(c) Predominantly reported in principal transactions revenue, except for changes in fair value for CCB mortgage loans and lending-related commitments originated with the intent to sell, and mortgage loan purchase commitments, which are reported in mortgage fees and related income.
(d) Changes in fair value for MSRs are reported in mortgage fees and related income.
(e) Realized (gains)/losses due to DVA for fair value option elected liabilities are reported in principal transactions revenue, and were not material for the three months ended March 31, 2021 and 2020. Unrealized (gains)/losses are reported in OCI, and were $(22) million and $(1.1) billion for the three months ended March 31, 2021 and 2020, respectively.
(f) Loan originations are included in purchases.
(g) Includes financial assets and liabilities that have matured, been partially or fully repaid, impacts of modifications, deconsolidations associated with beneficial interests in VIEs and other items.

Level 3 analysis

Consolidated balance sheets changes

Level 3 assets at fair value, including assets measured at fair value on a nonrecurring basis, were 0.5% of total Firm assets at March 31, 2021. The following describes significant changes to level 3 assets since December 31, 2020, for those items measured at fair value on a recurring basis. Refer to Assets and liabilities measured at fair value on a nonrecurring basis on page 94 for further information on changes impacting items measured at fair value on a nonrecurring basis.

Three months ended March 31, 2021

Level 3 assets were $17.4 billion at March 31, 2021, reflecting an increase of $952 million from December 31, 2020.

The increase for the three months ended March 31, 2021 was predominantly driven by a $1.2 billion increase in MSRs. Refer to Note 14 for information on MSRs.

Refer to the sections below for additional information.

Transfers between levels for instruments carried at fair value on a recurring basis

For the three months ended March 31, 2021, there were no significant transfers from level 2 into level 3 or from level 3 into level 2.

For the three months ended March 31, 2020, significant transfers from level 2 into level 3 included the following:

- $2.1 billion of total debt and equity instruments, predominantly trading loans, driven by a decrease in observability.
- $1.0 billion of gross equity derivative receivables and $1.7 billion of gross equity derivative payables as a result of a decrease in observability and an increase in the significance of unobservable inputs.

For the three months ended March 31, 2020, there were no significant transfers from level 3 into level 2.

All transfers are based on changes in the observability and/or significance of the valuation inputs and are assumed to occur at the beginning of the quarterly reporting period in which they occur.

Gains and losses

The following describes significant components of total realized/unrealized gains/(losses) for instruments measured at fair value on a recurring basis for the periods indicated. These amounts exclude any effects of the Firm's risk management activities where the financial instruments are classified as level 1 and 2 of the fair value hierarchy. Refer to Changes in level 3 recurring fair value measurements rollforward tables on pages 90–93 for further information on these instruments.

Three months ended March 31, 2021

- $984 million of net gains on assets, driven by MSRs reflecting lower prepayment speeds on higher rates. Refer to Note 14 for information on MSRs.
- $528 million of net gains on liabilities, largely driven by market movements in long-term debt.

Three months ended March 31, 2020

- $1.2 billion of net gains on assets, driven by gains in net equity derivative receivables due to market movements largely offset by losses in MSRs reflecting faster prepayment speeds on lower rates. Refer to Note 14 for information on MSRs.
- $4.6 billion of net gains on liabilities, predominantly driven by market movements in long-term debt.

Credit and funding adjustments — derivatives

The following table provides the impact of credit and funding adjustments on principal transactions revenue in the respective periods, excluding the effect of any associated hedging activities. The FVA presented below includes the impact of the Firm's own credit quality on the inception value of liabilities as well as the impact of changes in the Firm's own credit quality over time.

	Three months ended March 31,	
(in millions)	**2021**	2020
Credit and funding adjustments:		
Derivatives CVA	**$ 240**	$ (924)
Derivatives FVA	**105**	(1,021)

Refer to Note 2 of JPMorgan Chase's 2020 Form 10-K for further information about both credit and funding adjustments, as well as information about valuation adjustments on fair value option elected liabilities.