-
Reported Net Income	21,133	14,982	11,359	13,405	5,255	5,761	3,698	268	1,210	3,199	3,379	3,571	3,262	3,357	3,238	3,548
One Time Items	533	175	0	0	75	50	50						0	0	0	0
Operating Earnings	**21,644**	**14,975**	**11,169**	**13,405**	**5,284**	**5,771**	**3,705**	**215**	**1,020**	**3,199**	**3,379**	**3,571**	**3,262**	**3,357**	**3,238**	**3,548**
	49%	56%	50%	47%												
Dividend	$2.12	$2.40	$2.56	$2.56	$0.56	$0.56	$0.64	$0.64	$0.64	$0.64	$0.64	$0.64	$0.64	$0.64	$0.64	$0.64

Source: Company reports and Oppenheimer Co. Inc.

See pages 30 - 32 for important disclosures

Oppenheimer & Co. Inc.
BANK OF AMERICA
Income Statement & Balance Sheet

					2007				2008				2009			
(In Millions, Except Per Share Data)	**2006A**	**2007A**	**2008E**	**2009E**	**1QA**	**2QA**	**3QA**	**4QA**	**1QA**	**2QE**	**3QE**	**4QE**	**1QE**	**2QE**	**3QE**	**4QE**
GAAP Earnings Per Share	**$4.59**	**$3.30**	**$2.50**	**$3.00**	**$1.16**	**$1.28**	**$0.82**	**$0.05**	**$0.23**	**$0.72**	**$0.76**	**$0.80**	**$0.73**	**$0.75**	**$0.73**	**$0.80**
GAAP EPS Growth	***14%***	***-28%***	***-24%***	***20%***	***9%***	***7%***	***-31%***	***-96%***	***-80%***	***-44%***	***-7%***	***1564%***	***220%***	***5%***	***-4%***	***-1%***
Operating Earnings Per Share	**$4.71**	**$3.34**	**$2.50**	**$3.00**	**$1.17**	**$1.29**	**$0.83**	**$0.05**	**$0.23**	**$0.72**	**$0.76**	**$0.80**	**$0.73**	**$0.75**	**$0.73**	**$0.80**
Operating EPS Growth	***15%***	***-29%***	***-25%***	***20%***	***9%***	***6%***	***-32%***	***-96%***	***-81%***	***-44%***	***-9%***	***1564%***	***220%***	***5%***	***-4%***	***-1%***
Common Shares Outstanding	4,527	4,424	4,428	4,428	4,433	4,419	4,421	4,422	4,428	4,428	4,428	4,428	4,428	4,428	4,428	4,428
Diluted Shares Outstanding	4,596	4,480	4,461	4,461	4,497	4,477	4,476	4,470	4,461	4,461	4,461	4,461	4,461	4,461	4,461	4,461
Book Value	$27.91	$32.09	$32.03	$32.48	$29.74	$29.95	$30.45	$32.09	$31.22	$31.30	$31.41	$31.57	$31.67	$31.78	$31.86	$32.02
Tangible Book Value	$15.15	$15.46	$18.02	$18.47	$14.94	$15.11	$15.25	$14.62	$13.73	$17.74	$17.86	$18.02	$18.11	$18.22	$18.31	$18.47
Payout Ratio	45.0%	71.8%	102.3%	85.2%	47.7%	43.4%	77.3%	1330.6%	279.9%	89.2%	84.5%	80.0%	87.5%	85.0%	88.2%	80.5%
ROE	16.3%	10.2%	7.1%	8.4%	16.2%	17.6%	11.0%	0.6%	2.9%	8.2%	8.6%	9.0%	8.2%	8.5%	8.1%	8.9%
ROA	1.4%	0.9%	0.6%	0.8%	1.4%	1.5%	0.9%	0.1%	0.3%	0.7%	0.8%	0.8%	0.7%	0.8%	0.7%	0.8%
Efficiency Ratio	47.9%	56.0%	50.0%	46.9%	50.3%	46.5%	53.7%	81.8%	54.8%	49.3%	49.1%	47.5%	47.5%	47.0%	47.0%	46.0%
BALANCE SHEET																
Assets:																
Cash and Cash Equivalents	36,429	42,531	42,500	42,500	31,549	35,499	34,956	42,531	40,512	42,500	42,500	42,500	42,500	42,500	42,500	42,500
Time Deposits and Other Short-Term Investments	13,952	11,773	11,700	11,700	12,037	13,151	8,829	11,773	8,807	11,700	11,700	11,700	11,700	11,700	11,700	11,700
Fed. Funds Sold and Sec. Purchased for Resell	135,478	129,552	121,000	121,000	138,646	131,658	135,150	129,552	120,289	121,000	121,000	121,000	121,000	121,000	121,000	121,000
Trading Account Assets	153,052	162,064	165,000	175,000	174,218	182,404	179,365	162,064	165,693	165,000	165,000	165,000	165,000	165,000	165,000	175,000
Derivative Assets	23,439	34,662	30,000	30,000	25,279	29,810	30,843	34,662	50,925	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Available For Sale Securities	192,806	213,330	215,000	215,000	180,961	172,332	176,778	213,330	223,000	215,000	215,000	215,000	215,000	215,000	215,000	215,000
Held to Maturity Securities	40	726	525	525	925	995	518	726	-	525	525	525	525	525	525	525
Total Securities	192,846	214,056	215,525	215,525	181,886	173,327	177,296	214,056	223,000	215,525	215,525	215,525	215,525	215,525	215,525	215,525
Loans and Leases:	706,490	876,344	910,016	946,326	723,633	758,635	793,537	876,344	873,870	882,097	895,264	910,016	928,353	924,820	935,196	946,326
Allowance for loan and lease losses	(9,016)	(11,588)	(16,891)	(17,891)	(8,732)	(9,060)	(9,535)	(11,588)	(14,891)	(16,391)	(16,891)	(16,891)	(17,141)	(17,391)	(17,641)	(17,891)
Total Loans and Leases	697,474	864,756	893,125	928,435	714,901	749,575	784,002	864,756	858,979	865,706	878,373	893,125	911,212	907,429	917,555	928,435
Premises and Equipment, Net	9,255	11,240	11,240	11,240	9,271	9,482	9,762	11,240	11,297	11,240	11,240	11,240	11,240	11,240	11,240	11,240
Mortgage Servicing Rights	3,045	3,347	3,500	3,500	3,141	3,508	3,417	3,347	3,470	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Goodwill	65,662	77,530	77,500	77,500	65,696	65,845	67,433	77,530	77,872	77,500	77,500	77,500	77,500	77,500	77,500	77,500
Core Deposit Intangibles and Other Intangibles	9,422	10,296	10,200	10,200	9,217	8,720	9,635	10,296	9,821	10,200	10,200	10,200	10,200	10,200	10,200	10,200
Other Assets	119,683	153,939	155,000	155,000	136,316	131,380	138,075	153,939	165,837	155,000	155,000	155,000	155,000	155,000	155,000	155,000
Total Assets	1,459,737	1,715,746	1,736,290	1,781,600	1,502,157	1,534,359	1,578,763	1,715,746	1,736,502	1,708,871	1,721,538	1,736,290	1,754,377	1,750,594	1,760,720	1,781,600
		-														
Liabilities:																
Domestic Noninterest Bearing Deposits	180,231	188,466	209,533	218,074	174,082	172,573	165,343	188,466	193,789	194,772	204,613	209,533	207,383	211,161	212,957	218,074
Domestic Interest Bearing	418,100	501,882	529,851	554,805	425,197	422,201	434,728	501,882	506,062	518,542	515,477	529,851	523,569	534,606	539,856	554,805
Foreign Noninterest Bearning	4,577	3,761	4,000	4,000	3,346	3,006	3,950	3,761	3,333	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Foreign Interest Bearing	90,589	111,068	94,000	94,000	90,176	101,629	95,201	111,068	93,885	94,000	94,000	94,000	94,000	94,000	94,000	94,000
Total Deposits	**693,497**	**805,177**	**837,384**	**870,879**	**692,801**	**699,409**	**699,222**	**805,177**	**797,069**	**811,314**	**818,090**	**837,384**	**828,952**	**843,767**	**850,813**	**870,879**
Fed. Funds Sold and Sec. Sold for Repurchase	217,527	221,435	220,000	220,000	234,413	221,064	199,293	221,435	219,738	220,000	220,000	220,000	220,000	220,000	220,000	220,000
Trading Account Liabilities	67,670	77,342	76,000	76,000	77,289	75,070	87,155	77,342	76,032	76,000	76,000	76,000	76,000	76,000	76,000	76,000
Derivative Liabilities	16,339	22,423	30,000	30,000	17,946	25,141	19,012	22,423	29,170	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Commercial Paper & Other Short-Term Borrowings	141,300	191,089	191,000	195,000	156,844	159,542	201,155	191,089	190,856	191,000	191,000	191,000	195,000	195,000	195,000	195,000
Accrued Expenses and Other Liabilities	42,132	53,969	21,014	26,844	35,446	49,065	48,932	53,969	64,528	20,903	26,272	21,014	43,127	24,027	26,723	26,844
Long-Term Debt	146,000	197,508	203,000	203,000	152,562	169,317	185,484	197,508	202,800	203,000	203,000	203,000	203,000	203,000	203,000	203,000
Trust Preferred Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	1,324,465	1,568,943	1,578,398	1,621,724	1,367,301	1,398,608	1,440,253	1,568,943	1,580,193	1,552,218	1,564,362	1,578,398	1,596,078	1,591,794	1,601,537	1,621,724
Total Shareholders' Equity	135,272	146,803	157,892	159,877	134,856	135,751	138,510	146,803	156,309	156,653	157,176	157,892	158,298	158,800	159,183	159,877

Source: Company reports and Oppenheimer Co. Inc.

![OPPENHEIMER]

Oppenheimer & Co.
CITIGROUP
Financial Statements

					2007				2008				2009			
($ millions, except per share data)	2006A	2007A	2008E	2009E	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Operating Earnings Per Share	$4.25	$0.72	($0.58)	$0.80	$1.01	$1.24	$0.44	($1.99)	($1.02)	$0.21	$0.11	$0.13	$0.17	$0.21	$0.18	$0.24
Operating EPS Growth	*11%*	*-83%*	*-180%*	*-239%*	*-9%*	*18%*	*-59%*	*-294%*	*-202%*	*-83%*	*-75%*	*-106%*	*-116%*	*1%*	*69%*	*90%*
GAAP Earnings Per Share	$4.31	$0.72	($0.58)	$0.80	$1.01	$1.24	$0.44	($1.99)	($1.02)	$0.21	$0.11	$0.13	$0.17	$0.21	$0.18	$0.24
GAAP EPS Growth	*-9%*	*-83%*	*-180%*	*-239%*	*-10%*	*18%*	*-60%*	*-294%*	*-202%*	*-83%*	*-75%*	*-106%*	*-116%*	*1%*	*69%*	*90%*
SEGMENT CORE NET INCOME																
GLOBAL CONSUMER																
U.S Cards	3,890	2,873	2,358	2,187	897	726	852	398	595	632	566	565	562	556	536	533
U.S. Retail Distribution	2,027	1,343	536	850	388	453	257	245	101	110	166	159	188	181	247	234
U.S. Consumer Lending	1,912	(626)	(2,986)	(4,384)	359	441	(227)	(1,199)	(476)	(516)	(831)	(1,163)	(1,032)	(1,091)	(1,117)	(1,144)
U.S. Commercial Business	561	384	338	350	81	128	86	89	59	94	93	91	87	88	88	87
Total U.S. Consumer	*8,390*	*3,974*	*245*	*(996)*	*1,725*	*1,748*	*968*	*(467)*	*279*	*319*	*(5)*	*(349)*	*(194)*	*(266)*	*(246)*	*(289)*
International Cards	1,137	2,013	1,574	1,472	388	351	647	627	703	308	285	278	340	364	360	409
International Consumer Finance	40	(508)	(584)	(541)	25	(6)	(320)	(207)	(168)	(132)	(138)	(146)	(138)	(134)	(134)	(135)
International Retail Banking	2,840	2,688	2,793	3,165	540	671	552	925	728	678	677	710	752	772	791	849
Total International Consumer	*4,017*	*4,193*	*3,783*	*4,096*	*953*	*1,016*	*879*	*1,345*	*1,263*	*854*	*824*	*842*	*954*	*1,002*	*1,017*	*1,122*
Other	(351)	(433)	(333)	(300)	(85)	(91)	(100)	(157)	(108)	(75)	(75)	(75)	(75)	(75)	(75)	(75)
Total Global Consumer	**12,056**	**7,734**	**3,695**	**2,800**	**2,593**	**2,673**	**1,747**	**721**	**1,434**	**1,098**	**744**	**419**	**685**	**661**	**696**	**758**
MARKETS & BANKING																
Securities & Banking	5,763	(7,478)	(7,966)	(1,031)	2,211	2,166	(255)	(11,600)	(6,401)	(470)	(713)	(383)	(434)	(139)	(363)	(94)
Transaction Services	1,426	2,223	2,502	2,411	449	516	591	667	732	581	585	604	593	597	601	620
Other	(62)	136	(2)	-	1	173	(20)	(18)	(2)	-	-	-	-	-	-	-
Total Markets & Banking	**7,127**	**(5,119)**	**(5,466)**	**1,380**	**2,661**	**2,855**	**316**	**(10,951)**	**(5,671)**	**112**	**(127)**	**220**	**158**	**458**	**238**	**526**
GLOBAL WEALTH MANAGEMENT																
Smith Barney	1,005	1,351	1,138	1,373	324	321	379	327	142	330	333	333	351	333	344	345
Private Bank	439	623	587	585	124	193	110	196	157	141	143	145	146	146	146	148
Total Global Wealth Mgmt	**1,444**	**1,974**	**1,724**	**1,958**	**448**	**514**	**489**	**523**	**299**	**471**	**476**	**478**	**497**	**478**	**490**	**492**
Alternative Investments	**1,276**	**672**	**(79)**	**577**	**222**	**456**	**(67)**	**61**	**(509)**	**141**	**149**	**139**	**139**	**141**	**149**	**147**
Total Income Before Corporate	21,903	5,261	(126)	6,716	5,924	6,498	2,485	(9,646)	(4,447)	1,823	1,242	1,256	1,480	1,739	1,573	1,924
Corporate/Other	(654)	(1,644)	(2,364)	(2,000)	(912)	(272)	(273)	(187)	(664)	(600)	(600)	(500)	(500)	(500)	(500)	(500)
CORE NET INCOME	**21,249**	**3,617**	**(2,490)**	**4,716**	**5,012**	**6,226**	**2,212**	**(9,833)**	**(5,111)**	**1,223**	**642**	**756**	**980**	**1,239**	**1,073**	**1,424**
Preferred	65	47	51	68	16	14	17			17	17	17	17	17	17	17
NET INCOME AVAIL. FOR COMMON	**21,184**	**3,570**	**(2,541)**	**4,648**	**4,996**	**6,212**	**2,195**	**(9,833)**	**(5,111)**	**1,206**	**625**	**739**	**963**	**1,222**	**1,056**	**1,407**
Excluding Gain on Samba	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Effect on Accounting Change	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Discontd Operations/Restructure	283	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GAAP EARNINGS	**21,467**	**3,570**	**(2,541)**	**4,648**	**4,996**	**6,212**	**2,195**	**(9,833)**	**(5,111)**	**1,206**	**625**	**739**	**963**	**1,222**	**1,056**	**1,407**
Weighted Shares	4,986	4,976	5,590	5,785	4,968	4,993	5,011	4,932	5,005	5,785	5,785	5,785	5,785	5,785	5,785	5,785
Ending Shares	4,912	4,974	5,737	5,785	4,946	4,975	4,981	4,995	5,591	5,785	5,785	5,785	5,785	5,785	5,785	5,785
Dividend	$1.96	$2.16	$1.28	$1.28	$0.54	$0.54	$0.54	$0.54	$0.32	$0.32	$0.32	$0.32	$0.32	$0.32	$0.32	$0.32
Payout Ratio	46%	301%	-222%	159%	54%	43%	123%	-27%	-31%	154%	296%	250%	192%	151%	175%	132%
BALANCE SHEET RATIOS																
Total Equity	133,721	113,598	134,235	131,479	122,083	127,754	127,429	113,598	128,200	136,573	135,347	134,235	133,347	132,718	131,923	131,479
Average Equity	123,129	123,660	123,917	132,857	120,933	124,919	127,592	120,514	120,899	132,387	135,960	134,791	133,791	133,032	132,320	131,701
Common Equity	118,783	113,598	114,851	131,479	121,083	127,154	127,229	113,598	128,219	136,573	135,347	134,235	133,347	132,718	131,923	131,479
Average Common Equity	115,098	116,191	114,225	123,165	119,933	124,119	127,192	120,414	120,909	132,396	135,960	134,791	133,791	133,032	132,320	131,701
Intangible Equity	49,316	63,891	67,600	67,600	53,710	62,206	63,600	63,891	67,567	67,600	67,600	67,600	67,600	67,600	67,600	67,600
Average IntangibleEquity	48,598	56,604	65,746	67,600	51,513	57,958	62,903	63,746	65,729	67,584	67,600	67,600	67,600	67,600	67,600	67,600
Tangible Equity	70,467	49,707	66,635	63,879	68,373	65,548	63,829	49,707	60,652	68,973	67,747	66,635	65,747	65,118	64,323	63,879
Average Tangible Equity	67,563	60,087	58,171	65,257	69,420	66,961	64,689	56,768	55,180	64,813	68,360	67,191	66,191	65,432	64,720	64,101
Tangible Assets	1,835,002	2,123,740	2,217,863	2,323,256	1,967,063	2,158,660	2,291,140	2,123,740	2,132,281	2,182,713	2,216,576	2,217,863	2,230,515	2,284,331	2,323,450	2,323,256
Average Tangible Assets	1,640,580	1,979,371	2,170,801	2,270,560	1,901,033	2,062,862	2,224,900	2,207,440	2,128,011	2,157,497	2,199,644	2,217,219	2,224,189	2,257,423	2,303,891	2,323,353
Total Assets	1,884,318	2,187,631	2,285,463	2,390,856	2,020,773	2,220,866	2,354,740	2,187,631	2,199,848	2,250,313	2,284,176	2,285,463	2,298,115	2,351,931	2,391,050	2,390,856
Average Assets	1,689,178	2,035,975	2,236,547	2,338,160	1,952,546	2,120,820	2,287,803	2,271,186	2,193,740	2,225,080	2,267,244	2,284,819	2,291,789	2,325,023	2,371,491	2,390,953
Equity to Assets	7.10%	5.19%	5.87%	5.50%	6.04%	5.75%	5.41%	5.19%	5.83%	6.07%	5.93%	5.87%	5.80%	5.64%	5.52%	5.50%
Common Equity to Assets	6.30%	5.19%	5.03%	5.50%	5.99%	5.73%	5.40%	5.19%	4.95%	5.21%	5.08%	5.03%	5.80%	5.64%	5.52%	5.50%
Tangible Common to Assets	3.69%	2.27%	2.07%	2.67%	3.33%	2.92%	2.70%	2.27%	2.76%	3.07%	2.97%	2.92%	2.86%	2.77%	2.69%	2.67%
Tangible Equity to Tangible Assets	3.84%	2.34%	3.00%	2.75%	3.48%	3.04%	2.79%	2.34%	2.84%	3.16%	3.06%	3.00%	2.95%	2.85%	2.77%	2.75%

Source: Company reports and Oppenheimer Co. Inc.

OPPENHEIMER

Oppenheimer & Co.
CITIGROUP
Financial Statements

					2007				2008				2009			
($ millions, except per share data)	2006A	2007A	2008E	2009E	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Operating Earnings Per Share	$4.25	$0.72	($0.58)	$0.80	$1.01	$1.24	$0.44	($1.99)	($1.02)	$0.21	$0.11	$0.13	$0.17	$0.21	$0.18	$0.24
Operating EPS Growth	*11%*	*-83%*	*-180%*	*-239%*	*-9%*	*18%*	*-59%*	*-294%*	*-202%*	*-83%*	*-75%*	*-106%*	*-116%*	*1%*	*69%*	*90%*
GAAP Earnings Per Share	$4.31	$0.72	($0.58)	$0.80	$1.01	$1.24	$0.44	($1.99)	($1.02)	$0.21	$0.11	$0.13	$0.17	$0.21	$0.18	$0.24
GAAP EPS Growth	*-9%*	*-83%*	*-180%*	*-239%*	*-10%*	*18%*	*-60%*	*-294%*	*-202%*	*-83%*	*-75%*	*-106%*	*-116%*	*1%*	*69%*	*90%*
Book Value Per Share	$26.62	$25.18	$23.32	$22.84	$24.48	$25.56	$25.54	$22.74	$20.73	$20.62	$20.41	$20.21	$20.06	$19.95	$19.81	$19.74
Tangible Book Per Share	$14.14	$12.33	$11.54	$11.16	$13.76	$13.13	$12.74	$10.08	$12.12	$11.92	$11.71	$11.52	$11.37	$11.26	$11.12	$11.04
Return on Average Assets	1.25%	0.18%	-0.11%	0.20%	1.02%	1.17%	0.38%	-1.73%	-0.93%	0.22%	0.11%	0.13%	0.17%	0.21%	0.18%	0.24%
Core Return on Average Assets	1.25%	0.18%	-0.11%	0.20%	1.02%	1.17%	0.38%	-1.73%	-0.93%	0.22%	0.11%	0.13%	0.17%	0.21%	0.18%	0.24%
Return on Shareholder Equity	17.2%	2.9%	-2.1%	3.5%	16.5%	19.9%	6.9%	-32.6%	-16.9%	3.6%	1.8%	2.2%	2.9%	3.7%	3.2%	4.3%
Return on Common Equity	18.8%	3.1%	-2.2%	3.8%	17.1%	20.1%	6.9%	-32.7%	-16.9%	3.6%	1.8%	2.2%	2.9%	3.7%	3.2%	4.3%
Core Return on Shareholder Equity	17.2%	2.9%	-2.1%	3.5%	16.5%	19.9%	6.9%	-32.6%	-16.9%	3.6%	1.8%	2.2%	2.9%	3.7%	3.2%	4.3%
BALANCE SHEET																
Cash & Due From Banks	26,514	38,206	38,000	38,000	24,421	30,635	38,226	38,206	30,837	38,000	38,000	38,000	38,000	38,000	38,000	38,000
Deposits with Banks	42,522	69,366	69,000	69,000	44,906	70,897	58,713	69,366	73,318	69,000	69,000	69,000	69,000	69,000	69,000	69,000
Fed Funds Sold/Securities	282,817	274,066	275,000	275,000	303,925	348,129	383,217	274,066	239,006	275,000	275,000	275,000	275,000	275,000	275,000	275,000
Brokerage Receivables	44,445	57,359	60,000	60,000	51,976	61,144	69,062	57,359	65,653	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Trading Account Assets	393,925	538,984	540,000	540,000	460,065	538,316	581,444	538,984	578,437	540,000	540,000	540,000	540,000	540,000	540,000	540,000
Investments	273,591	215,008	215,000	215,000	286,567	257,880	240,828	215,008	204,155	215,000	215,000	215,000	215,000	215,000	215,000	215,000
Consumer Loans	512,921	592,307	651,538	716,691	519,105	551,223	570,891	592,307	596,987	606,345	627,980	651,538	656,686	666,980	690,778	716,691
Corporate Loans	166,271	185,686	222,823	267,388	174,239	191,701	203,078	185,686	192,856	230,041	243,694	222,823	231,427	276,049	292,432	267,388
Allowance for losses	8,940	16,117	22,498	26,823	9,510	10,381	12,728	16,117	18,257	19,674	21,098	22,498	23,598	24,698	25,760	26,823
Total Net Loans	670,252	761,876	851,863	957,256	683,834	732,543	761,241	761,876	771,586	816,713	850,576	851,863	864,515	918,331	957,450	957,256
Goodwill	33,415	41,204	43,600	43,600	34,380	39,231	39,949	41,204	43,622	43,600	43,600	43,600	43,600	43,600	43,600	43,600
Intangible Assets	15,901	22,687	24,000	24,000	19,330	22,975	23,651	22,687	23,945	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Reinsurance Recoverables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Separate and Variable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	100,936	168,875	169,000	169,000	111,369	119,116	158,409	168,875	169,289	169,000	169,000	169,000	169,000	169,000	169,000	169,000
Total Assets	1,884,318	2,187,631	2,285,463	2,390,856	2,020,773	2,220,866	2,354,740	2,187,631	2,199,848	2,250,313	2,284,176	2,285,463	2,298,115	2,351,931	2,391,050	2,390,856
		-														
Noninterest Bearing Deposits in US	38,615	40,859	-	-	39,296	41,740	38,842	40,859	43,779	-	-	-	-	-	-	-
Interest-Bearing Deposits in US	195,002	225,198	-	-	198,840	196,481	211,147	225,198	226,285	-	-	-	-	-	-	-
Noninterest Bearing Deposits Outside US	35,149	43,335	-	-	36,328	39,132	43,052	43,335	45,230	-	-	-	-	-	-	-
Interest-Bearing Deposits Outside US	443,275	516,838	-	-	464,057	494,408	519,809	516,838	515,914	-	-	-	-	-	-	-
Total Deposits	712,041	826,230	925,378	1,036,423	738,521	771,761	812,850	826,230	831,208	864,372	910,392	925,378	930,953	968,097	1,019,639	1,036,423
Fed Funds Purchased	349,235	304,243	300,000	300,000	393,670	394,143	440,369	304,243	279,561	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Brokerage Payable	85,119	84,951	95,000	95,000	88,722	96,528	94,830	84,951	95,597	95,000	95,000	95,000	95,000	95,000	95,000	95,000
Trading Account	145,887	182,082	215,000	215,000	173,902	217,992	215,577	182,082	201,986	215,000	215,000	215,000	215,000	215,000	215,000	215,000
ST Borrowings	100,833	146,488	150,000	150,000	111,179	167,139	194,304	146,488	135,799	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Long-Term Debt	288,494	427,112	430,000	430,000	310,768	340,077	364,526	427,112	424,959	430,000	430,000	430,000	430,000	430,000	430,000	430,000
Other Liabilities	81,164	102,927	100,000	100,000	81,928	105,472	104,855	102,927	102,519	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total Liabilities	1,762,773	2,074,033	2,215,378	2,326,423	1,898,690	2,093,112	2,227,311	2,074,033	2,071,629	2,154,372	2,200,392	2,215,378	2,220,953	2,258,097	2,309,639	2,326,423
Preferred Stock	1,000	-	19,384	-	1,000	600	200	-	19,384	19,384	19,384	19,384	-	-	-	-
Common Stock	55	55	55	-	55	55	55	55	55	55	55	55	-	-	-	-
Additional Paid In Capital	18,253	18,007	11,131	-	17,341	17,725	18,296	18,007	11,131	11,131	11,131	11,131	-	-	-	-
Retained Earnings	129,267	121,920	112,066	109,310	131,395	134,932	134,611	121,920	115,050	114,404	113,178	112,066	111,178	110,549	109,754	109,310
Treasury Stock	(25,092)	(21,724)	(10,020)	-	(23,833)	(22,588)	(22,329)	(21,724)	(10,020)	(10,020)	(10,020)	(10,020)	-	-	-	-
Accumulated Other	(3,700)	(4,660)	(7,381)	-	(3,875)	(2,970)	(3,404)	(4,660)	(7,381)	(7,381)	(7,381)	(7,381)	-	-	-	-
Unearned Compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Stockholders' Equity	119,783	113,598	134,235	131,479	122,083	127,754	127,429	113,598	128,219	136,573	135,347	134,235	133,347	132,718	131,923	131,479

Source: Company reports and Oppenheimer Co. Inc.

Oppenheimer & Co. Inc.
JP MORGAN CHASE
Income Statement and Balance Sheet

$ millions	2006A	2007A	2008E	2009E	2007 1QA	2007 2QA	2007 3QA	2007 4QA	2008 1QA	2008 2QE	2008 3QE	2008 4QE	2009 1QE	2009 2QE	2009 3QE	2009 4QE
GAAP Earnings Per Share	**$4.04**	**$4.38**	**$1.95**	**$1.95**	**$1.34**	**$1.20**	**$0.97**	**$0.86**	**$0.68**	**$0.41**	**$0.42**	**$0.43**	**$0.48**	**$0.48**	**$0.47**	**$0.52**
GAAP EPS Growth	***69%***	***8%***	***-56%***	***0%***	***56%***	***21%***	***5%***	***-32%***	***-50%***	***-66%***	***-57%***	***-49%***	***-30%***	***16%***	***12%***	***19%***
Operating Earnings Per Share	**$3.82**	**$4.38**	**$1.95**	**$1.95**	**$1.34**	**$1.20**	**$0.97**	**$0.86**	**$0.68**	**$0.41**	**$0.42**	**$0.43**	**$0.48**	**$0.48**	**$0.47**	**$0.52**
Operating EPS Growth	***65%***	***15%***	***-56%***	***0%***	***59%***	***23%***	***7%***	***-22%***	***-50%***	***-66%***	***-57%***	***-49%***	***-30%***	***16%***	***12%***	***19%***
KEY DRIVERS																
Interest Income/Loans	12.30%	13.99%	13.19%	13.32%	15.02%	15.17%	15.73%	14.60%	13.35%	13.35%	13.35%	13.35%	13.40%	13.40%	13.40%	13.40%
Interest Expense/Deposits	5.83%	6.07%	5.16%	5.17%	6.68%	6.86%	7.02%	6.15%	5.19%	5.19%	5.19%	5.19%	5.20%	5.20%	5.20%	5.20%
Net Interest Spread	**6.46%**	**7.92%**	**8.03%**	**8.15%**	**8.35%**	**8.30%**	**8.71%**	**8.45%**	**8.16%**	**8.16%**	**8.16%**	**8.16%**	**8.20%**	**8.20%**	**8.20%**	**8.20%**
Lending & Deposit-Related Fees/Total Deposits	0.54%	0.53%	0.57%	0.58%	0.57%	0.58%	0.61%	0.58%	0.55%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%
Asset Mgmt Fees/AUS	0.88%	0.91%	0.92%	0.93%	0.91%	0.98%	0.95%	0.99%	0.95%	0.96%	0.96%	0.96%	0.96%	0.96%	0.96%	0.96%
Mortgage Fees/Mtge & HE Loans	0.48%	1.97%	1.93%	1.97%	2.00%	2.13%	0.87%	3.34%	1.90%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Card Fees/Managed Card Portfolio	4.5%	4.4%	4.7%	4.4%	4.3%	4.6%	4.8%	4.7%	4.8%	4.8%	4.8%	4.8%	4.5%	4.5%	4.5%	4.5%
Compensation Expense/Net Revenues	34.2%	31.8%	29.8%	28.4%	32.9%	33.4%	29.0%	31.5%	29.3%	30.0%	30.0%	30.0%	29.5%	28.0%	28.0%	28.0%
Non-Compensation/Net Revenues	28.5%	26.6%	22.3%	20.7%	23.2%	25.0%	28.9%	30.2%	23.6%	34.0%	34.0%	34.0%	33.0%	33.0%	33.0%	33.0%
Tax Rate	31.4%	32.6%	33.0%	33.1%	34.7%	33.3%	32.5%	27.9%	32.9%	33.0%	33.0%	33.0%	33.1%	33.1%	33.1%	33.1%
Operating Margin	32.1%	32.0%	14.6%	13.6%	38.7%	33.6%	31.0%	23.7%	20.9%	13.1%	12.5%	12.3%	13.2%	13.6%	13.4%	14.2%
Profit Margin	23.3%	21.5%	9.8%	9.1%	25.2%	22.4%	20.9%	17.1%	14.0%	8.8%	8.4%	8.2%	8.8%	9.1%	8.9%	9.5%
Efficiency Ratio	66.1%	64.6%	78.1%	78.3%	59.2%	63.5%	65.1%	72.2%	71.6%	79.9%	80.6%	80.8%	79.3%	78.1%	78.4%	77.4%
INCOME STATEMENT																
Investment Banking Fees	5,520	6,635	4,634	5,318	1,739	1,898	1,336	1,662	1,216	1,045	1,131	1,243	1,387	1,202	1,300	1,429
Principal Transactions	10,778	9,015	2,947	6,950	4,487	3,713	650	165	(803)	500	1,500	1,750	1,750	1,750	1,700	1,750
Lending & Deposit-Related Fees	3,468	3,938	4,333	4,618	895	951	1,026	1,066	1,039	1,086	1,101	1,106	1,160	1,140	1,156	1,162
Asset Mgt., Admin., and Commissions	11,855	14,356	15,180	16,521	3,186	3,611	3,663	3,896	3,596	3,745	3,878	3,961	4,010	4,044	4,189	4,278
Securities Gains/Private Equity Gains	(543)	164	33	-	2	(223)	237	148	33	-	-	-	-	-	-	-
Mortgage Fees and Related Income	591	2,118	2,257	2,422	476	523	221	898	525	561	585	586	594	601	613	615
Credit Card Income	6,913	6,911	7,263	6,911	1,563	1,714	1,777	1,857	1,796	1,820	1,801	1,846	1,715	1,724	1,723	1,749
Other Income	2,175	1,829	3,179	2,000	518	553	289	469	1,829	450	450	450	500	500	500	500
Total Noninterest Revenue	**40,757**	**44,966**	**39,827**	**44,740**	**12,866**	**12,740**	**9,199**	**10,161**	**9,231**	**9,207**	**10,446**	**10,943**	**11,115**	**10,961**	**11,181**	**11,483**
Interest Income	58,511	71,387	69,457	72,401	16,620	17,342	18,806	18,619	17,532	17,105	17,245	17,575	18,445	17,789	17,958	18,208
Interest Expense	37,269	44,981	39,346	41,402	10,518	11,174	11,893	11,396	9,873	9,719	9,854	9,899	10,396	10,225	10,367	10,414
Net Interest Revenue	**21,242**	**26,406**	**30,111**	**30,999**	**6,102**	**6,168**	**6,913**	**7,223**	**7,659**	**7,385**	**7,391**	**7,676**	**8,049**	**7,564**	**7,592**	**7,794**
Total Net Revenue	***61,999***	***71,372***	***69,938***	***75,739***	***18,968***	***18,908***	***16,112***	***17,384***	***16,890***	***16,593***	***17,836***	***18,619***	***19,164***	***18,525***	***18,773***	***19,277***
Provision for Credit Losses	3,270	6,864	23,217	28,281	1,008	1,529	1,785	2,542	***4,424***	5,752	6,353	6,688	6,946	7,019	7,183	7,134
Total Net Revenue (after Provision)	***58,729***	***64,508***	***46,721***	***47,458***	***17,960***	***17,379***	***14,327***	***14,842***	***12,466***	***10,840***	***11,484***	***11,931***	***12,219***	***11,506***	***11,589***	***12,144***
Compensation Expense	21,191	22,689	20,865	21,494	6,234	6,309	4,677	5,469	4,951	4,978	5,351	5,586	5,653	5,187	5,256	5,398
Occupancy Expense	2,335	2,608	648	-	640	652	657	659	648							
Technology	3,653	3,779	968	-	922	921	950	986	968							
Professional and Outside Services	4,450	5,140	1,333	-	1,200	1,259	1,260	1,421	1,333							
Marketing	2,209	2,070	546	-	482	457	561	570	546							
Other Expenses	3,272	3,814	11,816	15,661	735	1,013	812	1,254	169	3,686	3,904	4,056	4,032	3,797	3,824	4,007
Amortization of Intangibles	1,428	1,394	316	-	353	353	349	339	316							
Merger Costs	305	209	-	-	62	64	61	22								
Noninterest Expense	**38,843**	**41,703**	**36,492**	**37,156**	**10,628**	**11,028**	**9,327**	**10,720**	**8,931**	**8,664**	**9,255**	**9,642**	**9,686**	**8,984**	**9,081**	**9,405**
Income Before Taxes	19,886	22,805	10,229	10,302	7,332	6,351	5,000	4,122	3,535	2,177	2,228	2,289	2,533	2,522	2,509	2,739
Income Taxes	6,237	7,440	3,371	3,410	2,545	2,117	1,627	1,151	1,162	718	735	755	838	835	830	906
Net Income from Continuing Operations	**13,649**	**15,365**	**6,858**	**6,892**	**4,787**	**4,234**	**3,373**	**2,971**	**2,373**	**1,459**	**1,493**	**1,533**	**1,695**	**1,687**	**1,678**	**1,832**
Discontinued Operations	(795)	-	-	-												
Net Income	***14,444***	***15,365***	***6,858***	***6,892***	***4,787***	***4,234***	***3,373***	***2,971***	***2,373***	***1,459***	***1,493***	***1,533***	***1,695***	***1,687***	***1,678***	***1,832***
Diluted Shares Outstanding	3,574	3,508	3,529	3,540	3,560	3,522	3,478	3,472	3,495	3,540	3,540	3,540	3,540	3,540	3,540	3,540
Ending Shares Outstanding	3,468	3,468	3,495	3,495	3,416	3,399	3,359	3,367	3,495	3,495	3,495	3,495	3,495	3,495	3,495	3,495
Dividends	$1.36	$1.48	$1.52	$1.52	$0.34	$0.38	$0.38	$0.38	$0.38	$0.38	$0.38	$0.38	$0.38	$0.38	$0.38	$0.38
Payout Ratio	33.6%	33.8%	78.1%	78.1%	25.3%	31.6%	39.2%	44.4%	56.0%	92.2%	90.1%	87.7%	79.4%	79.7%	80.2%	73.4%
BALANCE SHEET RATIOS																
CAPITAL																
Total Equity	115,790	123,221	126,076	127,588	117,704	119,211	119,978	121,630	125,627	125,740	125,888	126,076	126,426	126,768	127,101	127,588
Average Equity	111,501	119,506	124,649	126,832	116,747	118,458	119,595	120,804	123,628	125,684	125,814	125,982	126,251	126,597	126,934	127,344
Tangible Equity	107,055	98,398	101,256	102,588	108,976	110,167	111,086	96,807	74,638	100,920	101,068	101,256	101,426	101,768	102,101	102,588
Average Tangible	85,323	102,727	99,827	101,922	100,590	109,572	110,627	103,946	85,722	87,779	100,994	101,162	101,341	101,597	101,934	102,344
Total Assets	1,351,520	1,562,147	1,646,301	1,677,924	1,408,918	1,458,042	1,479,575	1,562,147	1,642,862	1,631,209	1,635,909	1,646,301	1,684,985	1,665,404	1,670,457	1,677,924
Average Assets	1,275,231	1,456,834	1,604,224	1,662,113	1,380,219	1,433,480	1,468,809	1,520,861	1,602,505	1,637,036	1,633,559	1,641,105	1,665,643	1,675,194	1,667,930	1,674,191

Source: Company reports and Oppenheimer Co. Inc.

OPPENHEIMER

Oppenheimer & Co. Inc.
JP MORGAN CHASE
Income Statement and Balance Sheet

					2007				2008				2009			
$ millions	**2006A**	**2007A**	**2008E**	**2009E**	**1QA**	**2QA**	**3QA**	**4QA**	**1QA**	**2QE**	**3QE**	**4QE**	**1QE**	**2QE**	**3QE**	**4QE**
GAAP Earnings Per Share	**$4.04**	**$4.38**	**$1.95**	**$1.95**	**$1.34**	**$1.20**	**$0.97**	**$0.86**	**$0.68**	**$0.41**	**$0.42**	**$0.43**	**$0.48**	**$0.48**	**$0.47**	**$0.52**
GAAP EPS Growth	***69%***	***8%***	***-56%***	***0%***	***56%***	***21%***	***5%***	***-32%***	***-50%***	***-66%***	***-57%***	***-49%***	***-30%***	***16%***	***12%***	***19%***
Operating Earnings Per Share	**$3.82**	**$4.38**	**$1.95**	**$1.95**	**$1.34**	**$1.20**	**$0.97**	**$0.86**	**$0.68**	**$0.41**	**$0.42**	**$0.43**	**$0.48**	**$0.48**	**$0.47**	**$0.52**
Operating EPS Growth	***65%***	***15%***	***-56%***	***0%***	***59%***	***23%***	***7%***	***-22%***	***-50%***	***-66%***	***-57%***	***-49%***	***-30%***	***16%***	***12%***	***19%***
Total Managed Assets	1,420,259	1,633,319	1,646,301	1,677,924	1,476,595	1,525,997	1,548,150	1,633,319	1,716,744	1,703,802	1,706,281	1,718,817	1,759,479	1,740,265	1,746,315	1,755,322
Average Managed Assets	1,344,931	1,526,789	1,639,810	1,662,113	1,447,106	1,501,296	1,537,073	1,590,734	1,675,031	1,710,273	1,705,041	1,712,549	1,739,148	1,749,872	1,743,290	1,750,818
Risk Adjusted Assets	740,714	732,829	772,307	787,142	769,467	796,296	808,056	853,152	897,233	890,869	893,436	899,112	920,238	909,544	912,304	916,382
Equity to Assets	8.6%	7.9%	7.7%	7.6%	8.4%	8.2%	8.1%	7.8%	7.6%	7.7%	7.7%	7.7%	7.5%	7.6%	7.6%	7.6%
Common Equity to Assets	8.6%	7.9%	7.7%	7.6%	8.4%	8.2%	8.1%	7.9%	7.6%	7.7%	7.7%	7.7%	7.5%	7.6%	7.6%	7.6%
Tangible Common to Assets	7.9%	6.3%	6.2%	6.1%	7.7%	7.6%	7.5%	6.2%	4.5%	6.2%	6.2%	6.2%	6.0%	6.1%	6.1%	6.1%
Tier 1					8.5%	8.4%	8.4%	8.4%	8.3%							
Total Capital					11.8%	12.0%	12.5%									
Book Value	$33.45	$37.83	$39.78	$41.72	$34.45	$35.08	$35.72	$36.59	$36.94	$36.97	$37.01	$37.07	$37.17	$37.26	$37.36	$37.49
Tangible Book Value	$26.64	$31.02	$32.96	$34.91	$31.90	$32.42	$33.07	$28.75	$21.36	$28.88	$28.92	$28.97	$29.02	$29.12	$29.22	$29.36
RETURNS																
ROE	13.0%	12.9%	5.5%	5.4%	17.0%	14.3%	11.3%	9.8%	7.7%	4.6%	4.7%	4.9%	5.4%	5.3%	5.3%	5.8%
Return on Average Assets	1.13%	1.05%	0.43%	0.41%	1.41%	1.18%	0.92%	0.78%	0.59%	0.36%	0.37%	0.37%	0.41%	0.40%	0.40%	0.44%
Return on Average Managed Assets	1.07%	1.01%	0.42%	0.41%	1.32%	1.13%	0.88%	0.75%	0.57%	0.34%	0.35%	0.36%	0.39%	0.39%	0.39%	0.42%
Headcount	174,360	180,667	186,296	191,948	176,314	179,664	179,847	180,667	182,166	183,532	184,909	186,296	187,693	189,100	190,519	191,948
Growth Rate	3.3%	3.6%	3.1%	3.0%	1.1%	1.9%	0.1%	0.5%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
BALANCE SHEET																
Cash and Due from Banks	40,412	40,144	47,000	47,000	31,836	35,449	32,766	40,144	46,888	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Deposits with Banks	13,547	11,466	13,500	28,000	30,973	41,736	26,714	11,466	12,414	12,500	13,000	13,500	28,000	28,000	28,000	28,000
Fed Funds Sold	140,524	170,897	204,000	204,000	144,306	125,930	135,589	170,897	203,176	204,000	204,000	204,000	204,000	204,000	204,000	204,000
Securities Borrowed	73,688	84,184	81,014	81,014	84,800	88,360	84,697	84,184	81,014	81,014	81,014	81,014	81,014	81,014	81,014	81,014
Debt and Equity	310,137	414,273	400,000	400,000	373,684	391,508	389,119	414,273	386,170	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Derivative Receivables	55,601	77,136	100,000	100,000	46,647	59,038	64,592	77,136	99,110	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Securities	91,975	85,450	105,000	105,000	97,029	95,984	97,706	85,450	101,647	105,000	105,000	105,000	105,000	105,000	105,000	105,000
Loan Net of Allowance for Loan Losses	475,848	510,140	526,593	543,536	442,465	457,404	478,207	510,140	525,310	512,501	516,701	526,593	550,597	531,016	536,069	543,536
Goodwill	8,735	24,823	24,820	25,000	8,728	9,044	8,892	24,823	50,989	24,820	24,820	24,820	25,000	25,000	25,000	25,000
Intangibles	14,852	14,731	14,374	14,374	14,900	16,193	15,500	14,731	14,374	14,374	14,374	14,374	14,374	14,374	14,374	14,374
Other	126,201	128,903	130,000	130,000	133,550	137,396	145,793	128,903	121,770	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Total Assets	**1,351,520**	**1,562,147**	**1,646,301**	**1,677,924**	**1,408,918**	**1,458,042**	**1,479,575**	**1,562,147**	**1,642,862**	**1,631,209**	**1,635,909**	**1,646,301**	**1,684,985**	**1,665,404**	**1,670,457**	**1,677,924**
Domestic Deposits	470,593	-	-	-	466,310	462,549	457,115	505,600								
Noninterest Bearing	132,781	-	-	-	*123,942*	*120,470*	*115,036*	*129,406*								
Interest Bearing	337,812	-	-	-	*342,368*	*342,079*	*342,079*	*376,194*								
Foreign Deposits	168,195	-	-	-	163,874	188,821	208,596	235,128								
Total Deposits	638,788	740,728	762,950	801,097	630,184	651,370	678,091	740,728	761,626	749,076	759,462	762,950	799,707	786,529	797,435	801,097
Fed Funds Purchased	162,173	154,398	160,000	175,000	218,917	205,961	178,767	154,398	192,633	160,000	160,000	160,000	175,000	175,000	175,000	175,000
Commercial Paper	18,849	49,596	50,000	34,000	25,354	25,116	33,978	49,596	50,602	50,000	50,000	50,000	34,000	34,000	34,000	34,000
Other Borrowed	18,053	28,835	30,000	30,000	17,215	29,263	31,154	28,835	28,430	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Debt and Equity	90,488	89,162	90,000	80,000	96,606	93,969	80,748	89,162	78,982	90,000	90,000	90,000	80,000	80,000	80,000	80,000
Derivatives	57,469	68,705	70,000	70,000	50,316	61,396	68,426	68,705	78,983	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Accounts Payable and Other Accrued	88,096	94,476	95,000	85,000	87,603	84,785	86,524	94,476	106,088	95,000	95,000	95,000	85,000	85,000	85,000	85,000
Long-Term Debt	133,421	183,862	185,000	175,000	139,877	159,493	173,696	183,862	189,995	185,000	185,000	185,000	175,000	175,000	175,000	175,000
Junior Subordinated Debentures	12,209	15,148	15,000	13,000	12,033	12,670	14,930	15,148	15,372	15,000	15,000	15,000	13,000	13,000	13,000	13,000
Other	16,184	14,016	14,000	87,239	13,109	14,808	13,283	14,016	14,524	14,000	14,000	14,000	96,852	90,106	83,921	87,239
Total Liabilities	**1,235,730**	**1,438,926**	**1,471,950**	**1,550,336**	**1,291,214**	**1,338,831**	**1,359,597**	**1,438,926**	**1,517,235**	**1,458,076**	**1,468,462**	**1,471,950**	**1,558,559**	**1,538,636**	**1,543,356**	**1,550,336**
Equity	**115,790**	**123,221**	**126,076**	**127,588**	**117,704**	**119,211**	**119,978**	**123,221**	**125,627**	**125,740**	**125,888**	**126,076**	**126,426**	**126,768**	**127,101**	**127,588**
Liabilities and Equity	**1,351,520**	**1,562,147**	**1,598,026**	**1,677,924**	**1,408,918**	**1,458,042**	**1,479,575**	**1,562,147**	**1,642,862**	**1,583,816**	**1,594,350**	**1,598,026**	**1,684,985**	**1,665,404**	**1,670,457**	**1,677,924**

Source: Company reports and Oppenheimer Co. Inc.

Oppenheimer & Co. Inc.
WACHOVIA BANK
Income Statement and Balance Sheet

(In Millions, Except per share data)	2006A	2007A	2008E	2009E	2007 1QA	2007 2QA	2007 3QA	2007 4QA	2008 1QA	2008 2QE	2008 3QE	2008 4QE	2009 1QE	2009 2QE	2009 3QE	2009 4QE
GAAP Earnings Per Share	**$4.63**	**$3.26**	**$1.49**	**$2.65**	**$1.20**	**$1.22**	**$0.85**	**$0.03**	**($0.36)**	**$0.63**	**$0.61**	**$0.61**	**$0.66**	**$0.66**	**$0.66**	**$0.67**
GAAP EPS Growth	***11%***	***-30%***	***-54%***	***78%***	***10%***	***4%***	***-28%***	***-98%***	***-130%***	***-49%***	***-28%***	***2274%***	***-284%***	***5%***	***9%***	***10%***
Operating Earnings Per Share	**$4.68**	**$3.44**	**$1.55**	**$2.65**	**$1.20**	**$1.23**	**$0.86**	**$0.08**	**($0.30)**	**$0.63**	**$0.61**	**$0.61**	**$0.66**	**$0.66**	**$0.66**	**$0.67**
Operating EPS Growth	***12%***	***-26%***	***-55%***	***71%***	***7%***	***4%***	***-28%***	***-93%***	***-125%***	***-49%***	***-29%***	***657%***	***-322%***	***5%***	***9%***	***10%***
KEY FINANCIAL RATIOS																
Interest Income/Avg. Earning Assets	6.17%	6.73%	6.10%	6.06%	6.83%	6.94%	7.11%	6.76%	5.97%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Interest Expense/Avg. Interest-Bearing Li	3.68%	4.16%	3.46%	3.38%	4.15%	4.29%	4.34%	4.13%	3.39%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%
Net Interest Margin	**2.49%**	**2.57%**	**2.64%**	**2.67%**	**2.68%**	**2.66%**	**2.77%**	**2.63%**	**2.58%**	**2.60%**	**2.60%**	**2.60%**	**2.60%**	**2.60%**	**2.60%**	**2.60%**
Efficiency Ratio	59.57%	67.96%	76.95%	67.94%	57.35%	57.46%	65.20%	102.24%	115.82%	69.00%	69.50%	69.00%	68.00%	68.00%	67.75%	68.00%
Efficiency Ratio (excluding merger expens	59.17%	67.16%	76.52%	67.94%	57.28%	57.23%	64.91%	98.94%	113.20%	69.00%	69.50%	69.00%	68.00%	68.00%	67.75%	68.00%
Compensation/Net Revenue	37.10%	41.80%	45.88%	39.94%	36.89%	36.69%	37.87%	61.28%	69.39%	41.00%	41.50%	41.00%	40.00%	40.00%	39.75%	40.00%
Non-Compensation/Net Revenue	22.47%	26.17%	31.07%	28.00%	20.47%	20.78%	27.33%	40.96%	46.42%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
Non-Interest Income/Net Revenues	49.59%	45.59%	53.68%	54.97%	46.34%	49.82%	40.30%	44.64%	59.11%	51.18%	52.38%	54.24%	53.98%	55.27%	55.63%	54.98%
Tax Rate	32.48%	28.05%	35.24%	34.00%	30.24%	32.75%	27.31%	na	26.06%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%
INCOME STATEMENT																
Interest Income:																
Interest on Fees and Loans	21,976	31,258	7,577	-	7,618	7,723	7,937	7,980	7,577	-	-	-	-	-	-	-
Interest on Dividends and Securities	6,433	6,097	1,496	-	1,478	1,474	1,529	1,616	1,496	-	-	-	-	-	-	-
Trading Account Interest	1,575	2,062	571	-	433	506	566	557	571	-	-	-	-	-	-	-
Other Interest Income	2,281	2,814	535	-	611	647	799	757	535	-	-	-	-	-	-	-
Total Interest Income	32,265	42,231	41,248	43,083	10,140	10,350	10,831	10,910	10,179	10,253	10,360	10,456	10,707	10,712	10,790	10,873
Interest Expense:																
Deposits	9,119	12,961	2,941	-	3,014	3,180	3,334	3,433	2,941	-	-	-	-	-	-	-
Short-Term Borrowings	3,114	2,849	523	-	669	706	801	673	523	-	-	-	-	-	-	-
Long Term	4,783	8,291	1,963	-	1,957	2,015	2,145	2,174	1,963	-	-	-	-	-	-	-
Total Interest Expense	17,016	24,101	21,981	22,290	5,640	5,901	6,280	6,280	5,427	5,477	5,524	5,554	5,522	5,549	5,595	5,625
Net Interest Income	15,249	18,130	19,268	20,792	4,500	4,449	4,551	4,630	4,752	4,777	4,836	4,902	5,185	5,164	5,196	5,248
Provision for Credit Losses	434	2,261	6,228	6,329	177	179	408	1,497	2,831	913	1,114	1,371	1,511	1,591	1,650	1,577
Net Interest Income After Provision	14,815	15,869	13,039	14,463	4,323	4,270	4,143	3,133	1,921	3,864	3,722	3,532	3,674	3,572	3,546	3,671
Noninterest Income:																
Service charges	2,480	2,686	2,894	3,000	614	667	689	716	676	733	740	744	738	748	755	759
Other Banking Fees	1,756	1,797	1,965	1,984	416	504	437	440	498	485	490	492	488	495	500	502
Commissions	2,422	2,878	3,958	4,092	659	649	600	970	914	998	1,023	1,024	957	1,035	1,050	1,050
Fiduciary and Asset Mgmt. Fees	3,263	4,433	5,842	6,177	953	1,015	1,029	1,436	1,439	1,436	1,441	1,526	1,527	1,536	1,542	1,572
Advisory, Underwriting, I-Banking	1,345	1,503	861	800	407	454	393	249	261	200	200	200	200	200	200	200
Trading Account Profits	535	(856)	(308)	-	128	195	(437)	(742)	(308)	-	-	-				
Principal Investing	525	759	446	-	48	298	372	41	446							
Securities Gains	118	(278)	(205)	-	53	23	(34)	(320)	(205)	-	-	-	-	-	-	-
Other	2,132	375	(344)	1,600	456	435	(252)	(264)	(944)	200	200	200	400	400	400	400
Noninterest Income	14,576	13,297	15,109	17,653	3,734	4,240	2,797	2,526	2,777	4,051	4,094	4,187	4,310	4,414	4,446	4,483
Total Revenues	**29,391**	**29,166**	**28,148**	**32,116**	**8,057**	**8,510**	**6,940**	**5,659**	**4,698**	**7,915**	**7,816**	**7,719**	**7,984**	**7,986**	**7,992**	**8,154**
Noninterest Expense:																
Salaries and Employee Benefits	10,903	12,190	12,914	12,827	2,972	3,122	2,628	3,468	3,260	3,245	3,244	3,165	3,194	3,194	3,177	3,262
Occupancy	1,173	1,343	379	-	312	331	325	375	379	-	-	-	-	-	-	-
Equipment	1,184	1,233	323	-	307	309	283	334	323	-	-	-	-	-	-	-
Advertising	204	264	97	-	61	70	62	71	97	-	-	-	-	-	-	-
Communications and Supplies	653	720	186	-	173	180	175	192	186	-	-	-	-	-	-	-
Professional and Consulting Fees	790	857	196	-	177	209	196	275	196	-	-	-	-	-	-	-
Other Intangilble Amortization	423	424	103	-	118	103	92	111	103	-	-	-	-	-	-	-
Merger Related Expenses	179	265	241	-	10	32	36	187	241	-	-	-	-	-	-	-
Other Operating Expenses	1,998	2,526	7,222	8,993	491	534	728	773	656	2,216	2,189	2,161	2,236	2,236	2,238	2,283
Total Noninterest Expense	17,507	19,822	21,661	21,819	4,621	4,890	4,525	5,786	5,441	5,462	5,432	5,326	5,429	5,430	5,415	5,545
Total Expenses	34,523	43,923	43,642	44,109	10,261	10,791	10,805	12,066	10,868	10,938	10,956	10,879	10,952	10,979	11,009	11,170
Minority Interest in Consolidated Subs	414	571	755	800	136	139	189	107	155	200	200	200	200	200	200	200
Income Before Taxes and Accounting Cha	11,470	8,773	5,733	9,497	3,300	3,481	2,226	(234)	(898)	2,254	2,184	2,193	2,355	2,356	2,377	2,409
Income Taxes	3,725	2,461	2,020	3,229	998	1,140	608	(285)	(234)	766	743	746	801	801	808	819
Income Before Accounting Change	7,745	6,312	3,712	6,268	2,302	2,341	1,618	51	(664)	1,487	1,441	1,447	1,554	1,555	1,569	1,590

Source: Company reports and Oppenheimer Co. Inc.

See pages 30 - 32 for important disclosures

Oppenheimer & Co. Inc.
WACHOVIA BANK
Income Statement and Balance Sheet

					2007				2008				2009			
(In Millions, Except per share data)	**2006A**	**2007A**	**2008E**	**2009E**	**1QA**	**2QA**	**3QA**	**4QA**	**1QA**	**2QE**	**3QE**	**4QE**	**1QE**	**2QE**	**3QE**	**4QE**
GAAP Earnings Per Share	**$4.63**	**$3.26**	**$1.49**	**$2.65**	**$1.20**	**$1.22**	**$0.85**	**$0.03**	**($0.36)**	**$0.63**	**$0.61**	**$0.61**	**$0.66**	**$0.66**	**$0.66**	**$0.67**
GAAP EPS Growth	***11%***	***-30%***	***-54%***	***78%***	***10%***	***4%***	***-28%***	***-98%***	***-130%***	***-49%***	***-28%***	***2274%***	***-284%***	***5%***	***9%***	***10%***
Operating Earnings Per Share	**$4.68**	**$3.44**	**$1.55**	**$2.65**	**$1.20**	**$1.23**	**$0.86**	**$0.08**	**($0.30)**	**$0.63**	**$0.61**	**$0.61**	**$0.66**	**$0.66**	**$0.66**	**$0.67**
Operating EPS Growth	***12%***	***-26%***	***-55%***	***71%***	***7%***	***4%***	***-28%***	***-93%***	***-125%***	***-49%***	***-29%***	***657%***	***-322%***	***5%***	***9%***	***10%***
Discontinued Operations	46	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Stock	-	-	(172)	(172)	-	-	-	-	(43)	(43)	(43)	(43)	(43)	(43)	(43)	(43)
Net Income to Common	**7,791**	**6,312**	**3,540**	**6,096**	**2,302**	**2,341**	**1,618**	**51**	**(707)**	**1,444**	**1,398**	**1,404**	**1,511**	**1,512**	**1,526**	**1,547**
One Time Items:																
Cumulative Effect of Accounting Change	(46)	111	-	-	-	-	-	111	-	-	-	-	-	-	-	-
Merger Related Expenses	115	233	123	-	6	20	20	187	123	-	-	-	-	-	-	-
Operating Earnings	**7,860**	**6,656**	**3,663**	**6,096**	**2,308**	**2,361**	**1,638**	**160**	**(584)**	**1,444**	**1,398**	**1,404**	**1,511**	**1,512**	**1,526**	**1,547**
Dividends Declared Per Share	2.14	2.40	1.77	1.50	0.56	0.56	0.64	0.64	0.64	0.38	0.38	0.38	0.38	0.38	0.38	0.38
Average Basic Shares	1,651	1,907	1,963	1,939	1,894	1,891	1,885	1,959	1,963	1,963	1,963	1,963	1,953	1,943	1,934	1,924
Average Diluted shares	1,681	1,934	2,219	2,300	1,925	1,919	1,910	1,983	1,977	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Payout Ratio	46%	70%	107%	57%	47%	46%	75%	793%	-217%	60%	62%	61%	57%	57%	57%	56%
BALANCE SHEET																
Assets:																
Cash Due from Banks	15,826	15,124	15,000	15,000	12,593	12,065	12,681	15,124	14,703	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Interest Bearing Bank Balances	2,167	3,057	3,500	4,500	2,591	2,726	4,449	3,057	3,236	3,500	3,500	3,500	4,500	4,500	4,500	4,500
Fed Funds Sold and Securities	16,923	15,449	11,000	11,000	10,322	11,511	11,995	15,449	10,644	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Total Cash and Equivalents	34,916	33,630	29,500	30,500	25,506	26,302	29,125	33,630	28,583	29,500	29,500	29,500	30,500	30,500	30,500	30,500
Trading Assets	44,741	55,882	73,000	73,000	44,161	51,540	54,835	55,882	72,592	73,000	73,000	73,000	73,000	73,000	73,000	73,000
Securities	108,619	115,037	114,000	114,000	106,841	106,184	111,827	115,037	114,183	114,000	114,000	114,000	114,000	114,000	114,000	114,000
Reported Loans, Net	420,158	461,954	494,852	522,117	421,663	429,120	449,206	461,954	480,482	481,948	493,917	494,852	510,322	510,972	520,818	522,117
Allowance for Losses	(3,360)	(4,507)	(6,783)	(6,783)	(3,378)	(3,390)	(3,505)	(4,507)	(6,567)	(6,783)	(6,783)	(6,783)	(6,783)	(6,783)	(6,783)	(6,783)
Loans, net	416,798	457,447	488,069	515,334	418,285	425,730	445,701	457,447	473,915	475,165	487,134	488,069	503,539	504,189	514,035	515,334
Premises and Equipment	6,141	6,605	6,605	6,700	6,058	6,080	6,002	6,605	6,733	6,605	6,605	6,605	6,700	6,700	6,700	6,700
Due from Customers for Acceptance	855	1,418	1,400	1,400	992	831	1,295	1,418	1,109	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Goodwill	38,379	43,122	43,200	43,200	38,838	38,766	38,848	43,122	43,068	43,200	43,200	43,200	43,200	43,200	43,200	43,200
Other Intangible Assets	1,635	2,119	2,100	2,100	1,570	1,468	1,380	2,119	2,038	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Loans Held for Sale	12,568	16,772	12,000	12,000	15,032	17,733	21,431	16,772	11,429	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Other Assets	42,469	50,864	55,000	55,000	45,386	40,794	43,724	50,864	55,240	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Total Assets	**707,121**	**782,896**	**824,874**	**853,234**	**702,669**	**715,428**	**754,168**	**782,896**	**808,890**	**811,970**	**823,939**	**824,874**	**841,439**	**842,089**	**851,935**	**853,234**
Liabilities and Stockholders' Equity:																
Noninterest Bearing Deposits	66,572	60,893	61,000	61,000	63,399	62,112	56,825	60,893	60,951	61,000	61,000	61,000	61,000	61,000	61,000	61,000
Interest Bearing Deposits	340,886	388,236	397,112	406,274	341,871	347,918	365,112	388,236	384,013	390,033	394,692	397,112	392,863	399,054	403,806	406,274
Total Deposits	407,458	449,129	458,112	467,274	405,270	410,030	421,937	449,129	444,964	451,033	455,692	458,112	453,863	460,054	464,806	467,274
Short Term Borrowings	49,157	50,393	58,000	58,000	47,144	52,715	62,714	50,393	57,857	58,000	58,000	58,000	58,000	58,000	58,000	58,000
Bank Acceptances Outstanding	863	1,424	1,400	1,400	1,004	840	1,303	1,424	1,118	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Trading Account Liabilities	18,228	21,585	29,000	29,000	17,291	19,319	17,771	21,585	28,887	29,000	29,000	29,000	29,000	29,000	29,000	29,000
Other Liabilities	20,004	19,151	19,543	36,747	16,741	18,080	18,424	19,151	19,036	14,795	21,569	19,543	40,360	34,171	38,601	36,747
Long Term Debt	138,594	161,007	175,653	175,000	142,334	142,047	158,584	161,007	175,653	175,653	175,653	175,653	175,000	175,000	175,000	175,000
Total Liabilities	**634,304**	**702,689**	**741,708**	**767,421**	**629,784**	**643,031**	**680,733**	**702,689**	**727,515**	**729,881**	**741,314**	**741,708**	**757,624**	**757,624**	**766,807**	**767,421**
Minority Interest in Net Assets of Subsidia	3,101	3,335	3,200	3,200	3,099	3,131	3,295	3,335	3,068	3,200	3,200	3,200	3,200	3,200	3,200	3,200
Stockholders' Equity	**69,716**	**76,872**	**79,967**	**82,613**	**69,786**	**69,266**	**70,140**	**76,872**	**78,307**	**78,889**	**79,425**	**79,967**	**80,615**	**81,264**	**81,928**	**82,613**

Source: Company reports and Oppenheimer Co. Inc.

Oppenheimer & Co. Inc.
WELLS FARGO
Income Statement and Balance Sheet

					2007				2008				2009			
(In Millions, except per share data)	2006A	2007A	2008E	2009E	1QA	2QA	3QA	4QA	1QA	2QE	3QE	4QE	1QE	2QE	3QE	4QE
GAAP Earnings Per Share	$2.46	$2.38	$1.20	$1.90	$0.66	$0.67	$0.64	$0.41	$0.60	$0.27	$0.09	$0.24	$0.42	$0.44	$0.50	$0.54
GAAP EPS Growth	9%	-3%	-50%	59%	9%	15%	0%	-36%	-8%	-60%	-86%	-41%	-31%	65%	467%	127%
Operating Earnings Per Share	$2.46	$2.38	$1.20	$1.90	$0.66	$0.67	$0.64	$0.41	$0.60	$0.27	$0.09	$0.24	$0.42	$0.44	$0.50	$0.54
Growth in Operating EPS	9%	-3%	-50%	59%	9%	15%	0%	-36%	-8%	-60%	-86%	-41%	-31%	65%	467%	127%
OPERATING RATIOS																
Interest Income/Avg Earning Assets	6.69%	6.65%	6.10%	6.03%	6.73%	6.69%	6.78%	6.58%	6.05%	6.05%	6.05%	6.05%	6.05%	6.05%	6.05%	6.05%
Interest Expense/Avg Bearing Liabilities	2.82%	2.69%	2.26%	2.24%	2.85%	2.74%	3.15%	2.84%	2.26%	2.26%	2.26%	2.26%	2.26%	2.26%	2.26%	2.26%
Net Interest Spread	3.87%	3.96%	3.84%	3.79%	3.88%	3.94%	3.63%	3.73%	3.79%	3.79%	3.79%	3.79%	3.79%	3.79%	3.79%	3.79%
Service Fees/Avg Deposits	0.86%	0.93%	0.84%	0.84%	0.88%	0.91%	1.00%	0.92%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Compensation/Net Revenues	19.63%	19.71%	19.17%	19.00%	19.78%	19.28%	19.62%	20.14%	18.78%	19.30%	19.30%	19.30%	19.00%	19.00%	19.00%	19.00%
Non-Compensation/Net Revenues	38.75%	38.24%	35.50%	36.42%	38.76%	38.62%	37.94%	37.68%	32.93%	36.35%	36.35%	36.35%	36.50%	36.40%	36.40%	36.40%
Cost Income Ratio	58.38%	57.94%	54.67%	55.42%	58.53%	57.90%	57.56%	57.81%	51.71%	55.65%	55.65%	55.65%	55.50%	55.40%	55.40%	55.40%
Efficiency Ratio	58.4%	57.9%	54.7%	55.4%	58.5%	57.9%	57.6%	57.8%	51.7%	55.7%	55.7%	55.7%	55.5%	55.4%	55.4%	55.4%
Tax Rate	33.7%	30.7%	34.9%	34.5%	29.9%	33.8%	34.0%	19.6%	34.9%	34.9%	34.9%	34.9%	34.5%	34.5%	34.5%	34.5%
INCOME STATEMENT																
Interest Income																
Securities Available for Sale	3,278	-	1,132	-	686	752	1,032	981	1,132	-	-	-	-	-	-	-
Mortgages Held for Sale	2,746	-	394	-	530	578	586	456	394	-	-	-	-	-	-	-
Loans Held for Sale	47	-	12	-	15	17	19	19	12	-	-	-	-	-	-	-
Loans	25,611	-	7,212	-	6,764	7,100	7,477	7,699	7,212	-	-	-	-	-	-	-
Other Interest Income	557	-	99	-	144	126	109	87	99	-	-	-	-	-	-	-
Total Interest Income	32,239	35,177	36,243	37,652	8,139	8,573	9,223	9,242	8,849	9,035	9,128	9,231	9,278	9,337	9,461	9,577
Interest Expense			-	-												
Deposits	7,174	-	1,594	-	1,857	1,941	2,218	2,136	1,594	-	-	-	-	-	-	-
Short-Term Borrowings	992	-	425	-	136	265	464	380	425	-	-	-	-	-	-	-
Long Term Debt	4,122	-	1,070	-	1,136	1,171	1,261	1,238	1,070	-	-	-	-	-	-	-
Guaranteed Preferred Beneficial Interes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Interest Expense	12,288	14,203	12,125	12,336	3,129	3,377	3,943	3,754	3,089	2,997	3,002	3,038	3,063	3,075	3,080	3,118
Net Interest Income	19,951	20,974	24,117	25,315	5,010	5,196	5,280	5,488	5,760	6,038	6,126	6,193	6,215	6,262	6,380	6,459
Provision for Credit Losses	2,204	4,939	13,080	9,920	715	720	892	2,612	2,028	3,270	4,237	3,546	2,676	2,612	2,387	2,245
Total Net Interest Revenue	17,747	16,035	11,037	15,395	4,295	4,476	4,388	2,876	3,732	2,769	1,890	2,647	3,539	3,649	3,993	4,214
Noninterest Income:																
Service Charges	2,690	3,050	2,954	3,049	685	740	837	788	748	730	732	745	754	759	761	775
Trust and Investment fees	2,737	3,149	3,229	3,412	731	839	777	802	763	809	804	854	806	855	849	902
Credit Card Fee	1,747	2,136	2,260	2,346	470	517	561	588	558	551	565	585	588	579	582	597
Other Fees	2,057	2,292	2,226	2,521	511	638	566	577	499	564	576	587	615	624	636	647
Mortgage Banking	2,311	3,133	2,633	2,572	790	689	823	831	631	660	667	675	635	640	644	653
Operating Leases	783	703	677	749	192	187	171	153	143	175	178	181	182	185	189	192
Insurance	1,340	1,530	1,554	1,600	399	432	329	370	504	350	350	350	400	400	400	400
Net Gains on Debt Available for Sale	(19)	209	473	200	31	(42)	160	60	323	50	50	50	50	50	50	50
Net Gains from Equity Investments	738	734	958	860	97	242	173	222	313	215	215	215	215	215	215	215
Other Revenue	1,356	1,480	1,221	1,200	525	453	176	326	321	300	300	300	300	300	300	300
Noninterest Income	15,740	18,416	18,185	18,509	4,431	4,695	4,573	4,717	4,803	4,404	4,436	4,542	4,546	4,606	4,626	4,731
Total Revenues	35,691	39,390	42,302	43,825	9,441	9,891	9,853	10,205	10,563	10,442	10,562	10,735	10,760	10,868	11,006	11,190
Expenses																
Salaries and Employee Benefits	7,007	7,762	8,110	8,327	1,867	1,907	1,933	2,055	1,984	2,015	2,038	2,072	2,044	2,065	2,091	2,126
Incentive Compensation	2,885	-	644	-	742	900	802	840	644	-	-	-	-	-	-	-
Employee Benefit	2,035	-	587	-	665	581	518	558	587	-	-	-	-	-	-	-
Equipment	1,252	-	348	-	337	292	295	370	348	-	-	-	-	-	-	-
Net Occupancy	1,405	-	399	-	365	369	398	413	399	-	-	-	-	-	-	-
Operating Lease	630	-	116	-	153	148	136	124	116	-	-	-	-	-	-	-
Net Losses (Gains) on Dispositions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	5,623	15,062	12,921	15,963	1,397	1,530	1,589	1,540	1,384	3,796	3,839	3,902	3,928	3,956	4,006	4,073
Total Expenses	20,837	22,824	23,125	24,290	5,526	5,727	5,671	5,900	5,462	5,811	5,878	5,974	5,972	6,021	6,098	6,199
Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income Before Taxes	12,650	11,627	6,097	9,615	3,200	3,444	3,290	1,693	3,073	1,361	448	1,215	2,113	2,235	2,521	2,746
Income Taxes	4,263	3,570	2,129	3,317	956	1,165	1,117	332	1,074	475	156	424	729	771	870	947
Net Income	8,387	8,057	3,968	6,298	2,244	2,279	2,173	1,361	1,999	886	291	791	1,384	1,464	1,652	1,798
Preferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income to Common	8,387	8,057	3,968	6,298	2,244	2,279	2,173	1,361	1,999	886	291	791	1,384	1,464	1,652	1,798
Diluted Shares Outstanding	3,410	3,383	3,318	3,318	3,416	3,389	3,374	3,352	3,318	3,318	3,318	3,318	3,318	3,318	3,318	3,318
Avg. Shares Outstanding	3,368	3,363	3,314	3,318	3,376	3,351	3,396	3,328	3,302	3,318	3,318	3,318	3,318	3,318	3,318	3,318
Dividend Declared	$1.08	$1.18	$1.24	$1.24	$0.28	$0.28	$0.31	$0.31	$0.31	$0.31	$0.31	$0.31	$0.31	$0.31	$0.31	$0.31
Payout Ratio	44%	50%	104%	65%	43%	42%	48%	76%	51%	116%	353%	130%	74%	70%	62%	57%
BALANCE SHEET RATIOS																

Source: Company reports and Oppenheimer Co. Inc.

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Income Statement and Balance Sheet

(In Millions, except per share data)	2006A	2007A	2008E	2009E	2007 1QA	2007 2QA	2007 3QA	2007 4QA	2008 1QA	2008 2QE	2008 3QE	2008 4QE	2009 1QE	2009 2QE	2009 3QE	2009 4QE
GAAP Earnings Per Share	**$2.46**	**$2.38**	**$1.20**	**$1.90**	**$0.66**	**$0.67**	**$0.64**	**$0.41**	**$0.60**	**$0.27**	**$0.09**	**$0.24**	**$0.42**	**$0.44**	**$0.50**	**$0.54**
GAAP EPS Growth	***9%***	***-3%***	***-50%***	***59%***	***9%***	***15%***	***0%***	***-36%***	***-8%***	***-60%***	***-86%***	***-41%***	***-31%***	***65%***	***467%***	***127%***
Operating Earnings Per Share	**$2.46**	**$2.38**	**$1.20**	**$1.90**	**$0.66**	**$0.67**	**$0.64**	**$0.41**	**$0.60**	**$0.27**	**$0.09**	**$0.24**	**$0.42**	**$0.44**	**$0.50**	**$0.54**
Growth in Operating EPS	***9%***	***-3%***	***-50%***	***59%***	***9%***	***15%***	***0%***	***-36%***	***-8%***	***-60%***	***-86%***	***-41%***	***-31%***	***65%***	***467%***	***127%***
Capital:																
Total Equity	45,876	47,628	47,042	49,225	46,135	47,301	47,738	47,628	48,159	48,017	47,280	47,042	47,397	47,833	48,456	49,225
Average Equity	43,268	46,752	47,335	48,134	46,006	46,718	47,520	47,683	48,159	48,088	47,648	47,161	47,397	47,615	48,144	48,840
Intangible Equity	11,275	13,106	13,100	13,100	11,275	11,983	12,018	13,106	13,148	13,100	13,100	13,100	13,100	13,100	13,100	13,100
Average Intangible	11,031	12,191	13,103	13,100	11,275	11,629	12,001	12,562	13,148	13,124	13,100	13,100	13,100	13,100	13,100	13,100
Leverage	10.5	12.1	13.0	12.9	10.5	11.4	11.5	12.1	12.4	12.5	12.8	13.0	12.9	13.0	13.0	12.9
Total Assets	481,996	575,442	613,116	636,348	485,901	539,865	548,727	575,442	595,221	599,479	607,500	613,116	613,661	620,951	630,037	636,348
Average Assets	481,869	528,719	594,279	624,732	483,949	512,883	544,296	562,085	585,332	597,350	603,489	610,308	613,389	617,306	625,494	633,192
Risk Adjusted Capital	21,225	23,289	26,176	27,518	25,437	26,958	28,609	29,544	30,766	31,397	31,720	32,078	32,240	32,446	32,877	33,281
Equity to Assets	9.52%	8.28%	7.67%	7.74%	9.49%	8.76%	8.70%	8.28%	8.09%	8.01%	7.78%	7.67%	7.72%	7.70%	7.69%	7.74%
Tier 1 Capital	8.95%				8.68%	8.57%	8.21%	7.59%	7.92%							
Book Value	$13.58	$14.78	$14.74	$15.40	$13.96	$14.35	$14.68	$14.45	$14.74	$14.70	$14.48	$14.41	$14.51	$14.64	$14.83	$15.06
Tangible Book Value	$10.24	$10.88	$10.78	$11.45	$10.62	$10.77	$11.14	$10.51	$10.76	$10.75	$10.53	$10.46	$10.56	$10.70	$10.88	$11.12
Debt to Total Capital	15%	15%	15%	14%	16%	15%	15%	15%	15%	15%	15%	15%	14%	14%	14%	14%
Returns:																
Return on Average Assets	1.74%	1.52%	0.67%	1.01%	1.85%	1.82%	1.60%	0.97%	1.37%	0.59%	0.19%	0.52%	0.90%	0.95%	1.06%	1.14%
Return on Average Equity	19.38%	17.23%	8.38%	13.08%	19.51%	19.60%	18.29%	11.42%	16.60%	7.37%	2.45%	6.71%	11.68%	12.30%	13.72%	14.73%
BALANCE SHEET																
Assets:																
Cash and Due From Banks	15,028	14,757	14,700	12,500	12,485	12,714	12,200	14,757	13,146	14,700	14,700	14,700	12,500	12,500	12,500	12,500
Fed Funds Sold	6,078	2,754	4,500	4,500	4,668	5,163	4,546	2,754	4,171	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Trading Assets	5,607	7,727	9,000	9,000	6,525	7,289	7,298	7,727	8,893	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Securities Available for Sale	42,629	72,951	80,000	75,000	45,443	72,179	57,440	72,951	81,787	80,000	80,000	80,000	75,000	75,000	75,000	75,000
Mortgages Held for Sale	33,097	26,815	27,000	30,000	32,286	34,580	29,699	26,815	29,708	27,000	27,000	27,000	30,000	30,000	30,000	30,000
Loans Held for Sale	721	948	1,000	1,000	829	887	1,011	948	813	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Loans	319,116	382,195	408,002	433,984	325,487	342,800	362,922	382,195	386,333	392,134	401,804	408,002	412,243	419,248	428,125	433,984
Allowance for Losses	3,764	5,307	10,303	10,303	3,772	3,820	3,829	5,307	5,803	7,303	9,303	10,303	10,303	10,303	10,303	10,303
Net Loans	315,352	376,888	397,699	423,681	321,715	338,980	359,093	376,888	380,530	384,831	392,501	397,699	401,940	408,945	417,822	423,681
Mortgage Servicing Rights	17,591	17,229	18,117	19,566	18,179	19,151	18,683	17,229	14,956	17,347	17,699	18,117	18,621	18,906	19,115	19,566
Premises and Equipment	4,698	5,122	5,000	5,000	4,864	4,973	5,002	5,122	5,056	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Core Deposit Intangible	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill	11,275	13,106	13,100	13,100	11,275	11,983	12,018	13,106	13,148	13,100	13,100	13,100	13,100	13,100	13,100	13,100
Other Assets	29,920	37,145	43,000	43,000	27,632	31,966	41,737	37,145	42,558	43,000	43,000	43,000	43,000	43,000	43,000	43,000
Interest Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	481,996	575,442	613,116	636,348	485,901	539,865	548,727	575,442	595,221	599,479	607,500	613,116	613,661	620,951	630,037	636,348
Liabilities:																
Noninterest Bearing Deposits	89,119	84,348	86,000	86,000	89,067	89,809	82,365	84,348	90,793	86,000	86,000	86,000	86,000	86,000	86,000	86,000
Interest Bearing Deposits	221,124	260,112	268,794	282,986	222,090	234,934	252,591	260,112	267,351	261,475	262,354	268,794	273,200	275,374	276,288	282,986
Total Deposits	310,243	344,460	354,794	368,986	311,157	324,743	334,956	344,460	358,144	347,475	348,354	354,794	359,200	361,374	362,288	368,986
Short-Term	12,829	53,255	53,000	53,000	13,181	40,838	41,729	53,255	53,983	53,000	53,000	53,000	53,000	53,000	53,000	53,000
Accrued Expenses	25,903	30,706	30,000	30,000	25,101	33,153	28,712	30,706	31,760	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Long-Term Debt	87,145	99,393	99,900	99,900	90,327	93,830	95,592	99,393	103,175	99,900	99,900	99,900	99,900	99,900	99,900	99,900
Total Liabilities	436,120	527,814	537,694	551,886	439,766	492,564	500,989	527,814	547,062	530,375	531,254	537,694	542,100	544,274	545,188	551,886
Total Stockholders' Equity	45,876	47,628	47,042	49,225	46,135	47,301	47,738	47,628	48,159	48,017	47,280	47,042	47,397	47,833	48,456	49,225
Employees	158,000	159,800	-	-	159,600	158,700	158,800	159,800	160,900							

Source: Company reports and Oppenheimer Co. Inc.

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