

Note 13: Fair Values of Assets and Liabilities (continued)

Table 13.1: Fair Value Measurements by Brokers or Third-Party Pricing Services

(in millions)	Brokers			Third-party pricing services		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
September 30, 2016						
Trading assets (excluding derivatives)	\$ —	—	—	1,050	118	—
Available-for-sale securities:						
Securities of U.S. Treasury and federal agencies	—	—	—	23,309	3,067	—
Securities of U.S. states and political subdivisions	—	—	—	—	54,166	49
Mortgage-backed securities	—	279	—	—	151,897	94
Other debt securities (1)	—	154	947	—	50,669	130
Total debt securities	—	433	947	23,309	259,799	273
Total marketable equity securities	—	—	—	—	466	—
Total available-for-sale securities	—	433	947	23,309	260,265	273
Derivatives (trading and other assets)	—	—	—	—	198	—
Derivatives (liabilities)	—	—	—	—	(194)	—
Other liabilities (2)	—	—	—	—	(1)	—
December 31, 2015						
Trading assets (excluding derivatives) (3)	\$ —	—	—	700	5	—
Available-for-sale securities:						
Securities of U.S. Treasury and federal agencies	—	—	—	32,868	3,382	—
Securities of U.S. states and political subdivisions	—	—	—	—	48,443	51
Mortgage-backed securities	—	226	—	—	126,525	73
Other debt securities (1)	—	503	409	—	48,721	345
Total debt securities	—	729	409	32,868	227,071	469
Total marketable equity securities	—	—	—	—	484	—
Total available-for-sale securities	—	729	409	32,868	227,555	469
Derivatives (trading and other assets)	—	—	—	—	224	—
Derivatives (liabilities)	—	—	—	—	(221)	—
Other liabilities (2)	—	—	—	—	(1)	—

(1) Includes corporate debt securities, collateralized loan and other debt obligations, asset-backed securities, and other debt securities.

(2) Includes short sale liabilities and other liabilities.

(3) The Level 1 third-party pricing services balance for trading assets has been revised to correct the amount previously reported.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

Table 13.2 presents the balances of assets and liabilities recorded at fair value on a recurring basis.

Table 13.2: Fair Value on a Recurring Basis

(in millions)	Level 1	Level 2	Level 3	Netting	Total
September 30, 2016					
Trading assets (excluding derivatives)					
Securities of U.S. Treasury and federal agencies	\$ 19,184	3,883	—	—	23,067
Securities of U.S. states and political subdivisions	—	3,899	3	—	3,902
Collateralized loan obligations	—	343	288	—	631
Corporate debt securities	25	7,355	46	—	7,426
Mortgage-backed securities	—	21,039	—	—	21,039
Asset-backed securities	—	1,253	—	—	1,253
Equity securities	22,701	286	—	—	22,987
Total trading securities (1)	41,910	38,058	337	—	80,305
Other trading assets	—	759	30	—	789
Total trading assets (excluding derivatives)	41,910	38,817	367	—	81,094
Securities of U.S. Treasury and federal agencies	23,309	3,067	—	—	26,376
Securities of U.S. states and political subdivisions	—	54,166	1,200 (2)	—	55,366
Mortgage-backed securities:					
Federal agencies	—	135,692	—	—	135,692
Residential	—	8,526	1	—	8,527
Commercial	—	9,767	93	—	9,860
Total mortgage-backed securities	—	153,985	94	—	154,079
Corporate debt securities	60	12,186	475	—	12,721
Collateralized loan and other debt obligations (3)	—	34,485	960 (2)	—	35,445
Asset-backed securities:					
Automobile loans and leases	—	10	—	—	10
Home equity loans	—	390	—	—	390
Other asset-backed securities	—	4,921	1,046 (2)	—	5,967
Total asset-backed securities	—	5,321	1,046	—	6,367
Other debt securities	—	4	—	—	4
Total debt securities	23,369	263,214	3,775	—	290,358
Marketable equity securities:					
Perpetual preferred securities	125	466	—	—	591
Other marketable equity securities	642	—	—	—	642
Total marketable equity securities	767	466	—	—	1,233
Total available-for-sale securities	24,136	263,680	3,775	—	291,591
Mortgages held for sale	—	21,540	1,107	—	22,647
Loans	—	—	4,788	—	4,788
Mortgage servicing rights (residential)	—	—	10,415	—	10,415
Derivative assets:					
Interest rate contracts	17	125,709	667	—	126,393
Commodity contracts	—	2,547	26	—	2,573
Equity contracts	3,530	2,956	1,071	—	7,557
Foreign exchange contracts	33	9,390	29	—	9,452
Credit contracts	—	290	286	—	576
Netting	—	—	—	(112,586) (4)	(112,586)
Total derivative assets (5)	3,580	140,892	2,079	(112,586)	33,965
Other assets – excluding nonmarketable equity investments at NAV	—	23	3,418	—	3,441
Total assets included in the fair value hierarchy	\$ 69,626	464,952	25,949	(112,586)	447,941
Other assets – nonmarketable equity investments at NAV (6)	—	—	—	—	—
Total assets recorded at fair value	—	—	—	—	\$ 447,941
Derivative liabilities:					
Interest rate contracts	\$ (29)	(104,288)	(34)	—	(104,351)
Commodity contracts	—	(2,705)	(6)	—	(2,711)
Equity contracts	(1,088)	(3,973)	(1,446)	—	(6,507)
Foreign exchange contracts	(17)	(10,608)	(12)	—	(10,637)
Credit contracts	—	(331)	(216)	—	(547)
Other derivative contracts	—	—	(73)	—	(73)
Netting	—	—	—	107,817 (4)	107,817
Total derivative liabilities (5)	(1,134)	(121,905)	(1,787)	107,817	(17,009)
Short sale liabilities:					
Securities of U.S. Treasury and federal agencies	(10,906)	(835)	—	—	(11,741)
Corporate debt securities	—	(4,501)	—	—	(4,501)
Equity securities	(1,435)	(27)	—	—	(1,462)
Other securities	—	(105)	—	—	(105)
Total short sale liabilities	(12,341)	(5,468)	—	—	(17,809)
Other liabilities (excluding derivatives)	—	—	(4)	—	(4)
Total liabilities recorded at fair value	\$ (13,475)	(127,373)	(1,791)	107,817	(34,822)

- (1) Net gains (losses) from trading activities recognized in the income statement for the first nine months of 2016 and 2015 include \$1.4 billion and \$(985) million in net unrealized gains (losses) on trading securities held at September 30, 2016 and 2015, respectively.
- (2) Balances consist of securities that are mostly investment grade based on ratings received from the ratings agencies or internal credit grades categorized as investment grade if external ratings are not available. The securities are classified as Level 3 due to limited market activity.
- (3) Includes collateralized debt obligations of \$832 million.
- (4) Represents balance sheet netting of derivative asset and liability balances and related cash collateral. See Note 12 (Derivatives) for additional information.
- (5) Derivative assets and derivative liabilities include contracts qualifying for hedge accounting, economic hedges, and derivatives included in trading assets and trading liabilities, respectively.
- (6) Consists of certain nonmarketable equity investments that are measured at fair value using NAV per share (or its equivalent) as a practical expedient and are excluded from the fair value hierarchy.

(continued on following page)

Note 13: Fair Values of Assets and Liabilities (continued)

(continued from previous page)

(in millions)	Level 1	Level 2	Level 3	Netting	Total
December 31, 2015					
Trading assets (excluding derivatives)					
Securities of U.S. Treasury and federal agencies	\$ 13,357	3,469	—	—	16,826
Securities of U.S. states and political subdivisions	—	1,667	8	—	1,675
Collateralized loan obligations	—	346	343	—	689
Corporate debt securities	—	7,909	56	—	7,965
Mortgage-backed securities	—	20,619	—	—	20,619
Asset-backed securities	—	1,005	—	—	1,005
Equity securities	15,010	101	—	—	15,111
Total trading securities (1)	28,367	35,116	407	—	63,890
Other trading assets	—	891	34	—	925
Total trading assets (excluding derivatives)	28,367	36,007	441	—	64,815
Securities of U.S. Treasury and federal agencies	32,868	3,382	—	—	36,250
Securities of U.S. states and political subdivisions	—	48,490	1,500 (2)	—	49,990
Mortgage-backed securities:					
Federal agencies	—	104,546	—	—	104,546
Residential	—	8,557	1	—	8,558
Commercial	—	14,015	73	—	14,088
Total mortgage-backed securities	—	127,118	74	—	127,192
Corporate debt securities	54	14,952	405	—	15,411
Collateralized loan and other debt obligations (3)	—	30,402	565 (2)	—	30,967
Asset-backed securities:					
Automobile loans and leases	—	15	—	—	15
Home equity loans	—	414	—	—	414
Other asset-backed securities	—	4,290	1,182 (2)	—	5,472
Total asset-backed securities	—	4,719	1,182	—	5,901
Other debt securities	—	10	—	—	10
Total debt securities	32,922	229,073	3,726	—	265,721
Marketable equity securities:					
Perpetual preferred securities	434	484	—	—	918
Other marketable equity securities	719	—	—	—	719
Total marketable equity securities	1,153	484	—	—	1,637
Total available-for-sale securities	34,075	229,557	3,726	—	267,358
Mortgages held for sale	—	12,457	1,082	—	13,539
Loans	—	—	5,316	—	5,316
Mortgage servicing rights (residential)	—	—	12,415	—	12,415
Derivative assets:					
Interest rate contracts	16	62,390	319	—	62,725
Commodity contracts	—	4,623	36	—	4,659
Equity contracts	3,726	2,907	966	—	7,599
Foreign exchange contracts	48	8,899	—	—	8,947
Credit contracts	—	375	275	—	650
Netting	—	—	—	(66,924) (4)	(66,924)
Total derivative assets (5)	3,790	79,194	1,596	(66,924)	17,656
Other assets – excluding nonmarketable equity investments at NAV	—	—	3,065	—	3,065
Total assets included in the fair value hierarchy	\$ 66,232	357,215	27,641	(66,924)	384,164
Other assets – nonmarketable equity investments at NAV (6)					23
Total assets recorded at fair value					\$ 384,187
Derivative liabilities:					
Interest rate contracts	\$ (41)	(57,905)	(31)	—	(57,977)
Commodity contracts	—	(5,495)	(24)	—	(5,519)
Equity contracts	(704)	(3,027)	(1,077)	—	(4,808)
Foreign exchange contracts	(37)	(10,896)	—	—	(10,933)
Credit contracts	—	(351)	(278)	—	(629)
Other derivative contracts	—	—	(58)	—	(58)
Netting	—	—	—	66,004 (4)	66,004
Total derivative liabilities (5)	(782)	(77,674)	(1,468)	66,004	(13,920)
Short sale liabilities:					
Securities of U.S. Treasury and federal agencies	(8,621)	(1,074)	—	—	(9,695)
Corporate debt securities	—	(4,209)	—	—	(4,209)
Equity securities	(1,692)	(4)	—	—	(1,696)
Other securities	—	(70)	—	—	(70)
Total short sale liabilities	(10,313)	(5,357)	—	—	(15,670)
Other liabilities (excluding derivatives)	—	—	(30)	—	(30)
Total liabilities recorded at fair value	\$ (11,095)	(83,031)	(1,498)	66,004	(29,620)

- (1) Net gains (losses) from trading activities recognized in the income statement for the year ended December 31, 2015, include \$(1.0) billion in net unrealized gains (losses) on trading securities held at December 31, 2015.
- (2) Balances consist of securities that are mostly investment grade based on ratings received from the ratings agencies or internal credit grades categorized as investment grade if external ratings are not available. The securities are classified as Level 3 due to limited market activity.
- (3) Includes collateralized debt obligations of \$257 million.
- (4) Represents balance sheet netting of derivative asset and liability balances and related cash collateral. See Note 12 (Derivatives) for additional information.
- (5) Derivative assets and derivative liabilities include contracts qualifying for hedge accounting, economic hedges, and derivatives included in trading assets and trading liabilities, respectively.
- (6) Consists of certain nonmarketable equity investments that are measured at fair value using NAV per share (or its equivalent) as a practical expedient and are excluded from the fair value hierarchy.

Changes in Fair Value Levels

We monitor the availability of observable market data to assess the appropriate classification of financial instruments within the fair value hierarchy and transfer between Level 1, Level 2, and Level 3 accordingly. Observable market data includes but is not limited to quoted prices and market transactions. Changes in economic conditions or market liquidity generally will drive changes in availability of observable market data. Changes in availability of observable market data, which also may result in

changing the valuation technique used, are generally the cause of transfers between Level 1, Level 2, and Level 3.

Transfers into and out of Level 1, Level 2, and Level 3 are provided within Table 13.3 for the periods presented. The amounts reported as transfers represent the fair value as of the beginning of the quarter in which the transfer occurred.

Table 13.3: Transfers Between Fair Value Levels

	Transfers Between Fair Value Levels						
	Level 1		Level 2		Level 3 (1)		
(in millions)	In	Out	In	Out	In	Out	Total
Quarter ended September 30, 2016							
Trading assets (excluding derivatives)	\$ 1	(44)	44	(2)	1	—	—
Available-for-sale securities	—	—	465	—	—	(465)	—
Mortgages held for sale	—	—	3	(18)	18	(3)	—
Net derivative assets and liabilities (2)	—	—	79	(14)	14	(79)	—
Short sale liabilities	—	1	(1)	—	—	—	—
Total transfers	\$ 1	(43)	590	(34)	33	(547)	—
Quarter ended September 30, 2015							
Trading assets (excluding derivatives)	\$ —	(8)	10	(10)	10	(2)	—
Available-for-sale securities	—	—	—	—	—	—	—
Mortgages held for sale	—	—	11	(60)	60	(11)	—
Net derivative assets and liabilities (2)	—	—	(3)	—	—	3	—
Short sale liabilities	—	1	(1)	—	—	—	—
Total transfers	\$ —	(7)	17	(70)	70	(10)	—
Nine months ended September 30, 2016							
Trading assets (excluding derivatives)	\$ 5	(48)	59	(6)	1	(11)	—
Available-for-sale securities	—	—	481	(80)	80	(481)	—
Mortgages held for sale	—	—	12	(72)	72	(12)	—
Net derivative assets and liabilities (2)	—	—	129	(42)	42	(129)	—
Short sale liabilities	(1)	1	(1)	1	—	—	—
Total transfers	\$ 4	(47)	680	(199)	195	(633)	—
Nine months ended September 30, 2015							
Trading assets (excluding derivatives)	\$ 16	(11)	103	(26)	11	(93)	—
Available-for-sale securities (3)	—	—	76	—	—	(76)	—
Mortgages held for sale	—	—	464	(155)	155	(464)	—
Net derivative assets and liabilities (2)	—	—	49	12	(12)	(49)	—
Short sale liabilities	(1)	1	(1)	1	—	—	—
Total transfers	\$ 15	(10)	691	(168)	154	(682)	—

(1) All transfers in and out of Level 3 are disclosed within the recurring Level 3 rollforward tables in this Note.

(2) Includes transfers of net derivative assets and net derivative liabilities between levels due to changes in observable market data.

(3) Transfers out of Level 3 exclude \$640 million in auction rate perpetual preferred equity securities that were transferred in second quarter 2015 from available-for-sale securities to nonmarketable equity investments in other assets.

Note 13: Fair Values of Assets and Liabilities (continued)

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the quarter ended September 30, 2016, are presented in Table 13.4.

Table 13.4: Changes in Level 3 Fair Value Assets and Liabilities on a Recurring Basis – Quarter ended September 30, 2016

(in millions)	Balance, beginning of period	Total net gains (losses) included in		Purchases, sales, issuances, and settlements, net (1)	Transfers into Level 3	Transfers out of Level 3	Balance, end of period	Net unrealized gains (losses) included in income related to assets and liabilities held at period end (2)
		Net income	Other compre- hensive income					
Quarter ended September 30, 2016								
Trading assets (excluding derivatives):								
Securities of U.S. states and political subdivisions	\$ 7	—	—	(4)	—	—	3	—
Collateralized loan obligations	249	—	—	39	—	—	288	(1)
Corporate debt securities	36	1	—	9	—	—	46	1
Mortgage-backed securities	—	—	—	—	—	—	—	—
Asset-backed securities	—	—	—	—	—	—	—	—
Equity securities	—	—	—	(1)	1	—	—	—
Total trading securities	292	1	—	43	1	—	337	—
Other trading assets	33	(3)	—	—	—	—	30	(2)
Total trading assets (excluding derivatives)	325	(2)	—	43	1	—	367	(2) (3)
Available-for-sale securities:								
Securities of U.S. states and political subdivisions	1,793	1	(15)	(114)	—	(465)	1,200	—
Mortgage-backed securities:								
Residential	1	—	—	—	—	—	1	—
Commercial	94	—	1	(2)	—	—	93	(1)
Total mortgage-backed securities	95	—	1	(2)	—	—	94	(1)
Corporate debt securities	471	3	5	(4)	—	—	475	—
Collateralized loan and other debt obligations	951	19	2	(12)	—	—	960	—
Asset-backed securities:								
Automobile loans and leases	—	—	—	—	—	—	—	—
Other asset-backed securities	1,117	(1)	—	(70)	—	—	1,046	—
Total asset-backed securities	1,117	(1)	—	(70)	—	—	1,046	—
Total debt securities	4,427	22	(7)	(202)	—	(465)	3,775	(1) (4)
Marketable equity securities:								
Perpetual preferred securities	—	—	—	—	—	—	—	—
Other marketable equity securities	—	—	—	—	—	—	—	—
Total marketable equity securities	—	—	—	—	—	—	—	— (5)
Total available-for-sale securities	4,427	22	(7)	(202)	—	(465)	3,775	(1)
Mortgages held for sale	1,084	(10)	—	18	18	(3)	1,107	(11) (6)
Loans	5,032	(25)	—	(219)	—	—	4,788	(26) (6)
Mortgage servicing rights (residential) (7)	10,396	(594)	—	613	—	—	10,415	(8) (6)
Net derivative assets and liabilities:								
Interest rate contracts	690	504	—	(561)	—	—	633	186
Commodity contracts	21	(3)	—	—	1	1	20	(1)
Equity contracts	(252)	(33)	—	(7)	(3)	(80)	(375)	(54)
Foreign exchange contracts	—	1	—	—	16	—	17	2
Credit contracts	61	17	—	(8)	—	—	70	14
Other derivative contracts	(88)	15	—	—	—	—	(73)	16
Total derivative contracts	432	501	—	(576)	14	(79)	292	163 (8)
Other assets	3,038	380	—	—	—	—	3,418	381 (5)
Short sale liabilities	—	—	—	—	—	—	—	— (3)
Other liabilities (excluding derivatives)	(5)	1	—	—	—	—	(4)	— (6)

(1) See Table 13.5 for detail.

(2) Represents only net gains (losses) that are due to changes in economic conditions and management's estimates of fair value and excludes changes due to the collection/realization of cash flows over time.

(3) Included in net gains (losses) from trading activities and other noninterest income in the income statement.

(4) Included in net gains (losses) from debt securities in the income statement.

(5) Included in net gains (losses) from equity investments in the income statement.

(6) Included in mortgage banking and other noninterest income in the income statement.

(7) For more information on the changes in mortgage servicing rights, see Note 8 (Mortgage Banking Activities).

(8) Included in mortgage banking, trading activities, equity investments and other noninterest income in the income statement.

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Table 13.5 presents gross purchases, sales, issuances and settlements related to the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the quarter ended September 30, 2016.

Table 13.5: Gross Purchases, Sales, Issuances and Settlements – Level 3 – Quarter ended September 30, 2016

(in millions)	Purchases	Sales	Issuances	Settlements	Net
Quarter ended September 30, 2016					
Trading assets (excluding derivatives):					
Securities of U.S. states and political subdivisions	\$ —	—	—	(4)	(4)
Collateralized loan obligations	75	(36)	—	—	39
Corporate debt securities	19	(10)	—	—	9
Mortgage-backed securities	—	—	—	—	—
Asset-backed securities	—	—	—	—	—
Equity securities	—	(1)	—	—	(1)
Total trading securities	94	(47)	—	(4)	43
Other trading assets	—	—	—	—	—
Total trading assets (excluding derivatives)	94	(47)	—	(4)	43
Available-for-sale securities:					
Securities of U.S. states and political subdivisions	—	—	—	(114)	(114)
Mortgage-backed securities:					
Residential	—	—	—	—	—
Commercial	—	—	—	(2)	(2)
Total mortgage-backed securities	—	—	—	(2)	(2)
Corporate debt securities	1	(4)	—	(1)	(4)
Collateralized loan and other debt obligations	121	(45)	—	(88)	(12)
Asset-backed securities:					
Automobile loans and leases	—	—	—	—	—
Other asset-backed securities	—	—	16	(86)	(70)
Total asset-backed securities	—	—	16	(86)	(70)
Total debt securities	122	(49)	16	(291)	(202)
Marketable equity securities:					
Perpetual preferred securities	—	—	—	—	—
Other marketable equity securities	—	—	—	—	—
Total marketable equity securities	—	—	—	—	—
Total available-for-sale securities	122	(49)	16	(291)	(202)
Mortgages held for sale	23	(113)	161	(53)	18
Loans	—	—	76	(295)	(219)
Mortgage servicing rights (residential) (1)	—	3	609	1	613
Net derivative assets and liabilities:					
Interest rate contracts	—	—	—	(561)	(561)
Commodity contracts	—	—	—	—	—
Equity contracts	—	—	—	(7)	(7)
Foreign exchange contracts	—	—	—	—	—
Credit contracts	2	(1)	—	(9)	(8)
Other derivative contracts	—	—	—	—	—
Total derivative contracts	2	(1)	—	(577)	(576)
Other assets	—	—	—	—	—
Short sale liabilities	—	—	—	—	—
Other liabilities (excluding derivatives)	—	—	—	—	—

(1) For more information on the changes in mortgage servicing rights, see Note 8 (Mortgage Banking Activities).

Note 13: Fair Values of Assets and Liabilities (continued)

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the quarter ended September 30, 2015, are presented in Table 13.6.

Table 13.6: Changes in Level 3 Fair Value Assets and Liabilities on a Recurring Basis – Quarter ended September 30, 2015

(in millions)	Balance, beginning of period	Total net gains (losses) included in Net income	Other compre- hensive income	Purchases, sales, issuances and settlements, net (1)	Transfers into Level 3	Transfers out of Level 3	Balance, end of period	Net unrealized gains (losses) included in income related to assets and liabilities held at period end (2)
Quarter ended September 30, 2015								
Trading assets (excluding derivatives):								
Securities of U.S. states and political subdivisions	\$ 8	—	—	1	—	—	9	—
Collateralized loan obligations	407	(3)	—	(14)	—	—	390	—
Corporate debt securities	33	(1)	—	6	10	(2)	46	(2)
Mortgage-backed securities	—	—	—	—	—	—	—	—
Asset-backed securities	—	—	—	—	—	—	—	—
Equity securities	1	—	—	—	—	—	1	—
Total trading securities	449	(4)	—	(7)	10	(2)	446	(2)
Other trading assets	62	(1)	—	(27)	—	—	34	(25)
Total trading assets (excluding derivatives)	511	(5)	—	(34)	10	(2)	480	(27) (3)
Available-for-sale securities:								
Securities of U.S. states and political subdivisions	1,889	1	1	26	—	—	1,917	—
Mortgage-backed securities:								
Residential	—	—	—	—	—	—	—	—
Commercial	103	5	(7)	(17)	—	—	84	(2)
Total mortgage-backed securities	103	5	(7)	(17)	—	—	84	(2)
Corporate debt securities	334	4	(9)	52	—	—	381	(4)
Collateralized loan and other debt obligations	924	71	(76)	(194)	—	—	725	—
Asset-backed securities:								
Automobile loans and leases	260	—	(12)	—	—	—	248	—
Other asset-backed securities	1,320	—	(6)	(74)	—	—	1,240	—
Total asset-backed securities	1,580	—	(18)	(74)	—	—	1,488	—
Total debt securities	4,830	81	(109)	(207)	—	—	4,595	(6) (4)
Marketable equity securities:								
Perpetual preferred securities	—	—	—	—	—	—	—	—
Other marketable equity securities	—	—	—	—	—	—	—	—
Total marketable equity securities	—	—	—	—	—	—	—	— (5)
Total available-for-sale securities	4,830	81	(109)	(207)	—	—	4,595	(6)
Mortgages held for sale	1,623	16	—	(226)	60	(11)	1,462	16 (6)
Loans	5,651	(4)	—	(118)	—	—	5,529	(2) (6)
Mortgage servicing rights (residential) (7)	12,661	(1,337)	—	454	—	—	11,778	(833) (6)
Net derivative assets and liabilities:								
Interest rate contracts	252	562	—	(371)	—	—	443	219
Commodity contracts	3	1	—	—	—	—	4	2
Equity contracts	(185)	15	—	63	—	3	(104)	109
Foreign exchange contracts	—	—	—	—	—	—	—	—
Credit contracts	(117)	(5)	—	81	—	—	(41)	7
Other derivative contracts	(38)	(32)	—	—	—	—	(70)	(32)
Total derivative contracts	(85)	541	—	(227)	—	3	232	305 (8)
Other assets	2,636	108	—	1	—	—	2,745	— (5)
Short sale liabilities	(1)	—	—	1	—	—	—	— (3)
Other liabilities (excluding derivatives)	(30)	—	—	10	—	—	(20)	— (6)

(1) See Table 13.7 for detail.

(2) Represents only net gains (losses) that are due to changes in economic conditions and management's estimates of fair value and excludes changes due to the collection/realization of cash flows over time.

(3) Included in net gains (losses) from trading activities and other noninterest income in the income statement.

(4) Included in net gains (losses) from debt securities in the income statement.

(5) Included in net gains (losses) from equity investments in the income statement.

(6) Included in mortgage banking and other noninterest income in the income statement.

(7) For more information on the changes in mortgage servicing rights, see Note 8 (Mortgage Banking Activities).

(8) Included in mortgage banking, trading activities, equity investments and other noninterest income in the income statement.

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Table 13.7 presents gross purchases, sales, issuances and settlements related to the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the quarter ended September 30, 2015.

Table 13.7: Gross Purchases, Sales, Issuances and Settlements – Level 3 – Quarter ended September 30, 2015

(in millions)	Purchases	Sales	Issuances	Settlements	Net
Quarter ended September 30, 2015					
Trading assets (excluding derivatives):					
Securities of U.S. states and political subdivisions	\$ 1	—	—	—	1
Collateralized loan obligations	152	(166)	—	—	(14)
Corporate debt securities	9	(3)	—	—	6
Mortgage-backed securities	—	—	—	—	—
Asset-backed securities	—	—	—	—	—
Equity securities	—	—	—	—	—
Total trading securities	162	(169)	—	—	(7)
Other trading assets	—	(26)	—	(1)	(27)
Total trading assets (excluding derivatives)	162	(195)	—	(1)	(34)
Available-for-sale securities:					
Securities of U.S. states and political subdivisions	—	—	261	(235)	26
Mortgage-backed securities:					
Residential	—	—	—	—	—
Commercial	—	—	—	(17)	(17)
Total mortgage-backed securities	—	—	—	(17)	(17)
Corporate debt securities	57	(3)	—	(2)	52
Collateralized loan and other debt obligations	15	(86)	—	(123)	(194)
Asset-backed securities:					
Automobile loans and leases	—	—	—	—	—
Other asset-backed securities	30	—	30	(134)	(74)
Total asset-backed securities	30	—	30	(134)	(74)
Total debt securities	102	(89)	291	(511)	(207)
Marketable equity securities:					
Perpetual preferred securities	—	—	—	—	—
Other marketable equity securities	—	—	—	—	—
Total marketable equity securities	—	—	—	—	—
Total available-for-sale securities	102	(89)	291	(511)	(207)
Mortgages held for sale	44	(436)	246	(80)	(226)
Loans	3	—	93	(214)	(118)
Mortgage servicing rights (residential) (1)	—	6	448	—	454
Net derivative assets and liabilities:					
Interest rate contracts	—	—	—	(371)	(371)
Commodity contracts	—	—	—	—	—
Equity contracts	—	(32)	—	95	63
Foreign exchange contracts	—	—	—	—	—
Credit contracts	4	—	—	77	81
Other derivative contracts	—	—	—	—	—
Total derivative contracts	4	(32)	—	(199)	(227)
Other assets	1	—	—	—	1
Short sale liabilities	1	—	—	—	1
Other liabilities (excluding derivatives)	—	—	—	10	10

(1) For more information on the changes in mortgage servicing rights, see Note 8 (Mortgage Banking Activities).

Note 13: Fair Values of Assets and Liabilities (continued)

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the first nine months of 2016, are presented in Table 13.8.

Table 13.8: Changes in Level 3 Fair Value Assets and Liabilities on a Recurring Basis – Nine months ended September 30, 2016

(in millions)	Balance, beginning of period	Total net gains (losses) included in		Purchases, sales, issuances and settlements, net (1)	Transfers into Level 3	Transfers out of Level 3	Balance, end of period	Net unrealized gains (losses) included in income related to assets and liabilities held at period end	(2)
		Net income	Other compre- hensive income						
Nine months ended September 30, 2016									
Trading assets (excluding derivatives):									
Securities of U.S. states and political subdivisions	\$ 8	—	—	(5)	—	—	3	—	
Collateralized loan obligations	343	(24)	—	(20)	—	(11)	288	(25)	
Corporate debt securities	56	(7)	—	(3)	—	—	46	(6)	
Mortgage-backed securities	—	—	—	—	—	—	—	—	
Asset-backed securities	—	—	—	—	—	—	—	—	
Equity securities	—	—	—	(1)	1	—	—	—	
Total trading securities	407	(31)	—	(29)	1	(11)	337	(31)	
Other trading assets	34	(4)	—	—	—	—	30	1	
Total trading assets (excluding derivatives)	441	(35)	—	(29)	1	(11)	367	(30)	(3)
Available-for-sale securities:									
Securities of U.S. states and political subdivisions	1,500	5	(11)	107	80	(481)	1,200	—	
Mortgage-backed securities:									
Residential	1	—	—	—	—	—	1	—	
Commercial	73	—	1	19	—	—	93	(1)	
Total mortgage-backed securities	74	—	1	19	—	—	94	(1)	
Corporate debt securities	405	8	33	29	—	—	475	—	
Collateralized loan and other debt obligations	565	42	(18)	371	—	—	960	—	
Asset-backed securities:									
Automobile loans and leases	—	—	—	—	—	—	—	—	
Other asset-backed securities	1,182	1	(7)	(130)	—	—	1,046	(4)	
Total asset-backed securities	1,182	1	(7)	(130)	—	—	1,046	(4)	
Total debt securities	3,726	56	(2)	396	80	(481)	3,775	(5)	(4)
Marketable equity securities:									
Perpetual preferred securities	—	—	—	—	—	—	—	—	
Other marketable equity securities	—	—	—	—	—	—	—	—	
Total marketable equity securities	—	—	—	—	—	—	—	—	(5)
Total available-for-sale securities	3,726	56	(2)	396	80	(481)	3,775	(5)	
Mortgages held for sale	1,082	20	—	(55)	72	(12)	1,107	15	(6)
Loans	5,316	(29)	—	(499)	—	—	4,788	(30)	(6)
Mortgage servicing rights (residential) (7)	12,415	(3,434)	—	1,434	—	—	10,415	(1,789)	(6)
Net derivative assets and liabilities:									
Interest rate contracts	288	1,763	—	(1,411)	—	(7)	633	374	
Commodity contracts	12	5	—	(2)	4	1	20	13	
Equity contracts	(111)	(26)	—	(137)	22	(123)	(375)	(278)	
Foreign exchange contracts	—	1	—	—	16	—	17	16	
Credit contracts	(3)	25	—	48	—	—	70	16	
Other derivative contracts	(58)	(15)	—	—	—	—	(73)	(15)	
Total derivative contracts	128	1,753	—	(1,502)	42	(129)	292	126	(8)
Other assets	3,065	142	—	211	—	—	3,418	142	(5)
Short sale liabilities	—	—	—	—	—	—	—	—	(3)
Other liabilities (excluding derivatives)	(30)	1	—	25	—	—	(4)	—	(6)

(1) See Table 13.9 for detail.

(2) Represents only net gains (losses) that are due to changes in economic conditions and management's estimates of fair value and excludes changes due to the collection/realization of cash flows over time.

(3) Included in net gains (losses) from trading activities and other noninterest income in the income statement.

(4) Included in net gains (losses) from debt securities in the income statement.

(5) Included in net gains (losses) from equity investments in the income statement.

(6) Included in mortgage banking and other noninterest income in the income statement.

(7) For more information on the changes in mortgage servicing rights, see Note 8 (Mortgage Banking Activities).

(8) Included in mortgage banking, trading activities, equity investments and other noninterest income in the income statement.

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Table 13.9 presents gross purchases, sales, issuances and settlements related to the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the first nine months of 2016.

Table 13.9: Gross Purchases, Sales, Issuances and Settlements – Level 3 – Nine months ended September 30, 2016

(in millions)	Purchases	Sales	Issuances	Settlements	Net
Nine months ended September 30, 2016					
Trading assets (excluding derivatives):					
Securities of U.S. states and political subdivisions	\$ 2	(2)	—	(5)	(5)
Collateralized loan obligations	265	(285)	—	—	(20)
Corporate debt securities	32	(35)	—	—	(3)
Mortgage-backed securities	—	—	—	—	—
Asset-backed securities	—	—	—	—	—
Equity securities	—	(1)	—	—	(1)
Total trading securities	299	(323)	—	(5)	(29)
Other trading assets	—	—	—	—	—
Total trading assets (excluding derivatives)	299	(323)	—	(5)	(29)
Available-for-sale securities:					
Securities of U.S. states and political subdivisions	28	(7)	475	(389)	107
Mortgage-backed securities:					
Residential	—	—	—	—	—
Commercial	22	—	—	(3)	19
Total mortgage-backed securities	22	—	—	(3)	19
Corporate debt securities	35	(4)	—	(2)	29
Collateralized loan and other debt obligations	610	(49)	—	(190)	371
Asset-backed securities:					
Automobile loans and leases	—	—	—	—	—
Other asset-backed securities	—	(28)	214	(316)	(130)
Total asset-backed securities	—	(28)	214	(316)	(130)
Total debt securities	695	(88)	689	(900)	396
Marketable equity securities:					
Perpetual preferred securities	—	—	—	—	—
Other marketable equity securities	—	—	—	—	—
Total marketable equity securities	—	—	—	—	—
Total available-for-sale securities	695	(88)	689	(900)	396
Mortgages held for sale	67	(424)	443	(141)	(55)
Loans	12	—	248	(759)	(499)
Mortgage servicing rights (residential) (1)	—	(19)	1,452	1	1,434
Net derivative assets and liabilities:					
Interest rate contracts	—	—	—	(1,411)	(1,411)
Commodity contracts	—	—	—	(2)	(2)
Equity contracts	29	(146)	—	(20)	(137)
Foreign exchange contracts	—	—	—	—	—
Credit contracts	5	(2)	—	45	48
Other derivative contracts	—	—	—	—	—
Total derivative contracts	34	(148)	—	(1,388)	(1,502)
Other assets	211	—	—	—	211
Short sale liabilities	—	—	—	—	—
Other liabilities (excluding derivatives)	—	—	—	25	25

(1) For more information on the changes in mortgage servicing rights, see Note 8 (Mortgage Banking Activities).