UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended September 30, 2021

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number:
1-6523

Exact name of registrant as specified in its charter:
Bank of America Corporation

State or other jurisdiction of incorporation or organization:
Delaware

IRS Employer Identification No.:
56-0906609

Address of principal executive offices:
Bank of America Corporate Center
100 N. Tryon Street
Charlotte, North Carolina 28255

Registrant's telephone number, including area code:
(704) 386-5681

Former name, former address and former fiscal year, if changed since last report:

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	BAC	New York Stock Exchange
Depositary Shares, each representing a 1/1,000th interest in a share of Floating Rate Non-Cumulative Preferred Stock, Series E	BAC PrE	New York Stock Exchange
Depositary Shares, each representing a 1/1,000th interest in a share of 6.000% Non-Cumulative Preferred Stock, Series GG	BAC PrB	New York Stock Exchange
Depositary Shares, each representing a 1/1,000th interest in a share of 5.875% Non-Cumulative Preferred Stock, Series HH	BAC PrK	New York Stock Exchange
7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L	BAC PrL	New York Stock Exchange
Depositary Shares, each representing a 1/1,200th interest in a share of Bank of America Corporation Floating Rate Non-Cumulative Preferred Stock, Series 1	BML PrG	New York Stock Exchange

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Depositary Shares, each representing a 1/1,200th interest in a share of Bank of America Corporation Floating Rate Non-Cumulative Preferred Stock, Series 2	BML PrH	New York Stock Exchange
Depositary Shares, each representing a 1/1,200th interest in a share of Bank of America Corporation Floating Rate Non-Cumulative Preferred Stock, Series 4	BML PrJ	New York Stock Exchange
Depositary Shares, each representing a 1/1,200th interest in a share of Bank of America Corporation Floating Rate Non-Cumulative Preferred Stock, Series 5	BML PrL	New York Stock Exchange
Floating Rate Preferred Hybrid Income Term Securities of BAC Capital Trust XIII (and the guarantee related thereto)	BAC/PF	New York Stock Exchange
5.63% Fixed to Floating Rate Preferred Hybrid Income Term Securities of BAC Capital Trust XIV (and the guarantee related thereto)	BAC/PG	New York Stock Exchange
Income Capital Obligation Notes initially due December 15, 2066 of Bank of America Corporation	MER PrK	New York Stock Exchange
Senior Medium-Term Notes, Series A, Step Up Callable Notes, due November 28, 2031 of BofA Finance LLC (and the guarantee of the Registrant with respect thereto)	BAC/31B	New York Stock Exchange
Depositary Shares, each representing a 1/1,000th interest in a share of 5.375% Non-Cumulative Preferred Stock, Series KK	BAC PrM	New York Stock Exchange
Depositary Shares, each representing a 1/1,000th interest in a share of 5.000% Non-Cumulative Preferred Stock, Series LL	BAC PrN	New York Stock Exchange
Depositary Shares, each representing a 1/1,000th interest in a share of 4.375% Non-Cumulative Preferred Stock, Series NN	BAC PrO	New York Stock Exchange
Depositary Shares, each representing a 1/1,000th interest in a share of 4.125% Non-Cumulative Preferred Stock, Series PP	BAC PrP	New York Stock Exchange
Depositary Shares, each representing a 1/1,000th interest in a share of 4.250% Non-Cumulative Preferred Stock, Series QQ	BAC PrQ	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2).

Yes ☐ No ☑

On October 28, 2021, there were 8,184,084,032 shares of Bank of America Corporation Common Stock outstanding.

Bank of America Corporation and Subsidiaries
September 30, 2021
Form 10-Q

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Part I. Financial Information

Part II. Other Information

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Bank of America Corporation (the "Corporation") and its management may make certain statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as "anticipates," "targets," "expects," "hopes," "estimates," "intends," "plans," "goals," "believes," "continue" and other similar expressions or future or conditional verbs such as "will," "may," "might," "should," "would" and "could." Forward-looking statements represent the Corporation's current expectations, plans or forecasts of its future results, revenues, provision for credit losses, expenses, efficiency ratio, capital measures, strategy, and future business and economic conditions more generally, and other future matters. These statements are not guarantees of future results or performance and involve certain known and unknown risks, uncertainties and assumptions that are difficult to predict and are often beyond the Corporation's control. Actual outcomes and results may differ materially from those expressed in, or implied by, any of these forward-looking statements.

You should not place undue reliance on any forward-looking statement and should consider the following uncertainties and risks, as well as the risks and uncertainties more fully discussed under Item 1A. Risk Factors of the Corporation's 2020 Annual Report on Form 10-K and in any of the Corporation's subsequent Securities and Exchange Commission filings: the Corporation's potential judgments, damages, penalties, fines and reputational damage resulting from pending or future litigation and regulatory investigations, proceedings and enforcement actions, including as a result of our participation in and execution of government programs related to the Coronavirus Disease 2019 (COVID-19) pandemic; the possibility that the Corporation's future liabilities may be in excess of its recorded liability and estimated range of possible loss for litigation, and regulatory and government actions; the possibility that the Corporation could face increased claims from one or more parties involved in mortgage securitizations; the Corporation's ability to resolve representations and warranties repurchase and related claims; the risks related to the discontinuation of the London Interbank Offered Rate and other reference rates, including increased expenses and litigation and the effectiveness of hedging strategies; uncertainties about the financial stability and growth rates of non-U.S. jurisdictions, the risk that those jurisdictions may face difficulties servicing their sovereign debt, and related stresses on financial markets, currencies and trade, and the Corporation's exposures to such risks, including direct, indirect and operational; the impact of U.S. and global interest rates, inflation, currency exchange rates, economic conditions, trade policies and tensions, including tariffs, and potential geopolitical instability; the impact of the interest rate and inflationary environment on the Corporation's business, financial condition and results of operations; the possibility that future credit losses may be higher than currently expected due to changes i n economic assumptions, customer behavior, adverse developments with respect to U.S. or global economic conditions and other uncertainties, including the impact of supply chain disruptions and inflationary pressures on the economic recovery; the Corporation's concentration of credit risk; the Corporation's ability to achieve its expense targets and expectations regarding revenue, net interest income, provision for credit losses, net charge-offs, effective tax rate, loan growth or other projections; adverse changes to the Corporation's credit ratings from the major credit rating agencies; an inability to access capital markets or maintain deposits or borrowing costs; estimates of the fair value and other accounting values, subject to impairment assessments, of certain of the Corporation's assets and liabilities; the estimated or actual impact of changes in accounting standards or assumptions in applying those standards; uncertainty regarding the content, timing and impact of regulatory capital and liquidity requirements; the impact of adverse changes to total loss-absorbing capacity requirements, stress capital buffer requirements and/or global systemically important bank surcharges; the potential impact of actions of the Board of Governors of the Federal Reserve System on the Corporation's capital plans; the effect of changes in or interpretations of income tax laws and regulations; the impact of implementation and compliance with U.S. and international laws, regulations and regulatory interpretations, including, but not limited to, recovery and resolution planning requirements, Federal Deposit Insurance Corporation assessments, the Volcker Rule, fiduciary standards, derivatives regulations and the Coronavirus Aid, Relief, and Economic Security Act and any similar or related rules and regulations; a failure or disruption in or breach of the Corporation's operational or security systems or infrastructure, or those of third parties, including as a result of cyber-attacks or campaigns; the impact on the Corporation's business, financial condition and results of operations from the United Kingdom's exit from the European Union; the impact of climate change; the ability to achieve environmental, social and governance goals and commitments; the impact of any future federal government shutdown and uncertainty regarding the federal government's debt limit or changes in fiscal, monetary or regulatory policy;the emergence of widespread health emergencies or pandemics, including the magnitude and duration of the COVID-19 pandemic and its impact on the U.S. and/or global financial market conditions and our business, results of operations, financial condition and prospects; the impact of natural disasters, extreme weather events, military conflict, terrorism or other geopolitical events; and other matters.

Forward-looking statements speak only as of the date they are made, and the Corporation undertakes no obligation to update any forward-looking statement to reflect the impact of circumstances or events that arise after the date the forward-looking statement was made.

Notes to the Consolidated Financial Statements referred to in Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) are incorporated by reference into the MD&A. Certain prior-period amounts have been reclassified to conform to current-period presentation.

Throughout the MD&A, the Corporation uses certain acronyms and abbreviations which are defined in the Glossary.

Executive Summary

Business Overview

The Corporation is a Delaware corporation, a bank holding company (BHC) and a financial holding company. When used in this report, "the Corporation," "we," "us" and "our" may refer to Bank of America Corporation individually, Bank of America Corporation and its subsidiaries, or certain of Bank of America Corporation's subsidiaries or affiliates. Our principal executive offices are located in Charlotte, North Carolina. Through our various bank and nonbank subsidiaries throughout the U.S. and in international markets, we provide a diversified range of banking and nonbank financial services and products through four business segments: *Consumer Banking*, *Global Wealth & Investment Management (GWIM)*, *Global Banking* and *Global Markets*, with the remaining operations recorded in *All Other*. We operate our banking activities primarily under the Bank of America, National Association (Bank of America, N.A. or BANA) charter. At September 30, 2021, the Corporation had $3.1 trillion in assets and a headcount of approximately 209,000 employees.

As of September 30, 2021, we served clients through operations across the U.S., its territories and approximately 35 countries. Our retail banking footprint covers all major markets in the U.S., and we serve approximately 66 million consumer and small business clients with approximately 4,200 retail financial centers, approximately 17,000 ATMs, and leading digital banking platforms (www.bankofamerica.com) with approximately 41 million active users, including approximately 32 million active mobile users. We offer industry-leading support to approximately three million small business households. Our *GWIM* businesses, with client balances of $3.7 trillion, provide tailored solutions to meet client needs through a full set of investment management, brokerage, banking, trust and retirement products. We are a global leader in corporate and investment banking and trading across a broad range of asset classes serving corporations, governments, institutions and individuals around the world.

The Corporation's website is www.bankofamerica.com, and the Investor Relations portion of our website is https://investor.bankofamerica.com. We use our website to distribute company information, including as a means of disclosing material, non-public information and for complying with our disclosure obligations under Regulation FD. We routinely post and make accessible financial and other information, including environmental, social and governance (ESG) information, regarding the Corporation on our website. Investors should monitor the Investor Relations portion of our website, in addition to our press releases, U.S. Securities and Exchange Commission (SEC) filings, public conference calls and webcasts. Notwithstanding the foregoing, the information contained on our website as referenced in this paragraph is not incorporated by reference into this Quarterly Report on Form 10-Q.

Recent Developments

Capital Management

In June 2021, the Board of Governors of the Federal Reserve System (Federal Reserve) notified BHCs of their 2021 Comprehensive Capital Analysis and Review (CCAR) stress test results, which included a preliminary stress capital buffer (SCB) that was finalized in August 2021. Based on our results, we are subject to a 2.5 percent SCB effective October 1, 2021 through September 30, 2022, unchanged from the prior level. Our minimum Basel 3 Common equity tier 1 (CET1) capital ratio requirement also remained unchanged at 9.5 percent.

On October 20, 2021, the Corporation announced that the Board of Directors (the Board) renewed the Corporation's $25 billion common stock repurchase program previously announced in April 2021. The Board's authorization replaces the previous program. As with the April authorization, the Board also authorized common stock repurchases to offset shares awarded under the Corporation's equity-based compensation plans. The Board also declared a quarterly cash common stock dividend of $0.21 per share, payable on December 31, 2021 to shareholders of record as of December 3, 2021.

For more information on our capital resources and regulatory developments, see Capital Management on page 22.

Organizational Changes

During the third quarter of 2021, we announced certain changes to the Corporation's senior management team. For more information, see the Corporation's Current Reports on Form 8-K filed on August 26, September 10, September 14 and October 20, 2021.

COVID-19 Pandemic

The Coronavirus Disease 2019 (COVID-19) pandemic (the pandemic) has impacted the Corporation and may continue to do so, as uncertainty remains about the duration of the pandemic and the timing and strength of the global economic recovery. As the pandemic continues to evolve, we regularly evaluate protocols and processes in place to execute our business continuity plans. In conjunction with our efforts to support clients affected by the pandemic, we have cumulatively originated $35.4 billion in loans under the Paycheck Protection Program (PPP) with amounts outstanding of $8.4 billion and $15.7 billion at September 30, 2021 and June 30, 2021. For more information on PPP loans, see Commercial Portfolio Credit Risk Management on page 35.

The future direct and indirect impact of the pandemic on our businesses, results of operations and financial condition remains uncertain. Should current economic conditions deteriorate or if the pandemic worsens due to various factors, including through the spread of more easily communicable variants of COVID-19, such conditions could have an adverse effect on our businesses and results of operations and could adversely affect our financial condition.

For more information on the pandemic, see Executive Summary – Recent Developments – COVID-19 Pandemic in the MD&A and Item 1A. Risk Factors – Coronavirus Disease of the Corporation's 2020 Annual Report on Form 10-K.

LIBOR and Other Benchmark Rates

Following the 2017 announcement by the U.K.'s Financial Conduct Authority (FCA) that it would no longer compel participating banks to submit rates for the London Interbank Offered Rate (LIBOR) after 2021, regulators, trade associations and financial industry working groups have identified recommended replacement rates for LIBOR, as well as other Interbank Offered Rates (IBORs), and have published recommended conventions to allow new and existing products to incorporate fallbacks or reference these alternative reference rates (ARRs). Additionally, as previously disclosed, the FCA announced the dates that all LIBOR benchmark settings currently published by the ICE Benchmark Administration will cease or become no longer representative of the underlying market the rates seek to measure (i.e., non-representative), subject to the continued publication of certain non-representative LIBOR benchmark settings based on a modified calculation (i.e., on a "synthetic" basis).

The Corporation continues to execute its enterprise-wide IBOR transition program, and is particularly focused on contracts that reference certain IBORs that are expected to cease or become non-representative immediately after December 31, 2021. As of September 30, 2021, a significant majority of the Corporation's notional contractual exposure to LIBOR currencies that will cease or become non-representative on December 31, 2021 has been remediated, and the Corporation is continuing to remediate the remaining exposure. For any residual exposure after the end of 2021, the Corporation is assessing and planning to leverage relevant contractual and statutory solutions to transition such exposure to ARRs, including the previously disclosed New York legislation adopted in April 2021 for contracts that are governed by New York law and have no fallback provisions or a fallback provision based on LIBOR. Additionally, as part of this transition program, the Corporation continues to decrease initiation of new U.S. dollar (USD) LIBOR-linked consumer and commercial loans that mature after June 30, 2023, subject to certain exceptions, and continues to increase the usage of ARRs in its USD consumer and commercial lending products and contracts. As previously disclosed, the Corporation has ceased initiation of GBP LIBOR-linked derivatives, subject to certain exceptions, and is prioritizing interdealer trading in the Secured Overnight Financing Rate (SOFR) rather than LIBOR for certain USD interest rate swaps in accordance with recommendations by the Commodity Futures Trading Commission (CFTC). The Corporation continues to update its operational models, systems, processes and internal infrastructure.

While the Corporation continues to work towards meeting the regulatory and industry-wide recommended milestones on cessation of LIBOR, the market and client replacement of IBORs and adoption of ARRs continue to evolve and, as a result, could impact the ability of market participants and the Corporation to transition activity across or within categories of contracts, products, services and markets. Accordingly, the Corporation continues to monitor a variety of market scenarios as part of its transition efforts, including risks associated with insufficient preparation by individual market participants or the overall market ecosystem, ability of market participants to meet regulatory and industry-wide recommended milestones, development and adoption of SOFR, credit-sensitive and other rates, access and demand by clients and market participants to liquidity in certain products, including LIBOR products, and IBOR continuity. Furthermore, banking regulators in the U.S. and globally have increased regulatory scrutiny and intensified supervisory focus of financial institution LIBOR transition plans, preparations and readiness, including the use of credit-sensitive rates.

For more information on the expected replacement of LIBOR and other benchmark rates, see Executive Summary – Recent Developments – LIBOR and Other Benchmark Rates in the MD&A and Item 1A. Risk Factors – Other of the Corporation's 2020 Annual Report on Form 10-K.

Financial Highlights

Table 1 Summary Income Statement and Selected Financial Data

(Dollars in millions, except per share information)	Three Months Ended September 30 2021	Three Months Ended September 30 2020	Nine Months Ended September 30 2021	Nine Months Ended September 30 2020
Income statement				
Net interest income	**$ 11,094**	$ 10,129	**$ 31,524**	$ 33,107
Noninterest income	**11,672**	10,207	**35,529**	32,322
Total revenue, net of interest expense	**22,766**	20,336	**67,053**	65,429
Provision for credit losses	**(624)**	1,389	**(4,105)**	11,267
Noninterest expense	**14,440**	14,401	**45,000**	41,286
Income before income taxes	**8,950**	4,546	**26,158**	12,876
Income tax expense	**1,259**	(335)	**1,193**	452
Net income	**7,691**	4,881	**24,965**	12,424
Preferred stock dividends	**431**	441	**1,181**	1,159
Net income applicable to common shareholders	**$ 7,260**	$ 4,440	**$ 23,784**	$ 11,265
Per common share information				
Earnings	**$ 0.86**	$ 0.51	**$ 2.77**	$ 1.29
Diluted earnings	**0.85**	0.51	**2.75**	1.28
Dividends paid	**0.21**	0.18	**0.57**	0.54
Performance ratios				
Return on average assets [1]	**0.99 %**	0.71 %	**1.12 %**	0.63 %
Return on average common shareholders' equity [1]	**11.43**	7.24	**12.67**	6.20
Return on average tangible common shareholders' equity [2]	**15.85**	10.16	**17.61**	8.71
Efficiency ratio [1]	**63.43**	70.81	**67.11**	63.10
			September 30 2021	**December 31 2020**
Balance sheet				
Total loans and leases			**$ 927,736**	$ 927,861
Total assets			**3,085,446**	2,819,627
Total deposits			**1,964,804**	1,795,480
Total liabilities			**2,812,982**	2,546,703
Total common shareholders' equity			**249,023**	248,414
Total shareholders' equity			**272,464**	272,924

(1) For definitions, see Key Metrics on page 102.
(2) Return on average tangible common shareholders' equity is a non-GAAP financial measure. For more information and a corresponding reconciliation to the most closely related financial measures defined by accounting principles generally accepted in the United States of America (GAAP), see Non-GAAP Reconciliations on page 48.

Net income was $7.7 billion and $25.0 billion, or $0.85 and $2.75 per diluted share, for the three and nine months ended September 30, 2021 compared to $4.9 billion and $12.4 billion, or $0.51 and $1.28 per diluted share, for the same periods in 2020. The increase in net income was due to improvement in the provision for credit losses and higher revenue, partially offset by higher noninterest expense.

Total assets increased $265.8 billion from December 31, 2020 to $3.1 trillion primarily due to the deployment of cash from continued deposit inflows into debt securities, as well as higher trading account assets due to an increase in inventory in *Global Markets*.

Total liabilities increased $266.3 billion from December 31, 2020 to $2.8 trillion primarily driven by an increase in deposits due to continued government stimulus measures as well as seasonally higher deposits, an increase in trading account liabilities resulting from higher levels of short positions in *Global Markets and* higher federal funds purchased and securities loaned or sold under agreements to repurchase due to client activity in *Global Markets*.

Shareholders' equity decreased $460 million from December 31, 2020 primarily due to returns of capital to shareholders through common stock repurchases and common and preferred stock dividends, as well as market value decreases on debt securities and derivatives, partially offset by net income.

Net Interest Income

Net interest income increased $965 million to $11.1 billion, and decreased $1.6 billion to $31.5 billion for the three and nine months ended September 30, 2021 compared to the same periods in 2020. Net interest yield on a fully taxable-equivalent (FTE) basis decreased 4 basis points (bps) to 1.68 percent, and 30 bps to 1.66 percent for the same periods. The increase in net interest income for the three-month period was primarily due to deposit growth and related investment of liquidity and the accelerated recognition of capitalized loan fees due to PPP loan forgiveness, partially offset by lower loan balances. The decrease in the nine-month period was primarily driven by lower interest rates and loan balances, partially offset by higher balances of debt securities. For more information on net interest yield and the FTE basis, see Supplemental Financial Data on page 7, and for more information on interest rate risk management, see Interest Rate Risk Management for the Banking Book on page 46.

Noninterest Income

Table 2 Noninterest Income

(Dollars in millions)	Three Months Ended September 30 2021	Three Months Ended September 30 2020	Nine Months Ended September 30 2021	Nine Months Ended September 30 2020
Fees and commissions:				
Card income	**$ 1,583**	$ 1,568	**$ 4,604**	$ 4,089
Service charges	**1,928**	1,817	**5,594**	5,282
Investment and brokerage services	**4,236**	3,623	**12,422**	10,803
Investment banking fees	**2,168**	1,769	**6,536**	5,316
Total fees and commissions	**9,915**	8,777	**29,156**	25,490
Market making and similar activities	**2,005**	1,689	**7,360**	6,983
Other income	**(248)**	(259)	**(987)**	(151)
Total noninterest income	**$ 11,672**	$ 10,207	**$ 35,529**	$ 32,322

Noninterest income increased $1.5 billion to $11.7 billion and increased $3.2 billion to $35.5 billion for the three and nine months ended September 30, 2021 compared to the same periods in 2020. The following highlights the significant changes.

- Card income increased $515 million for the nine-month period primarily driven by increased client activity and merchant services revenue.
- Service charges increased $111 million and $312 million primarily due to increased client activity in the three-month period and higher treasury and credit service charges in the nine-month period.
- Investment and brokerage services increased $613 million and $1.6 billion primarily driven by higher market valuations and assets under management (AUM) flows, partially offset by declines in AUM pricing.
- Investment banking fees increased $399 million and $1.2 billion primarily due to higher advisory and debt issuance fees and increased equity issuance fees in the nine-month period.
- Market making and similar activities increased $316 million and $377 million primarily driven by strong sales and trading performance in Equities. The increase in the nine-month period was partially offset by a weaker performance in Fixed Income, Currencies and Commodities (FICC), which benefited from market-related gains in the prior-year period.
- Other income decreased $836 million for the nine-month period primarily due to a $704 million gain on sales of certain mortgage loans in the prior year, as well as higher partnership losses on tax credit investments.

Provision for Credit Losses

The provision for credit losses improved $2.0 billion to a benefit of $624 million and $15.4 billion to a benefit of $4.1 billion for the three and nine months ended September 30, 2021 compared to the same periods in 2020. The benefit in the three-month period was primarily due to credit quality improvements. The benefit in the nine-month period was primarily driven by improvements in the macroeconomic outlook and credit quality. For more information on the provision for credit losses, see Allowance for Credit Losses on page 42.

Noninterest Expense

Table 3 Noninterest Expense

(Dollars in millions)	Three Months Ended September 30 2021	Three Months Ended September 30 2020	Nine Months Ended September 30 2021	Nine Months Ended September 30 2020
Compensation and benefits	**$ 8,714**	$ 8,200	**$ 27,103**	$ 24,535
Occupancy and equipment	**1,764**	1,798	**5,353**	5,302
Information processing and communications	**1,416**	1,333	**4,289**	3,807
Product delivery and transaction related	**987**	930	**2,940**	2,518
Marketing	**347**	308	**1,528**	1,238
Professional fees	**434**	450	**1,263**	1,206
Other general operating	**778**	1,382	**2,524**	2,680
Total noninterest expense	**$ 14,440**	$ 14,401	**$ 45,000**	$ 41,286

Noninterest expense increased $39 million to $14.4 billion, and $3.7 billion to $45.0 billion for the three and nine months ended September 30, 2021 compared to the same periods in 2020. Noninterest expense in the three-month period was relatively flat, as higher revenue-related expenses were largely offset by lower litigation expense and COVID-19 related costs.

The increase in the nine-month period was primarily due to higher compensation and benefits expense, a contribution to the Bank of America Foundation, higher costs associated with processing transactional card claims related to state unemployment benefits and an impairment charge for real estate rationalization.

Income Tax Expense

Table 4 Income Tax Expense

(Dollars in millions)	Three Months Ended September 30 2021	Three Months Ended September 30 2020	Nine Months Ended September 30 2021	Nine Months Ended September 30 2020
Income before income taxes	**$ 8,950**	$ 4,546	**$ 26,158**	$ 12,876
Income tax expense	**1,259**	(335)	**1,193**	452
Effective tax rate	**14.1 %**	(7.4)%	**4.6 %**	3.5 %

Changes in the effective tax rates for the three and nine months ended September 30, 2021 compared to the same periods a year ago were driven by the impact of our recurring tax preference benefits on higher levels of pretax income and the impact of the 2020 U.K. tax law change. Also included in the nine months ended September 30, 2021 was the impact of the 2021 U.K. tax law change further discussed in this section. Our recurring tax preference benefits primarily consist of tax credits from ESG investments in affordable housing and renewable energy, aligning with our responsible growth strategy to address global sustainability challenges. Absent these tax credits and the impact of the U.K. tax law changes, the effective tax rate would have been approximately 25 percent for the three and nine months ended September 30, 2021 compared to 27 percent and 26 percent for the same periods a year ago.

On June 10, 2021, the U.K. enacted the 2021 Finance Act, which included an increase in the U.K. corporation income tax rate to 25 percent from 19 percent. This change is effective April 1, 2023 and unfavorably affects income tax expense on future U.K. earnings. As a result, during the nine months ended September 30, 2021, the Corporation recorded a write-up of U.K. net deferred tax assets of approximately $2.0 billion, with a corresponding positive income tax adjustment. This write-up is a reversal of previously recorded write-downs of net deferred tax assets for prior changes in the U.K. corporation income tax rate.

Supplemental Financial Data

Non-GAAP Financial Measures

In this Form 10-Q, we present certain non-GAAP financial measures. Non-GAAP financial measures exclude certain items or otherwise include components that differ from the most directly comparable measures calculated in accordance with GAAP. Non-GAAP financial measures are provided as additional useful information to assess our financial condition, results of operations (including period-to-period operating performance) or compliance with prospective regulatory requirements. These non-GAAP financial measures are not intended as a substitute for GAAP financial measures and may not be defined or calculated the same way as non-GAAP financial measures used by other companies.

We view net interest income and related ratios and analyses on an FTE basis, which when presented on a consolidated basis are non-GAAP financial measures. To derive the FTE basis, net interest income is adjusted to reflect tax-exempt income on an equivalent before-tax basis with a corresponding increase in income tax expense. For purposes of this calculation, we use the federal statutory tax rate of 21 percent and a representative state tax rate. Net interest yield, which measures the basis points we earn over the cost of funds, utilizes net interest income on an FTE basis. We believe that presentation of these items on an FTE basis allows for comparison of amounts from both taxable and tax-exempt sources and is consistent with industry practices.

We may present certain key performance indicators and ratios excluding certain items (e.g., debit valuation adjustment (DVA) gains (losses)) which result in non-GAAP financial measures. We believe that the presentation of measures that exclude these items is useful because such measures provide additional information to assess the underlying operational performance and trends of our businesses and to allow better comparison of period-to-period operating performance.

We also evaluate our business based on certain ratios that utilize tangible equity, a non-GAAP financial measure. Tangible equity represents shareholders' equity or common shareholders' equity reduced by goodwill and intangible assets (excluding mortgage servicing rights (MSRs)), net of related deferred tax liabilities ("adjusted" shareholders' equity or common shareholders' equity). These measures are used to evaluate our use of equity. In addition, profitability, relationship and investment models use both return on average tangible common shareholders' equity and return on average tangible shareholders' equity as key measures to support our overall growth objectives. These ratios are as follows:

- Return on average tangible common shareholders' equity measures our net income applicable to common shareholders as a percentage of adjusted average common shareholders' equity. The tangible common equity ratio represents adjusted ending common shareholders' equity divided by total tangible assets.
- Return on average tangible shareholders' equity measures our net income as a percentage of adjusted average total shareholders' equity. The tangible equity ratio represents adjusted ending shareholders' equity divided by total tangible assets.
- Tangible book value per common share represents adjusted ending common shareholders' equity divided by ending common shares outstanding.

We believe ratios utilizing tangible equity provide additional useful information because they present measures of those assets that can generate income. Tangible book value per common share provides additional useful information about the level of tangible assets in relation to outstanding shares of common stock.

The aforementioned supplemental data and performance measures are presented in Table 5 on page 8.

For more information on the reconciliation of these non-GAAP financial measures to the corresponding GAAP financial measures, see Non-GAAP Reconciliations on page 48.

Key Performance Indicators

We present certain key financial and nonfinancial performance indicators (key performance indicators) that management uses when assessing our consolidated and/or segment results. We believe they are useful to investors because they provide additional information about our underlying operational performance and trends. These key performance indicators (KPIs) may not be defined or calculated in the same way as similar KPIs used by other companies. For information on how these metrics are defined, see Key Metrics on page 102.

Our consolidated key performance indicators, which include various equity and credit metrics, are presented in Table 1 on page 4 and Table 5 on page 8.

For information on key segment performance metrics, see Business Segment Operations on page 11.

Table 5 Selected Quarterly Financial Data

(In millions, except per share information)	2021 Quarters Third	Second	First	2020 Quarters Fourth	Third	Nine Months Ended September 30 2021	2020
Income statement							
Net interest income	$ **11,094**	$ 10,233	$ 10,197	$ 10,253	$ 10,129	$ **31,524**	$ 33,107
Noninterest income	**11,672**	11,233	12,624	9,846	10,207	**35,529**	32,322
Total revenue, net of interest expense	**22,766**	21,466	22,821	20,099	20,336	**67,053**	65,429
Provision for credit losses	**(624)**	(1,621)	(1,860)	53	1,389	**(4,105)**	11,267
Noninterest expense	**14,440**	15,045	15,515	13,927	14,401	**45,000**	41,286
Income before income taxes	**8,950**	8,042	9,166	6,119	4,546	**26,158**	12,876
Income tax expense	**1,259**	(1,182)	1,116	649	(335)	**1,193**	452
Net income	**7,691**	9,224	8,050	5,470	4,881	**24,965**	12,424
Net income applicable to common shareholders	**7,260**	8,964	7,560	5,208	4,440	**23,784**	11,265
Average common shares issued and outstanding	**8,430.7**	8,620.8	8,700.1	8,724.9	8,732.9	**8,583.1**	8,762.6
Average diluted common shares issued and outstanding	**8,492.8**	8,735.5	8,755.6	8,785.0	8,777.5	**8,702.2**	8,800.5
Performance ratios							
Return on average assets [1]	**0.99** %	1.23 %	1.13 %	0.78 %	0.71 %	**1.12** %	0.63 %
Four-quarter trailing return on average assets [2]	**1.04**	0.97	0.79	0.67	0.75	**n/a**	n/a
Return on average common shareholders' equity [1]	**11.43**	14.33	12.28	8.39	7.24	**12.67**	6.20
Return on average tangible common shareholders' equity [3]	**15.85**	19.90	17.08	11.73	10.16	**17.61**	8.71
Return on average shareholders' equity [1]	**11.08**	13.47	11.91	8.03	7.26	**12.15**	6.24
Return on average tangible shareholders' equity [3]	**14.87**	18.11	16.01	10.84	9.84	**16.33**	8.46
Total ending equity to total ending assets	**8.83**	9.15	9.23	9.68	9.82	**8.83**	9.82
Total average equity to total average assets	**8.95**	9.11	9.52	9.71	9.76	**9.19**	10.05
Dividend payout	**24.10**	17.25	20.68	30.11	35.36	**20.43**	41.90
Per common share data							
Earnings	$ **0.86**	$ 1.04	$ 0.87	$ 0.60	$ 0.51	$ **2.77**	$ 1.29
Diluted earnings	**0.85**	1.03	0.86	0.59	0.51	**2.75**	1.28
Dividends paid	**0.21**	0.18	0.18	0.18	0.18	**0.57**	0.54
Book value [1]	**30.22**	29.89	29.07	28.72	28.33	**30.22**	28.33
Tangible book value [3]	**21.69**	21.61	20.90	20.60	20.23	**21.69**	20.23
Market capitalization	$ **349,841**	$ 349,925	$ 332,337	$ 262,206	$ 208,656	$ **349,841**	$ 208,656
Average balance sheet							
Total loans and leases	$ **920,509**	$ 907,900	$ 907,723	$ 934,798	$ 974,018		
Total assets	**3,076,452**	3,015,113	2,879,221	2,791,874	2,739,684		
Total deposits	**1,942,705**	1,888,834	1,805,747	1,737,139	1,695,488		
Long-term debt	**248,988**	232,034	220,836	225,423	224,254		
Common shareholders' equity	**252,043**	250,948	249,648	246,840	243,896		
Total shareholders' equity	**275,484**	274,632	274,047	271,020	267,323		
Asset quality							
Allowance for credit losses [4]	$ **14,693**	$ 15,782	$ 17,997	$ 20,680	$ 21,506		
Nonperforming loans, leases and foreclosed properties [5]	**4,831**	5,031	5,299	5,116	4,730		
Allowance for loan and lease losses as a percentage of total loans and leases outstanding [5]	**1.43** %	1.55 %	1.80 %	2.04 %	2.07 %		
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases [5]	**279**	287	313	380	431		
Net charge-offs	$ **463**	$ 595	$ 823	$ 881	$ 972		
Annualized net charge-offs as a percentage of average loans and leases outstanding [5]	**0.20** %	0.27 %	0.37 %	0.38 %	0.40 %		
Capital ratios at period end [6]							
Common equity tier 1 capital	**11.1** %	11.5 %	11.8 %	11.9 %	11.9 %		
Tier 1 capital	**12.6**	13.0	13.3	13.5	13.5		
Total capital	**14.7**	15.1	15.6	16.1	16.1		
Tier 1 leverage	**6.6**	6.9	7.2	7.4	7.4		
Supplementary leverage ratio	**5.6**	5.9	7.0	7.2	6.9		
Tangible equity [3]	**6.7**	7.0	7.0	7.4	7.4		
Tangible common equity [3]	**5.9**	6.2	6.2	6.5	6.6		
Total loss-absorbing capacity and long-term debt metrics							
Total loss-absorbing capacity to risk-weighted assets	**27.7** %	27.7 %	26.8 %	27.4 %	26.9 %		
Total loss-absorbing capacity to supplementary leverage exposure	**12.4**	12.5	14.1	14.5	13.7		
Eligible long-term debt to risk-weighted assets	**14.4**	14.1	13.0	13.3	12.9		
Eligible long-term debt to supplementary leverage exposure	**6.4**	6.3	6.8	7.1	6.6		

(1) For definitions, see Key Metrics on page 102.
(2) Calculated as total net income for four consecutive quarters divided by annualized average assets for four consecutive quarters.
(3) Tangible equity ratios and tangible book value per share of common stock are non-GAAP financial measures. For more information on these ratios and corresponding reconciliations to GAAP financial measures, see Supplemental Financial Data on page 7 and Non-GAAP Reconciliations on page 48.
(4) Includes the allowance for loan and lease losses and the reserve for unfunded lending commitments.
(5) Balances and ratios do not include loans accounted for under the fair value option. For additional exclusions from nonperforming loans, leases and foreclosed properties, see Consumer Portfolio Credit Risk Management – Nonperforming Consumer Loans, Leases and Foreclosed Properties Activity on page 34 and corresponding Table 25 and Commercial Portfolio Credit Risk Management – Nonperforming Commercial Loans, Leases and Foreclosed Properties Activity on page 39 and corresponding Table 32.
(6) For more information, including which approach is used to assess capital adequacy, see Capital Management on page 22.
n/a = not applicable

Table 6 Quarterly Average Balances and Interest Rates - FTE Basis

(Dollars in millions)	Average Balance	Interest Income/ Expense [1]	Yield/ Rate	Average Balance	Interest Income/ Expense [1]	Yield/ Rate
	Third Quarter 2021			Third Quarter 2020		
Earning assets						
Interest-bearing deposits with the Federal Reserve, non-U.S. central banks and other banks	**$ 240,054**	**$ 50**	**0.08 %**	$ 245,682	$ 10	0.02 %
Time deposits placed and other short-term investments	**6,419**	**4**	**0.24**	7,686	(4)	(0.25)
Federal funds sold and securities borrowed or purchased under agreements to resell	**270,094**	**6**	**0.01**	384,221	55	0.06
Trading account assets	**147,196**	**979**	**2.64**	146,972	960	2.60
Debt securities	**949,009**	**3,296**	**1.39**	533,261	2,147	1.63
Loans and leases [2]						
Residential mortgage	**215,652**	**1,487**	**2.76**	237,414	1,811	3.05
Home equity	**30,069**	**263**	**3.47**	37,897	284	2.99
Credit card	**75,569**	**1,952**	**10.25**	81,309	2,086	10.20
Direct/Indirect and other consumer [3]	**98,148**	**578**	**2.34**	89,559	593	2.63
Total consumer	**419,438**	**4,280**	**4.06**	446,179	4,774	4.26
U.S. commercial	**323,659**	**2,315**	**2.84**	343,533	2,165	2.51
Non-U.S. commercial	**101,967**	**446**	**1.73**	102,938	465	1.80
Commercial real estate [4]	**59,881**	**378**	**2.51**	63,262	393	2.47
Commercial lease financing	**15,564**	**116**	**2.98**	18,106	138	3.04
Total commercial	**501,071**	**3,255**	**2.58**	527,839	3,161	2.38
Total loans and leases	**920,509**	**7,535**	**3.25**	974,018	7,935	3.25
Other earning assets	**120,734**	**567**	**1.86**	83,086	497	2.39
Total earning assets	**2,654,015**	**12,437**	**1.86**	2,374,926	11,600	1.95
Cash and due from banks	**30,101**			32,714		
Other assets, less allowance for loan and lease losses	**392,336**			332,044		
Total assets	**$ 3,076,452**			$ 2,739,684		
Interest-bearing liabilities						
U.S. interest-bearing deposits						
Demand and money market deposits	**$ 931,964**	**$ 79**	**0.03 %**	$ 842,987	$ 93	0.04 %
Time and savings deposits	**162,337**	**41**	**0.10**	164,648	116	0.28
Total U.S. interest-bearing deposits	**1,094,301**	**120**	**0.04**	1,007,635	209	0.08
Non-U.S. interest-bearing deposits	**84,098**	**13**	**0.06**	75,485	18	0.09
Total interest-bearing deposits	**1,178,399**	**133**	**0.04**	1,083,120	227	0.08
Federal funds purchased, securities loaned or sold under agreements to repurchase, short-term borrowings and other interest-bearing liabilities	**324,582**	**(41)**	**(0.05)**	286,582	(24)	(0.03)
Trading account liabilities	**56,496**	**285**	**2.00**	39,689	212	2.13
Long-term debt	**248,988**	**865**	**1.37**	224,254	942	1.67
Total interest-bearing liabilities	**1,808,465**	**1,242**	**0.27**	1,633,645	1,357	0.33
Noninterest-bearing sources						
Noninterest-bearing deposits	**764,306**			612,368		
Other liabilities [5]	**228,197**			226,348		
Shareholders' equity	**275,484**			267,323		
Total liabilities and shareholders' equity	**$ 3,076,452**			$ 2,739,684		
Net interest spread			**1.59 %**			1.62 %
Impact of noninterest-bearing sources			**0.09**			0.10
Net interest income/yield on earning assets [6]		**$ 11,195**	**1.68 %**		$ 10,243	1.72 %

(1) Includes the impact of interest rate risk management contracts. For more information, see Interest Rate Risk Management for the Banking Book on page 46.
(2) Nonperforming loans are included in the respective average loan balances. Income on these nonperforming loans is generally recognized on a cost recovery basis.
(3) Includes non-U.S. consumer loans of $2.9 billion for both the third quarter of 2021 and 2020.
(4) Includes U.S. commercial real estate loans of $56.0 billion and $59.6 billion, and non-U.S. commercial real estate loans of $3.9 billion and $3.7 billion for the third quarter of 2021 and 2020.
(5) Includes $29.6 billion and $34.2 billion of structured notes and liabilities for the third quarter of 2021 and 2020.
(6) Net interest income includes FTE adjustments of $101 million and $114 million for the third quarter of 2021 and 2020.

Table 7 Year-to-Date Average Balances and Interest Rates - FTE Basis

(Dollars in millions)	Average Balance	Interest Income/ Expense (1)	Yield/ Rate	Average Balance	Interest Income/ Expense (1)	Yield/ Rate
	Nine Months Ended September 30					
	2021			2020		
Earning assets						
Interest-bearing deposits with the Federal Reserve, non-U.S. central banks and other banks	$ 255,136	$ 106	0.06 %	$ 230,265	$ 311	0.18 %
Time deposits placed and other short-term investments	7,738	8	0.14	9,070	31	0.45
Federal funds sold and securities borrowed or purchased under agreements to resell	263,581	(43)	(0.02)	325,356	900	0.37
Trading account assets	148,205	2,831	2.55	149,002	3,247	2.91
Debt securities	878,437	8,875	1.36	491,664	7,477	2.05
Loans and leases (2)						
Residential mortgage	216,239	4,514	2.78	239,623	5,678	3.16
Home equity	31,761	811	3.41	39,078	1,013	3.46
Credit card	74,383	5,775	10.38	87,302	6,690	10.24
Direct/Indirect and other consumer (3)	94,658	1,698	2.40	89,824	1,962	2.92
Total consumer	417,041	12,798	4.10	455,827	15,343	4.49
U.S. commercial (4)	322,773	6,415	2.66	349,616	7,601	2.90
Non-U.S. commercial (4)	96,445	1,284	1.78	110,096	1,781	2.16
Commercial real estate (5)	59,632	1,114	2.50	64,062	1,406	2.93
Commercial lease financing	16,200	356	2.94	18,872	427	3.02
Total commercial	495,050	9,169	2.48	542,646	11,215	2.76
Total loans and leases	912,091	21,967	3.22	998,473	26,558	3.55
Other earning assets	106,978	1,696	2.12	81,079	1,986	3.27
Total earning assets	2,572,166	35,440	1.84	2,284,909	40,510	2.37
Cash and due from banks	31,886			30,663		
Other assets, less allowance for loan and lease losses	386,932			331,035		
Total assets	$ 2,990,984			$ 2,646,607		
Interest-bearing liabilities						
U.S. interest-bearing deposits						
Demand and money market deposits	$ 912,547	$ 234	0.03 %	$ 821,324	$ 898	0.15 %
Time and savings deposits	161,156	132	0.11	175,275	658	0.50
Total U.S. interest-bearing deposits	1,073,703	366	0.05	996,599	1,556	0.21
Non-U.S. interest-bearing deposits	82,743	28	0.04	76,438	228	0.40
Total interest-bearing deposits	1,156,446	394	0.05	1,073,037	1,784	0.22
Federal funds purchased, securities loaned or sold under agreements to repurchase, short-term borrowings and other interest-bearing liabilities	312,826	(205)	(0.09)	295,483	1,024	0.46
Trading account liabilities	52,797	824	2.09	42,838	764	2.38
Long-term debt	234,056	2,581	1.48	218,766	3,445	2.10
Total interest-bearing liabilities	1,756,125	3,594	0.27	1,630,124	7,017	0.58
Noninterest-bearing sources						
Noninterest-bearing deposits	723,151			524,994		
Other liabilities (6)	236,982			225,427		
Shareholders' equity	274,726			266,062		
Total liabilities and shareholders' equity	$ 2,990,984			$ 2,646,607		
Net interest spread			1.57 %			1.79 %
Impact of noninterest-bearing sources			0.09			0.17
Net interest income/yield on earning assets (7)		$ 31,846	1.66 %		$ 33,493	1.96 %

(1) Includes the impact of interest rate risk management contracts. For more information, see Interest Rate Risk Management for the Banking Book on page 46.
(2) Nonperforming loans are included in the respective average loan balances. Income on these nonperforming loans is generally recognized on a cost recovery basis.
(3) Includes non-U.S. consumer loans of $3.0 billion and $2.9 billion for the nine months ended September 30, 2021 and 2020.
(4) Certain prior-period amounts have been reclassified to conform to current-period presentation.
(5) Includes U.S. commercial real estate loans of $56.2 billion and $60.4 billion, and non-U.S. commercial real estate loans of $3.4 billion and $3.7 billion for the nine months ended September 30, 2021 and 2020.
(6) Includes $30.5 billion and $35.1 billion of structured notes and liabilities for the nine months ended September 30, 2021 and 2020.
(7) Net interest income includes FTE adjustments of $322 million and $386 million for the nine months ended September 30, 2021 and 2020.

Business Segment Operations

Segment Description and Basis of Presentation

We report our results of operations through four business segments: *Consumer Banking, GWIM, Global Banking* and *Global Markets*, with the remaining operations recorded in *All Other*. We manage our segments and report their results on an FTE basis. For more information, see Business Segment Operations in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.

We periodically review capital allocated to our businesses and allocate capital annually during the strategic and capital planning processes. We utilize a methodology that considers the effect of regulatory capital requirements in addition to internal risk-based capital models. Our internal risk-based capital models use a risk-adjusted methodology incorporating each segment's credit, market, interest rate, business and operational risk components. For more information on the nature of these risks, see Managing Risk on page 22. The capital allocated to the business segments is referred to as allocated capital. Allocated equity in the reporting units is comprised of allocated capital plus capital for the portion of goodwill and intangibles specifically assigned to the reporting unit. For more information, including the definition of a reporting unit, see *Note 7 – Goodwill and Intangible Assets* to the Consolidated Financial Statements.

For more information on our presentation of financial information on an FTE basis, see Supplemental Financial Data on page 7, and for reconciliations to consolidated total revenue, net income and period-end total assets, see *Note 17 – Business Segment Information* to the Consolidated Financial Statements.

Key Performance Indicators

We present certain key financial and nonfinancial performance indicators that management uses when evaluating segment results. We believe they are useful to investors because they provide additional information about our segments' operational performance, customer trends and business growth.

Consumer Banking

	Deposits		Consumer Lending		Total Consumer Banking		
	Three Months Ended September 30						
(Dollars in millions)	**2021**	2020	**2021**	2020	**2021**	2020	% Change
Net interest income	**$ 3,731**	$ 3,245	**$ 2,762**	$ 2,645	**$ 6,493**	$ 5,890	10 %
Noninterest income:							
Card income	**(7)**	(4)	**1,324**	1,224	**1,317**	1,220	8
Service charges	**935**	837	**—**	—	**935**	837	12
All other income	**56**	84	**37**	8	**93**	92	1
Total noninterest income	**984**	917	**1,361**	1,232	**2,345**	2,149	9
Total revenue, net of interest expense	**4,715**	4,162	**4,123**	3,877	**8,838**	8,039	10
Provision for credit losses	**53**	59	**194**	420	**247**	479	(48)
Noninterest expense	**2,725**	2,937	**1,833**	1,905	**4,558**	4,842	(6)
Income before income taxes	**1,937**	1,166	**2,096**	1,552	**4,033**	2,718	48
Income tax expense	**474**	286	**514**	380	**988**	666	48
Net income	**$ 1,463**	$ 880	**$ 1,582**	$ 1,172	**$ 3,045**	$ 2,052	48
Effective tax rate [1]					**24.5 %**	24.5 %	
Net interest yield	**1.49 %**	1.52 %	**3.95 %**	3.35 %	**2.49**	2.61	
Return on average allocated capital	**48**	29	**24**	18	**31**	21	
Efficiency ratio	**57.75**	70.60	**44.48**	49.13	**51.56**	60.24	

Balance Sheet

	Three Months Ended September 30						
Average	**2021**	2020	**2021**	2020	**2021**	2020	% Change
Total loans and leases	**$ 4,387**	$ 5,046	**$ 276,993**	$ 313,705	**$ 281,380**	$ 318,751	(12) %
Total earning assets [2]	**991,186**	849,190	**277,491**	314,079	**1,034,471**	896,867	15
Total assets [2]	**1,026,811**	886,406	**283,631**	316,107	**1,076,236**	936,112	15
Total deposits	**993,624**	853,452	**7,141**	7,547	**1,000,765**	860,999	16
Allocated capital	**12,000**	12,000	**26,500**	26,500	**38,500**	38,500	—

(1) Estimated at the segment level only.
(2) In segments and businesses where the total of liabilities and equity exceeds assets, we allocate assets from *All Other* to match the segments' and businesses' liabilities and allocated shareholders' equity. As a result, total earning assets and total assets of the businesses may not equal total *Consumer Banking*.

(Dollars in millions)	Deposits 2021	Deposits 2020	Consumer Lending 2021	Consumer Lending 2020	Total Consumer Banking 2021	Total Consumer Banking 2020	% Change
	Nine Months Ended September 30						
Net interest income	**$ 10,489**	$ 10,491	**$ 7,897**	$ 8,252	**$ 18,386**	$ 18,743	(2)%
Noninterest income:							
Card income	**(19)**	(15)	**3,837**	3,399	**3,818**	3,384	13
Service charges	**2,615**	2,537	**2**	1	**2,617**	2,538	3
All other income	**151**	244	**121**	111	**272**	355	(23)
Total noninterest income	**2,747**	2,766	**3,960**	3,511	**6,707**	6,277	7
Total revenue, net of interest expense	**13,236**	13,257	**11,857**	11,763	**25,093**	25,020	—
Provision for credit losses	**174**	328	**(1,241)**	5,433	**(1,067)**	5,761	(119)
Noninterest expense	**8,789**	8,532	**5,759**	5,542	**14,548**	14,074	3
Income before income taxes	**4,273**	4,397	**7,339**	788	**11,612**	5,185	124
Income tax expense	**1,047**	1,077	**1,798**	193	**2,845**	1,270	124
Net income	**$ 3,226**	$ 3,320	**$ 5,541**	$ 595	**$ 8,767**	$ 3,915	124
Effective tax rate [(1)]					**24.5%**	24.5%	
Net interest yield	**1.46%**	1.76%	**3.76%**	3.51%	**2.45**	2.98	
Return on average allocated capital	**36**	37	**28**	3	**30**	14	
Efficiency ratio	**66.40**	64.36	**48.57**	47.11	**57.97**	56.25	

Balance Sheet

Average	Deposits 2021	Deposits 2020	Consumer Lending 2021	Consumer Lending 2020	Total Consumer Banking 2021	Total Consumer Banking 2020	% Change
	Nine Months Ended September 30						
Total loans and leases	**$ 4,479**	$ 5,264	**$ 280,165**	$ 313,820	**$ 284,644**	$ 319,084	(11)%
Total earning assets [(2)]	**957,561**	794,371	**280,617**	314,275	**1,001,590**	838,792	19
Total assets [(2)]	**994,562**	829,505	**285,813**	318,214	**1,043,787**	877,866	19
Total deposits	**961,266**	796,591	**7,006**	6,411	**968,272**	803,002	21
Allocated capital	**12,000**	12,000	**26,500**	26,500	**38,500**	38,500	—

Period end	September 30 2021	December 31 2020	September 30 2021	December 31 2020	September 30 2021	December 31 2020	% Change
Total loans and leases	**$ 4,345**	$ 4,673	**$ 276,458**	$ 295,261	**$ 280,803**	$ 299,934	(6)%
Total earning assets [(2)]	**1,006,593**	899,951	**277,056**	295,627	**1,050,331**	945,343	11
Total assets [(2)]	**1,041,487**	939,629	**283,262**	299,185	**1,091,431**	988,580	10
Total deposits	**1,008,051**	906,092	**7,225**	6,560	**1,015,276**	912,652	11

See page 11 for footnotes.

Consumer Banking, comprised of Deposits and Consumer Lending, offers a diversified range of credit, banking and investment products and services to consumers and small businesses. For more information about *Consumer Banking*, see Business Segment Operations in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.

Consumer Banking Results

Three-Month Comparison

Net income for *Consumer Banking* increased $993 million to $3.0 billion due to higher revenue, lower noninterest expense and lower provision for credit losses. Net interest income increased $603 million to $6.5 billion primarily due to the benefit of higher deposit balances, the allocation of asset and liability management (ALM) results and the recognition of capitalized loan fees due to PPP loan forgiveness, partially offset by lower residential mortgage and card balances. Noninterest income increased $196 million to $2.3 billion driven by higher service charges and card income due to increased client activity.

The provision for credit losses decreased $232 million to $247 million primarily due to credit quality improvements. Noninterest expense decreased $284 million to $4.6 billion primarily driven by lower COVID-19 related costs.

The return on average allocated capital was 31 percent, up from 21 percent, driven by higher net income. For more information on capital allocated to the business segments, see Business Segment Operations on page 11.

Nine-Month Comparison

Net income for *Consumer Banking* increased $4.9 billion to $8.8 billion primarily due to lower provision for credit losses, partially offset by higher noninterest expense. Net interest income decreased $357 million to $18.4 billion primarily due to lower interest rates and loan balances and the allocation of ALM results, partially offset by the benefit of higher deposit balances and the recognition of capitalized loan fees due to PPP loan forgiveness. Noninterest income increased $430 million to $6.7 billion primarily due to the same factors as described in the three-month discussion.

The provision for credit losses improved $6.8 billion to a benefit of $1.1 billion primarily driven by reserve releases due to improvements in the macroeconomic outlook and credit quality. Noninterest expense increased $474 million to $14.5 billion primarily driven by an impairment charge for real estate rationalization, the contribution to the Bank of America Foundation, cost of increased client activity and continued investments for business growth, including the merchant services platform, partially offset by lower COVID-19 related costs.

The return on average allocated capital was 30 percent, up from 14 percent, driven by higher net income.

Deposits

Three-Month Comparison

Net income for Deposits increased $583 million to $1.5 billion primarily driven by higher revenue and lower noninterest expense. Net interest income increased $486 million to $3.7 billion primarily due to the benefit of higher deposit balances and the allocation of ALM results. Noninterest income increased $67 million to $984 million primarily driven by higher service charges due to increased client activity.

Noninterest expense decreased $212 million to $2.7 billion primarily driven by lower COVID-19 related costs.

Average deposits increased $140.2 billion to $993.6 billion primarily due to net inflows of $74.7 billion in checking and time deposits and $65.0 billion in traditional savings and money market savings driven by strong organic growth.

Nine-Month Comparison

Net income for Deposits decreased $94 million to $3.2 billion primarily due to higher noninterest expense, partially offset by lower provision for credit losses.

The provision for credit losses decreased $154 million to $174 million due to an improved macroeconomic outlook. Noninterest expense increased $257 million to $8.8 billion primarily driven by an impairment charge for real estate rationalization, and the cost of increased client activity and continued investments for business growth, partially offset by lower COVID-19 related costs.

Average deposits increased $164.7 billion to $961.3 billion primarily due to net inflows of $93.8 billion in checking and time deposits and $70.1 billion in traditional savings and money market savings driven by strong organic growth and continued government stimulus measures.

The table below provides key performance indicators for Deposits. Management uses these metrics, and we believe they are useful to investors because they provide additional information to evaluate our deposit profitability and digital/mobile trends.

Key Statistics – Deposits

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	**2021**	2020
Total deposit spreads (excludes noninterest costs) [1]	**1.68%**	1.87%	**1.70%**	1.98%
Period End				
Consumer investment assets (in millions) [2]			**$ 353,280**	$ 266,733
Active digital banking users (in thousands) [3]			**40,911**	39,267
Active mobile banking users (in thousands) [4]			**32,455**	30,601
Financial centers			**4,215**	4,309
ATMs			**16,513**	16,962

(1) Includes deposits held in Consumer Lending.
(2) Includes client brokerage assets, deposit sweep balances and AUM in *Consumer Banking*.
(3) Represents mobile and/or online active users over the past 90 days.
(4) Represents mobile active users over the past 90 days.

Consumer investment assets increased $86.5 billion to $353.3 billion driven by market performance and client flows. Active mobile banking users increased approximately two million, reflecting continuing changes in our customers' banking preferences. We had a net decrease of 94 financial centers as we continue to optimize our consumer banking network.

Consumer Lending

Three-Month Comparison

Net income for Consumer Lending was $1.6 billion, an increase of $410 million, primarily due to higher revenue and lower provision for credit losses. Net interest income increased $117 million to $2.8 billion primarily driven by the recognition of capitalized loan fees due to PPP loan forgiveness. Noninterest income increased $129 million to $1.4 billion primarily driven by higher card income due to increased client activity.

The provision for credit losses decreased $226 million to $194 million primarily due to credit quality improvements. Noninterest expense decreased $72 million to $1.8 billion primarily driven by lower COVID-19 related costs.

Average loans decreased $36.7 billion to $277.0 billion primarily driven by a decline in residential mortgage, PPP and credit card loans.

Nine-Month Comparison

Net income for Consumer Lending was $5.5 billion, an increase of $4.9 billion, primarily due to improvement in the provision for credit losses. Net interest income declined $355 million to $7.9 billion primarily due to lower interest rates and loan balances. Noninterest income increased $449 million to $4.0 billion primarily due to the same factor as described in the three-month discussion.

The provision for credit losses improved $6.7 billion to a benefit of $1.2 billion primarily driven by reserve releases due to improvements in the macroeconomic outlook and credit quality. Noninterest expense increased $217 million to $5.8 billion primarily driven by continued investments for business growth, partially offset by lower COVID-19 related costs.

Average loans decreased $33.7 billion to $280.2 billion primarily driven by a decline in residential mortgage and credit card loans.

The table below provides key performance indicators for Consumer Lending. Management uses these metrics, and we believe they are useful to investors because they provide additional information about loan growth and profitability.

ey Statistics – Consumer Lending

	Three Months Ended September 30		Nine Months Ended September 30	
›llars in millions)	**2021**	2020	**2021**	2020
›tal credit card [1]				
Gross interest yield [2]	**10.16 %**	10.16 %	**10.24 %**	10.21 %
Risk-adjusted margin [3]	**10.70**	9.66	**9.93**	8.66
New accounts (in thousands)	**1,049**	487	**2,654**	1,991
Purchase volumes	**$ 80,925**	$ 64,060	**$ 223,900**	$ 182,133
Debit card purchase volumes	**$ 119,680**	$ 102,004	**$ 349,492**	$ 280,222

(1) Includes *GWIM's* credit card portfolio.
(2) Calculated as the effective annual percentage rate divided by average loans.
(3) Calculated as the difference between total revenue, net of interest expense, and net credit losses divided by average loans.

During the three and nine months ended September 30, 2021, the total risk-adjusted margin increased 104 bps and 127 bps primarily driven by lower net credit losses, higher net interest margin, and higher fee income. During the three and nine months ended September 30, 2021, total credit card purchase volumes increased $16.9 billion to $80.9 billion, and $41.8 billion to $223.9 billion as spending continued to recover, with improvements across all categories, primarily in retail and travel. During the three and nine months ended September 30, 2021, debit card purchase volumes increased $17.7 billion to $119.7 billion, and $69.3 billion to $349.5 billion due to continued retail growth from the pandemic recovery, as well as the impact of government stimulus measures, and tax refunds.

Key Statistics – Residential Mortgage Loan Production [1]

	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions)	**2021**	2020	**2021**	2020
Consumer Banking:				
First mortgage	**$ 12,510**	$ 7,298	**$ 33,194**	$ 35,228
Home equity	**1,262**	738	**2,579**	6,555
Total [2]:				
First mortgage	**$ 21,232**	$ 13,360	**$ 56,731**	$ 55,422
Home equity	**1,523**	984	**3,192**	7,691

(1) The loan production amounts represent the unpaid principal balance of loans and, in the case of home equity, the principal amount of the total line of credit.
(2) In addition to loan production in *Consumer Banking*, there is also first mortgage and home equity loan production in *GWIM*.

First mortgage loan originations for *Consumer Banking* and the total Corporation increased $5.2 billion and $7.9 billion during the three months ended September 30, 2021 primarily due to higher demand driven by lower interest rates. During the nine months ended September 30, 2021, *Consumer Banking* decreased $2.0 billion and the total Corporation increased $1.3 billion, primarily driven by changes in demand.

Home equity production in *Consumer Banking* and for the total Corporation increased $524 million and $539 million during the three months ended September 30, 2021 primarily driven by higher demand. *Consumer Banking* and the total Corporation decreased $4.0 billion and $4.5 billion during the nine months ended September 30, 2021, primarily driven by lower demand due to increased borrower liquidity.

Global Wealth & Investment Management

(Dollars in millions)	Three Months Ended September 30 2021	2020	% Change	Nine Months Ended September 30 2021	2020	% Change
Net interest income	**$ 1,451**	$ 1,237	17 %	**$ 4,137**	$ 4,186	(1) %
Noninterest income:						
Investment and brokerage services	**3,683**	3,105	19	**10,610**	9,081	17
All other income	**176**	204	(14)	**599**	640	(6)
Total noninterest income	**3,859**	3,309	17	**11,209**	9,721	15
Total revenue, net of interest expense	**5,310**	4,546	17	**15,346**	13,907	10
Provision for credit losses	**(58)**	24	n/m	**(185)**	349	n/m
Noninterest expense	**3,745**	3,533	6	**11,425**	10,596	8
Income before income taxes	**1,623**	989	64	**4,106**	2,962	39
Income tax expense	**398**	242	64	**1,006**	726	39
Net income	**$ 1,225**	$ 747	64	**$ 3,100**	$ 2,236	39
Effective tax rate	**24.5 %**	24.5 %		**24.5 %**	24.5 %	
Net interest yield	**1.54**	1.53		**1.51**	1.81	
Return on average allocated capital	**30**	20		**25**	20	
Efficiency ratio	**70.51**	77.70		**74.45**	76.19	

Balance Sheet

Average	Three Months Ended September 30 2021	2020	% Change	Nine Months Ended September 30 2021	2020	% Change
Total loans and leases	**$ 199,664**	$ 185,587	8 %	**$ 194,090**	$ 182,138	7 %
Total earning assets	**373,691**	321,410	16	**367,239**	309,240	19
Total assets	**386,346**	333,794	16	**379,802**	321,565	18
Total deposits	**339,357**	291,845	16	**333,119**	280,828	19
Allocated capital	**16,500**	15,000	10	**16,500**	15,000	10

Period end	**September 30 2021**	December 31 2020	% Change
Total loans and leases	**$ 202,268**	$ 188,562	7 %
Total earning assets	**380,857**	356,873	7
Total assets	**393,708**	369,736	6
Total deposits	**345,590**	322,157	7

n/m = not meaningful

GWIM consists of two primary businesses: Merrill Lynch Global Wealth Management (MLGWM) and Bank of America Private Bank. For more information about *GWIM*, see Business Segment Operations in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.

Three-Month Comparison

Net income for *GWIM* increased $478 million to $1.2 billion primarily driven by higher revenue, partially offset by higher noninterest expense. The operating margin was 31 percent compared to 22 percent a year ago.

Net interest income increased $214 million to $1.5 billion primarily due to the benefits of loan and deposit growth.

Noninterest income, which primarily includes investment and brokerage services income, increased $550 million to $3.9 billion primarily due to higher market valuations and positive AUM flows, partially offset by declines in AUM pricing.

The provision for credit losses improved $82 million to a benefit of $58 million primarily due to credit quality improvements. Noninterest expense increased $212 million to $3.7 billion primarily driven by higher revenue-related incentives.

The return on average allocated capital was 30 percent, up from 20 percent, due to higher net income, partially offset by an increase in allocated capital. For more information on capital allocated to the business segments, see Business Segment Operations on page 11.

Average loans increased $14.1 billion to $199.7 billion primarily driven by securities-based lending, custom lending and residential mortgage. Average deposits increased $47.5 billion to $339.4 billion primarily driven by inflows from new accounts and client responses to market volatility.

MLGWM revenue of $4.5 billion increased 19 percent primarily driven by the benefits of higher market valuations and positive AUM flows.

Bank of America Private Bank revenue of $839 million increased five percent primarily driven by the benefits of higher market valuations and AUM flows, partially offset by the realignment of certain business results to MLGWM.

Nine-Month Comparison

Net income for *GWIM* increased $864 million to $3.1 billion due to the same factors as described in the three-month discussion. The operating margin was 27 percent compared to 21 percent a year ago.

Net interest income decreased $49 million to $4.1 billion due to lower interest rates, partially offset by the benefits of deposit and loan growth.

Noninterest income, which primarily includes investment and brokerage services income, increased $1.5 billion to $11.2 billion due to the same factors as described in the three-month discussion.

The provision for credit losses improved $534 million to a benefit of $185 million primarily due to improvements in the macroeconomic outlook and credit quality. Noninterest expense increased $829 million to $11.4 billion, primarily due to the same factor as described in the three-month discussion.

The return on average allocated capital was 25 percent, up from 20 percent, due to the same factors as described in the three-month discussion.

Average loans increased $12.0 billion to $194.1 billion, and average deposits increased $52.3 billion to $333.1 billion. The changes in average loans and deposits were both primarily due to the same factors as described in the three-month discussion.

MLGWM revenue of $12.9 billion increased 13 percent primarily driven by the benefits of higher market valuations, positive AUM flows and loan and deposit growth, partially offset by the impact of lower interest rates.

Bank of America Private Bank revenue of $2.4 billion decreased one percent primarily driven by the realignment of certain business results to MLGWM and lower interest rates, partially offset by the benefits of higher market valuations and AUM flows.

Key Indicators and Metrics

	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions)	**2021**	2020	**2021**	2020
Revenue by Business				
Merrill Lynch Global Wealth Management	**$ 4,471**	$ 3,748	**$ 12,916**	$ 11,446
Bank of America Private Bank	**839**	798	**2,430**	2,461
Total revenue, net of interest expense	**$ 5,310**	$ 4,546	**$ 15,346**	$ 13,907
Client Balances by Business, at period end				
Merrill Lynch Global Wealth Management			**$ 3,108,358**	$ 2,570,252
Bank of America Private Bank			**584,475**	496,369
Total client balances			**$ 3,692,833**	$ 3,066,621
Client Balances by Type, at period end				
Assets under management			**$ 1,578,630**	$ 1,286,145
Brokerage and other assets			**1,612,472**	1,344,538
Deposits			**345,590**	295,893
Loans and leases [1]			**205,055**	189,952
Less: Managed deposits in assets under management			**(48,914)**	(49,907)
Total client balances			**$ 3,692,833**	$ 3,066,621
Assets Under Management Rollforward				
Assets under management, beginning of period	**$ 1,549,069**	$ 1,219,748	**$ 1,408,465**	$ 1,275,555
Net client flows	**14,776**	1,385	**44,698**	11,993
Market valuation/other	**14,785**	65,012	**125,467**	(1,403)
Total assets under management, end of period	**$ 1,578,630**	$ 1,286,145	**$ 1,578,630**	$ 1,286,145
Total wealth advisors, at period end [2]			**18,855**	20,487

(1) Includes margin receivables which are classified in customer and other receivables on the Consolidated Balance Sheet.
(2) Includes advisors across all wealth management businesses in *GWIM* and *Consumer Banking*. Prior period has been revised to conform to current-period presentation.

Client Balances

Client balances increased $626.2 billion, or 20 percent, to $3.7 trillion at September 30, 2021 compared to September 30, 2020. The increase in client balances was primarily due to higher market valuations and positive client flows.

Global Banking

(Dollars in millions)	Three Months Ended September 30 2021	2020	% Change	Nine Months Ended September 30 2021	2020	% Change
Net interest income	**$ 2,186**	$ 2,028	8 %	**$ 6,150**	$ 7,003	(12) %
Noninterest income:						
Service charges	**890**	846	5	**2,637**	2,379	11
Investment banking fees	**1,297**	970	34	**3,642**	2,912	25
All other income	**871**	673	29	**2,538**	1,914	33
Total noninterest income	**3,058**	2,489	23	**8,817**	7,205	22
Total revenue, net of interest expense	**5,244**	4,517	16	**14,967**	14,208	5
Provision for credit losses	**(781)**	883	n/m	**(2,738)**	4,849	n/m
Noninterest expense	**2,534**	2,365	7	**7,915**	6,910	15
Income before income taxes	**3,491**	1,269	n/m	**9,790**	2,449	n/m
Income tax expense	**942**	343	n/m	**2,643**	661	n/m
Net income	**$ 2,549**	$ 926	n/m	**$ 7,147**	$ 1,788	n/m
Effective tax rate	**27.0 %**	27.0 %		**27.0 %**	27.0 %	
Net interest yield	**1.55**	1.61		**1.53**	1.96	
Return on average allocated capital	**24**	9		**22**	6	
Efficiency ratio	**48.31**	52.36		**52.88**	48.63	

Balance Sheet						
Average	**Three Months Ended September 30 2021**	2020	% Change	**Nine Months Ended September 30 2021**	2020	% Change
Total loans and leases	**$ 324,736**	$ 373,118	(13) %	**$ 326,632**	$ 394,331	(17) %
Total earning assets	**560,181**	501,572	12	**537,037**	477,606	12
Total assets	**621,699**	557,889	11	**597,947**	534,061	12
Total deposits	**534,166**	471,288	13	**509,445**	449,273	13
Allocated capital	**42,500**	42,500	—	**42,500**	42,500	—
Period end				**September 30 2021**	December 31 2020	% Change
Total loans and leases				**$ 328,893**	$ 339,649	(3) %
Total earning assets				**561,239**	522,650	7
Total assets				**623,640**	580,561	7
Total deposits				**536,476**	493,748	9

n/m = not meaningful

Global Banking, which includes Global Corporate Banking, Global Commercial Banking, Business Banking and Global Investment Banking, provides a wide range of lending-related products and services, integrated working capital management and treasury solutions, and underwriting and advisory services through our network of offices and client relationship teams. For more information about *Global Banking*, see Business Segment Operations in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.

Three-Month Comparison

Net income for *Global Banking* increased $1.6 billion to $2.5 billion driven by improvement in the provision for credit losses and higher revenue, partially offset by higher noninterest expense.

Net interest income increased $158 million to $2.2 billion primarily due to the allocation of ALM results and the benefit of higher deposit balances, partially offset by a decline in loan balances and lower deposit spreads.

Noninterest income increased $569 million to $3.1 billion primarily due to higher investment banking fees and higher income from ESG investment activities.

The provision for credit losses improved $1.7 billion to a benefit of $781 million primarily driven by a reserve release due to credit quality improvements, whereas the reserve build in the prior-year period was driven by COVID-19 impacted industries, such as travel and entertainment.

Noninterest expense increased $169 million primarily due to higher compensation and benefits expense, as well as higher operating costs.

The return on average allocated capital was 24 percent, up from nine percent, due to higher net income. For more information on capital allocated to the business segments, see Business Segment Operations on page 11.

Nine-Month Comparison

Net income for *Global Banking* increased $5.4 billion to $7.1 billion primarily due to the same factors as described in the three-month discussion.

Net interest income decreased $853 million to $6.2 billion primarily due to the impact of lower loan balances, lower deposit spreads and the allocation of ALM results, partially offset by the benefits of higher deposit balances and credit spreads.

Noninterest income increased $1.6 billion to $8.8 billion driven by higher investment banking fees, higher valuation-driven adjustments on the fair value loan portfolio, debt securities and leveraged loans, as well as higher treasury and credit service charges.

The provision for credit losses improved $7.6 billion to a benefit of $2.7 billion primarily driven by a reserve release due to improvements in the macroeconomic outlook and credit quality.

Noninterest expense increased $1.0 billion to $7.9 billion, primarily due to higher revenue-related incentives and an acceleration in expenses from incentive compensation award changes, as well as higher operating costs.

The return on average allocated capital was 22 percent, up from six percent, due to higher net income.

Global Corporate, Global Commercial and Business Banking

The table below and following discussion present a summary of the results, which exclude certain investment banking, merchant services and PPP activities in *Global Banking*.

Global Corporate, Global Commercial and Business Banking

	Global Corporate Banking		Global Commercial Banking		Business Banking		Total	
	Three Months Ended September 30							
(Dollars in millions)	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Revenue								
Business Lending	**$ 886**	$ 791	**$ 924**	$ 953	**$ 55**	$ 59	**$ 1,865**	$ 1,803
Global Transaction Services	**821**	658	**819**	745	**227**	209	**1,867**	1,612
Total revenue, net of interest expense	**$ 1,707**	$ 1,449	**$ 1,743**	$ 1,698	**$ 282**	$ 268	**$ 3,732**	$ 3,415
Balance Sheet								
Average								
Total loans and leases	**$ 147,906**	$ 174,235	**$ 159,986**	$ 175,536	**$ 12,635**	$ 13,972	**$ 320,527**	$ 363,743
Total deposits	**261,951**	218,593	**213,319**	201,523	**56,891**	50,946	**532,161**	471,062

	Global Corporate Banking		Global Commercial Banking		Business Banking		Total	
	Nine Months Ended September 30							
(Dollars in millions)	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Revenue								
Business Lending	**$ 2,529**	$ 2,658	**$ 2,689**	$ 2,815	**$ 166**	$ 207	**$ 5,384**	$ 5,680
Global Transaction Services	**2,245**	2,314	**2,334**	2,432	**653**	682	**5,232**	5,428
Total revenue, net of interest expense	**$ 4,774**	$ 4,972	**$ 5,023**	$ 5,247	**$ 819**	$ 889	**$ 10,616**	$ 11,108
Balance Sheet								
Average								
Total loans and leases	**$ 148,101**	$ 186,220	**$ 158,939**	$ 188,147	**$ 12,778**	$ 14,721	**$ 319,818**	$ 389,088
Total deposits	**245,483**	214,327	**207,520**	188,271	**55,331**	46,599	**508,334**	449,197
Period end								
Total loans and leases	**$ 150,797**	$ 165,498	**$ 162,371**	$ 168,385	**$ 12,640**	$ 13,665	**$ 325,808**	$ 347,548
Total deposits	**255,981**	212,564	**220,738**	200,591	**57,766**	51,889	**534,485**	465,044

Business Lending revenue increased $62 million for the three months ended September 30, 2021 compared to the same period in 2020 primarily due to higher income from ESG investment activities and credit spreads, partially offset by the impact of lower loan balances. Business Lending revenue decreased $296 million for the nine months ended September 30, 2021 primarily due to the impact of lower loan balances and interest rates, partially offset by higher credit spreads.

Global Transaction Services revenue increased $255 million for the three months ended September 30, 2021 driven by the allocation of ALM results and the benefit of higher deposit balances, partially offset by lower deposit spreads. Global Transaction Services revenue decreased $196 million for the nine months ended September 30, 2021 driven by lower interest rates, partially offset by the benefit of higher deposit balances.

Average loans and leases decreased 12 percent and 18 percent for the three and nine months ended September 30, 2021 driven by client paydowns and lower demand.

Average deposits increased 13 percent for both the three and nine months ended September 30, 2021 primarily driven by elevated balances from prior-year inflows on client responses to market volatility and government stimulus measures.

Global Investment Banking

Client teams and product specialists underwrite and distribute debt, equity and loan products, and provide advisory services and tailored risk management solutions. The economics of certain investment banking and underwriting activities are shared primarily between *Global Banking* and *Global Markets* under an internal revenue-sharing arrangement. *Global Banking* originates certain deal-related transactions with our corporate and commercial clients that are executed and distributed by *Global Markets*. To provide a complete discussion of our consolidated investment banking fees, the following table presents total Corporation investment banking fees and the portion attributable to *Global Banking*.

Investment Banking Fees

(Dollars in millions)	Global Banking — Three Months Ended September 30 — 2021	2020	Total Corporation — Three Months Ended September 30 — 2021	2020	Global Banking — Nine Months Ended September 30 — 2021	2020	Total Corporation — Nine Months Ended September 30 — 2021	2020
Products								
Advisory	**$ 608**	$ 356	**$ 654**	$ 397	**$ 1,341**	$ 948	**$ 1,461**	$ 1,072
Debt issuance	**401**	320	**933**	740	**1,306**	1,247	**3,031**	2,725
Equity issuance	**288**	294	**637**	664	**995**	717	**2,239**	1,687
Gross investment banking fees	**1,297**	970	**2,224**	1,801	**3,642**	2,912	**6,731**	5,484
Self-led deals	**(23)**	(13)	**(56)**	(32)	**(85)**	(73)	**(195)**	(168)
Total investment banking fees	**$ 1,274**	$ 957	**$ 2,168**	$ 1,769	**$ 3,557**	$ 2,839	**$ 6,536**	$ 5,316

Total Corporation investment banking fees, excluding self-led deals, which are primarily included within *Global Banking* and *Global Markets*, were $2.2 billion and $6.5 billion for the three and nine months ended September 30, 2021. The three-month period increased 23 percent compared to the same period in 2020 primarily driven by higher advisory and debt issuance fees. The nine-month period increased 23 percent primarily driven by higher equity issuance fees as well as advisory and debt issuance fees.

Global Markets

(Dollars in millions)	Three Months Ended September 30 — 2021	2020	% Change	Nine Months Ended September 30 — 2021	2020	% Change
Net interest income	**$ 1,000**	$ 1,108	(10) %	**$ 2,980**	$ 3,558	(16) %
Noninterest income:						
Investment and brokerage services	**470**	439	7	**1,504**	1,487	1
Investment banking fees	**844**	738	14	**2,784**	2,280	22
Market making and similar activities	**2,014**	1,725	17	**7,448**	7,059	6
All other income	**191**	273	(30)	**721**	475	52
Total noninterest income	**3,519**	3,175	11	**12,457**	11,301	10
Total revenue, net of interest expense	**4,519**	4,283	6	**15,437**	14,859	4
Provision for credit losses	**16**	21	(24)	**33**	233	(86)
Noninterest expense	**3,252**	3,102	5	**10,150**	8,598	18
Income before income taxes	**1,251**	1,160	8	**5,254**	6,028	(13)
Income tax expense	**325**	302	8	**1,366**	1,567	(13)
Net income	**$ 926**	$ 858	8	**$ 3,888**	$ 4,461	(13)
Effective tax rate	**26.0 %**	26.0 %		**26.0 %**	26.0 %	
Return on average allocated capital	**10**	9		**14**	17	
Efficiency ratio	**71.94**	72.42		**65.75**	57.86	

Balance Sheet

	Three Months Ended September 30 — 2021	2020	% Change	Nine Months Ended September 30 — 2021	2020	% Change
Average						
Trading-related assets:						
Trading account securities	**$ 304,133**	$ 251,735	21 %	**$ 291,500**	$ 241,753	21 %
Reverse repurchases	**117,486**	100,395	17	**111,330**	106,968	4
Securities borrowed	**101,086**	86,508	17	**97,205**	88,734	10
Derivative assets	**41,010**	46,676	(12)	**44,308**	47,687	(7)
Total trading-related assets	**563,715**	485,314	16	**544,343**	485,142	12
Total loans and leases	**97,148**	72,319	34	**87,535**	72,702	20
Total earning assets	**557,333**	476,182	17	**528,113**	485,448	9
Total assets	**804,938**	680,983	18	**775,552**	685,685	13
Total deposits	**54,650**	56,475	(3)	**54,699**	45,002	22
Allocated capital	**38,000**	36,000	6	**38,000**	36,000	6

Period end	September 30 2021	December 31 2020	% Change
Total trading-related assets	**$ 536,125**	$ 421,698	27 %
Total loans and leases	**98,892**	78,415	26
Total earning assets	**526,585**	447,350	18
Total assets	**776,929**	616,609	26
Total deposits	**54,941**	53,925	2

Global Markets offers sales and trading services and research services to institutional clients across fixed-income, credit, currency, commodity and equity businesses. *Global Markets* product coverage includes securities and derivative products in both the primary and secondary markets. For more information about *Global Markets*, see Business Segment Operations in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.

The following explanations for current period-over-period changes for *Global Markets*, including those disclosed under Sales and Trading Revenue, are the same for amounts including and excluding net DVA. Amounts excluding net DVA are a non-GAAP financial measure. For more information on net DVA, see Supplemental Financial Data on page 7.

Three-Month Comparison

Net income for *Global Markets* increased $68 million to $926 million primarily due to higher revenue (net of lower net DVA losses), partially offset by higher noninterest expense. Net DVA losses were $20 million compared to $116 million in the prior-year period. Excluding net DVA, net income decreased $5 million to $941 million. The decrease was primarily driven by higher noninterest expense, largely offset by higher revenue.

Revenue increased $236 million to $4.5 billion primarily driven by higher sales and trading revenue and investment banking income. Sales and trading revenue increased $390 million, and excluding net DVA, increased $294 million. These increases were driven by higher revenue in Equities, partially offset by lower revenue in FICC.

Noninterest expense increased $150 million to $3.3 billion driven by higher activity-based expenses for sales and trading.

Average total assets increased $124.0 billion to $804.9 billion driven by higher client balances in Equities, and higher levels of inventory and loan growth in FICC.

The return on average allocated capital was 10 percent, up from 9 percent, reflecting higher net income, partially offset by an increase in allocated capital. For more information on capital allocated to the business segments, see Business Segment Operations on page 11.

Nine-Month Comparison

Net income for *Global Markets* decreased $573 million to $3.9 billion. Net DVA losses were $56 million compared to $77 million in the prior-year period. Excluding net DVA, net income decreased $589 million to $3.9 billion. These decreases were primarily driven by higher noninterest expense.

Revenue increased $578 million to $15.4 billion primarily driven by higher investment banking income and sales and trading revenue. Sales and trading revenue increased $243 million, and excluding net DVA, increased $222 million driven by higher revenue in Equities, partially offset by a decline in FICC revenue. Noninterest expense increased $1.6 billion to $10.2 billion, primarily driven by higher costs associated with processing transactional card claims related to state unemployment benefits, activity-based expenses for sales and trading, and an acceleration in expenses from incentive compensation award changes.

The provision for credit losses decreased $200 million primarily due to an improved macroeconomic outlook.

Average total assets increased $89.9 billion to $775.6 billion, primarily due to higher client balances in Equities and higher levels of inventory and loan growth in FICC. Period-end total assets increased $160.3 billion since December 31, 2020 to $776.9 billion driven by higher client balances and increased hedging of client activity with stock positions relative to derivatives in Equities, and higher levels of inventory and loan growth in FICC.

The return on average allocated capital was 14 percent, down from 17 percent, reflecting lower net income and an increase in allocated capital.

Sales and Trading Revenue

For a description of sales and trading revenue, see Business Segment Operations in the MD&A of the Corporation's 2020 Annual Report on Form 10-K. The following table and related discussion present sales and trading revenue, substantially all of which is in *Global Markets,* with the remainder in *Global Banking*. In addition, the following table and related discussion present sales and trading revenue, excluding net DVA, which is a non-GAAP financial measure. For more information on net DVA, see Supplemental Financial Data on page 7.

Sales and Trading Revenue (1, 2, 3)

	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions)	**2021**	2020	**2021**	2020
Sales and trading revenue				
Fixed income, currencies and commodities	**$ 2,009**	$ 2,019	**$ 7,188**	$ 7,905
Equities	**1,605**	1,205	**5,065**	4,105
Total sales and trading revenue	**$ 3,614**	$ 3,224	**$ 12,253**	$ 12,010
Sales and trading revenue, excluding net DVA (4)				
Fixed income, currencies and commodities	**$ 2,025**	$ 2,126	**$ 7,241**	$ 7,983
Equities	**1,609**	1,214	**5,068**	4,104
Total sales and trading revenue, excluding net DVA	**$ 3,634**	$ 3,340	**$ 12,309**	$ 12,087

(1) For more information on sales and trading revenue, see *Note 3 – Derivatives* to the Consolidated Financial Statements.
(2) Includes FTE adjustments of $99 million and $232 million for the three and nine months ended September 30, 2021 compared to $38 million and $138 million for the same periods in 2020.
(3) Includes *Global Banking* sales and trading revenue of $138 million and $412 million for the three and nine months ended September 30, 2021 compared to $85 million and $378 million for the same periods in 2020.
(4) FICC and Equities sales and trading revenue, excluding net DVA, is a non-GAAP financial measure. FICC net DVA losses were $16 million and $53 million for the three and nine months ended September 30, 2021 compared to losses of $107 million and $78 million for the same periods in 2020. Equities net DVA losses were $4 million and $3 million for the three and nine months ended September 30, 2021 compared to losses of $9 million and gains of $1 million for the same periods in 2020.

Three-Month Comparison

FICC revenue decreased $101 million driven by a weaker trading environment for mortgage and interest rate products, partially offset by improved client flows in foreign exchange. Equities revenue increased $395 million driven by growth in client financing activities, a stronger trading performance and increased client activity.

Nine-Month Comparison

FICC revenue decreased $742 million driven by reduced activity in macro products, partially offset by stronger performance in credit and municipal products, and gains in commodities (partially offset by related losses in another segment) from market volatility driven by a weather-related event. Equities revenue increased $964 million due to the same factors as described in the three-month discussion.

All Other

	Three Months Ended September 30			Nine Months Ended September 30		
(Dollars in millions)	**2021**	2020	% Change	**2021**	2020	% Change
Net interest income	**$ 65**	$ (20)	n/m	**$ 193**	$ 3	n/m
Noninterest income (loss)	**(1,109)**	(915)	21 %	**(3,661)**	(2,182)	68 %
Total revenue, net of interest expense	**(1,044)**	(935)	12	**(3,468)**	(2,179)	59
Provision for credit losses	**(48)**	(18)	n/m	**(148)**	75	n/m
Noninterest expense	**351**	559	(37)	**962**	1,108	(13)
Loss before income taxes	**(1,347)**	(1,476)	(9)	**(4,282)**	(3,362)	27
Income tax benefit	**(1,293)**	(1,774)	(27)	**(6,345)**	(3,386)	87
Net income (loss)	**$ (54)**	$ 298	(118)	**$ 2,063**	$ 24	n/m

Balance Sheet

	Three Months Ended September 30			Nine Months Ended September 30		
Average	**2021**	2020	% Change	**2021**	2020	% Change
Total loans and leases	**$ 17,581**	$ 24,243	(27) %	**$ 19,190**	$ 30,218	(36) %
Total assets [(1)]	**187,233**	230,906	(19)	**193,896**	227,430	(15)
Total deposits	**13,767**	14,881	(7)	**14,062**	19,926	(29)

Period end	**September 30 2021**	December 31 2020	% Change
Total loans and leases	**$ 16,880**	$ 21,301	(21) %
Total assets [(1)]	**199,738**	264,141	(24)
Total deposits	**12,521**	12,998	(4)

(1) In segments where the total of liabilities and equity exceeds assets, which are generally deposit-taking segments, we allocate assets from *All Other* to those segments to match liabilities (i.e., deposits) and allocated shareholders' equity. Average allocated assets were $1.1 trillion for both the three and nine months ended September 30, 2021 compared to $828.3 billion and $714.2 billion for the same periods in 2020, and period-end allocated assets were $1.2 trillion and $977.7 billion at September 30, 2021 and December 31, 2020.

n/m = not meaningful

All Other primarily consists of ALM activities, liquidating businesses and certain expenses not otherwise allocated to a business segment. ALM activities encompass interest rate and foreign currency risk management activities for which substantially all of the results are allocated to our business segments. For more information on our ALM activities, see *Note 17 – Business Segment Information* to the Consolidated Financial Statements.

Three-Month Comparison

Net income decreased $352 million to a loss of $54 million driven by a decrease in the income tax benefit and lower revenue, partially offset by lower noninterest expense.

Revenue decreased $109 million primarily due to higher partnership losses for ESG investments.

Noninterest expense decreased $208 million primarily due to lower litigation expense.

The income tax benefit decreased $481 million primarily due to the impact of the 2020 U.K. tax law change in the prior year. Both periods included income tax benefit adjustments to eliminate the FTE treatment of certain tax credits recorded in *Global Banking*.

Nine-Month Comparison

Net income increased $2.0 billion to $2.1 billion primarily due to a higher income tax benefit, partially offset by lower revenue.

Revenue decreased $1.3 billion primarily due to a $704 million gain on sales of certain mortgage loans in the prior-year period, higher partnership losses for ESG investments and lower market making and similar activities.

The provision for credit losses improved $223 million to a benefit of $148 million primarily due to an improved macroeconomic outlook.

Noninterest expense decreased $146 million primarily due to the same factor as described in the three-month discussion.

The income tax benefit increased $3.0 billion primarily due to the impact of the U.K. tax law changes, and higher levels of income tax credits from increased ESG investment activities. For more information on U.K. tax law changes, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements. Both periods included income tax benefit adjustments to eliminate the FTE treatment of certain tax credits recorded in *Global Banking*.

Off-Balance Sheet Arrangements and Contractual Obligations

We have contractual obligations to make future payments on debt and lease agreements. Additionally, in the normal course of business, we enter into contractual arrangements whereby we commit to future purchases of products or services from unaffiliated parties. For more information on obligations and commitments, see *Note 10 – Commitments and Contingencies* to the Consolidated Financial Statements herein, as well as Off-Balance Sheet Arrangements and Contractual Obligations in the MD&A of the Corporation's 2020 Annual Report on Form 10-K, and *Note 11 – Long-term Debt* and *Note 12 – Commitments and Contingencies* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

Representations and Warranties Obligations

For more information on representations and warranties obligations in connection with the sale of mortgage loans, see *Note 12 – Commitments and Contingencies* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

Managing Risk

Risk is inherent in all our business activities. The seven key types of risk faced by the Corporation are strategic, credit, market, liquidity, compliance, operational and reputational. Sound risk management enables us to serve our customers and deliver for our shareholders. If not managed well, risks can result in financial loss, regulatory sanctions and penalties, and damage to our reputation, each of which may adversely impact our ability to execute our business strategies. We take a comprehensive approach to risk management with a defined Risk Framework and an articulated Risk Appetite Statement, which are approved annually by the Enterprise Risk Committee and the Board.

Our Risk Framework serves as the foundation for the consistent and effective management of risks facing the Corporation. The Risk Framework sets forth clear roles, responsibilities and accountability for the management of risk and provides a blueprint for how the Board, through delegation of authority to committees and executive officers, establishes risk appetite and associated limits for our activities.

Our Risk Appetite Statement is intended to ensure that the Corporation maintains an acceptable risk profile by providing a common framework and a comparable set of measures for senior management and the Board to clearly indicate the level of risk the Corporation is willing to accept. Risk appetite is set at least annually and is aligned with the Corporation's strategic, capital and financial operating plans. Our line-of-business strategies and risk appetite are also similarly aligned.

For more information about the Corporation's risks related to the pandemic, see Item 1A. Risk Factors – Coronavirus Disease of the Corporation's 2020 Annual Report on Form 10-K. These pandemic-related risks are being managed within our Risk Framework and supporting risk management programs.

For more information on our Risk Framework, our risk management activities and the key types of risk faced by the Corporation, see the Managing Risk section in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.

Capital Management

The Corporation manages its capital position so that its capital is more than adequate to support its business activities and aligns with risk, risk appetite and strategic planning. For more information, including related regulatory requirements, see Capital Management in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.

CCAR and Capital Planning

The Federal Reserve requires BHCs to submit a capital plan and planned capital actions on an annual basis, consistent with the rules governing the CCAR capital plan. Based on the results of our 2021 CCAR capital plan and related supervisory stress tests submitted in the second quarter of 2021, we are subject to a 2.5 percent SCB, unchanged from the prior level, effective October 1, 2021 to September 30, 2022. Our CET1 capital ratio under the Standardized approach must remain above 9.5 percent during this period in order to avoid restrictions on capital distributions and discretionary bonus payments.

Due to uncertainty resulting from the pandemic, the Federal Reserve imposed various restrictions on share repurchase programs and dividends. In conjunction with its release of 2021 CCAR supervisory stress test results, the Federal Reserve announced those restrictions would end as of July 1, 2021 for large banks, including the Corporation, and large banks would be subject to the normal restrictions under the Federal Reserve's SCB framework. Pursuant to the Board's authorization on April 15, 2021, during the third quarter of 2021, we repurchased $9.9 billion of common stock, including repurchases to offset shares awarded under equity-based compensation plans during the period. On October 20, 2021, the Corporation announced that the Board renewed the Corporation's $25 billion common stock repurchase program previously announced in April 2021. The Board's authorization replaces the previous program. As with the April authorization, the Board also authorized common stock repurchases to offset shares awarded under the Corporation's equity-based compensation plans.

The timing and amount of common stock repurchases made pursuant to our stock repurchase program are subject to various factors, including the Corporation's capital position, liquidity, financial performance and alternative uses of capital, stock trading price, regulatory requirements and general market conditions, and may be suspended at any time. Such repurchases may be effected through open market purchases or privately negotiated transactions, including repurchase plans that satisfy the conditions of Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (Exchange Act).

Regulatory Capital

As a financial services holding company, we are subject to regulatory capital rules, including Basel 3, issued by U.S. banking regulators. The Corporation's depository institution subsidiaries are also subject to the Prompt Corrective Action (PCA) framework. The Corporation and its primary affiliated banking entity, BANA, are Advanced approaches institutions under Basel 3 and are required to report regulatory risk-based capital ratios and risk-weighted assets (RWA) under both the Standardized and Advanced approaches. The approach that yields the lower ratio is used to assess capital adequacy, including under the PCA framework. As of September 30, 2021, the CET1, Tier 1 capital and Total capital ratios for the Corporation were lower under the Standardized approach.

Minimum Capital Requirements

In order to avoid restrictions on capital distributions and discretionary bonus payments, the Corporation must meet risk-based capital ratio requirements that include a capital conservation buffer or SCB, plus any applicable countercyclical capital buffer and a global systemically important bank (G-SIB) surcharge. The buffers and surcharge must be comprised solely of CET1 capital. The Corporation's CET1 capital ratio must be a minimum of 9.5 percent under both the Standardized and Advanced approaches.

The Corporation is also required to maintain a minimum supplementary leverage ratio (SLR) of 3.0 percent plus a leverage buffer of 2.0 percent in order to avoid certain restrictions on capital distributions and discretionary bonus payments. Our insured depository institution subsidiaries are required to maintain a minimum 6.0 percent SLR to be considered well capitalized under the PCA framework.

Capital Composition and Ratios

Table 8 presents Bank of America Corporation's capital ratios and related information in accordance with Basel 3 Standardized and Advanced approaches as measured at September 30, 2021 and December 31, 2020. For the periods presented herein, the Corporation met the definition of well capitalized under current regulatory requirements.

Table 8 Bank of America Corporation Regulatory Capital under Basel 3

(Dollars in millions, except as noted)	Standardized Approach [1]	Advanced Approaches [1]	Regulatory Minimum [2]
	September 30, 2021		
Risk-based capital metrics:			
Common equity tier 1 capital	**$ 174,407**	**$ 174,407**	
Tier 1 capital	**197,842**	**197,842**	
Total capital [3]	**230,506**	**223,997**	
Risk-weighted assets (in billions)	**1,568**	**1,380**	
Common equity tier 1 capital ratio	**11.1 %**	**12.6 %**	**9.5 %**
Tier 1 capital ratio	**12.6**	**14.3**	**11.0**
Total capital ratio	**14.7**	**16.2**	**13.0**
Leverage-based metrics:			
Adjusted quarterly average assets (in billions) [4]	**$ 3,000**	**$ 3,000**	
Tier 1 leverage ratio	**6.6 %**	**6.6 %**	**4.0**
Supplementary leverage exposure (in billions) [5]		**$ 3,516**	
Supplementary leverage ratio		**5.6 %**	**5.0**
	December 31, 2020		
Risk-based capital metrics:			
Common equity tier 1 capital	$ 176,660	$ 176,660	
Tier 1 capital	200,096	200,096	
Total capital [3]	237,936	227,685	
Risk-weighted assets (in billions)	1,480	1,371	
Common equity tier 1 capital ratio	11.9 %	12.9 %	9.5 %
Tier 1 capital ratio	13.5	14.6	11.0
Total capital ratio	16.1	16.6	13.0
Leverage-based metrics:			
Adjusted quarterly average assets (in billions) [4]	$ 2,719	$ 2,719	
Tier 1 leverage ratio	7.4 %	7.4 %	4.0
Supplementary leverage exposure (in billions) [5]		$ 2,786	
Supplementary leverage ratio		7.2 %	5.0

(1) As of September 30, 2021 and December 31, 2020, capital ratios are calculated using the regulatory capital rule that allows a five-year transition period related to the adoption of the current expected credit losses (CECL) accounting standard.
(2) The capital conservation buffer and G-SIB surcharge were 2.5 percent at both September 30, 2021 and December 31, 2020. At September 30, 2021 and December 31, 2020, the Corporation's SCB of 2.5 percent was applied in place of the capital conservation buffer under the Standardized approach. The countercyclical capital buffer for both periods was zero. The CET1 capital regulatory minimum is the sum of the CET1 capital ratio minimum of 4.5 percent, our G-SIB surcharge of 2.5 percent and our SCB or the capital conservation buffer, as applicable, of 2.5 percent. The SLR regulatory minimum includes a leverage buffer of 2.0 percent.
(3) Total capital under the Advanced approaches differs from the Standardized approach due to differences in the amount permitted in Tier 2 capital related to the qualifying allowance for credit losses.
(4) Reflects total average assets adjusted for certain Tier 1 capital deductions.
(5) Supplementary leverage exposure at December 31, 2020 reflects the temporary exclusion of U.S. Treasury securities and deposits at Federal Reserve Banks. The temporary relief expired after March 31, 2021 and is not reflected in supplementary leverage exposure at September 30, 2021.

At September 30, 2021, CET1 capital was $174.4 billion, a decrease of $2.3 billion from December 31, 2020, driven by common stock repurchases, dividends and lower net unrealized gains on available-for-sale (AFS) debt securities included in accumulated other comprehensive income (OCI), partially offset by earnings. Tier 1 capital decreased $2.3 billion primarily driven by the same factors as CET1 capital. Total capital under the Standardized approach decreased $7.4 billion primarily due to the same factors driving the decrease in CET1 capital, and a decrease in the adjusted allowance for credit losses included in Tier 2 capital. RWA under the Standardized approach, which yielded the lower CET1 capital ratio at September 30, 2021, increased $88.3 billion during the nine months ended September 30, 2021 to $1,568 billion primarily due to strong client activity in *Global Markets* and an increase in debt securities resulting from the deployment of cash received from deposit inflows. Supplementary leverage exposure at September 30, 2021 increased $729.9 billion during the nine months ended September 30, 2021 primarily due to the expiration of the Federal Reserve's temporary relief to exclude U.S. Treasury securities and deposits at Federal Reserve Banks and an increase in debt securities resulting from the deployment of cash received from deposit inflows.

Table 9 shows the capital composition at September 30, 2021 and December 31, 2020.

Table 9 Capital Composition under Basel 3

(Dollars in millions)	September 30 2021	December 31 2020
Total common shareholders' equity	$ 249,023	$ 248,414
CECL transitional amount [1]	2,722	4,213
Goodwill, net of related deferred tax liabilities	(68,638)	(68,565)
Deferred tax assets arising from net operating loss and tax credit carryforwards	(7,638)	(5,773)
Intangibles, other than mortgage servicing rights, net of related deferred tax liabilities	(1,644)	(1,617)
Defined benefit pension plan net assets	(1,223)	(1,164)
Cumulative unrealized net (gain) loss related to changes in fair value of financial liabilities attributable to own creditworthiness, net-of-tax	1,477	1,753
Other	328	(601)
Common equity tier 1 capital	**174,407**	176,660
Qualifying preferred stock, net of issuance cost	23,440	23,437
Other	(5)	(1)
Tier 1 capital	**197,842**	200,096
Tier 2 capital instruments	21,756	22,213
Qualifying allowance for credit losses [2]	11,177	15,649
Other	(269)	(22)
Total capital under the Standardized approach	**230,506**	237,936
Adjustment in qualifying allowance for credit losses under the Advanced approaches [2]	(6,509)	(10,251)
Total capital under the Advanced approaches	**$ 223,997**	$ 227,685

(1) Includes the impact of the Corporation's adoption of the CECL accounting standard on January 1, 2020 and 25 percent of the increase in reserves since the initial adoption.
(2) Includes the impact of transition provisions related to the CECL accounting standard.

Table 10 shows the components of RWA as measured under Basel 3 at September 30, 2021 and December 31, 2020.

Table 10 Risk-weighted Assets under Basel 3

	September 30, 2021		December 31, 2020	
(Dollars in billions)	Standardized Approach	Advanced Approaches	Standardized Approach	Advanced Approaches
Credit risk	$ 1,506	$ 901	$ 1,420	$ 896
Market risk	62	62	60	60
Operational risk	n/a	375	n/a	372
Risks related to credit valuation adjustments	n/a	42	n/a	43
Total risk-weighted assets	**$ 1,568**	**$ 1,380**	$ 1,480	$ 1,371

n/a = not applicable

Bank of America, N.A. Regulatory Capital

Table 11 presents regulatory capital information for BANA in accordance with Basel 3 Standardized and Advanced approaches as measured at September 30, 2021 and December 31, 2020. BANA met the definition of well capitalized under the PCA framework for both periods.

Table 11 Bank of America, N.A. Regulatory Capital under Basel 3

(Dollars in millions, except as noted)	Standardized Approach [1]	Advanced Approaches [1]	Regulatory Minimum [2]
	September 30, 2021		
Risk-based capital metrics:			
Common equity tier 1 capital	**$ 173,710**	**$ 173,710**	
Tier 1 capital	**173,710**	**173,710**	
Total capital [3]	**186,588**	**179,901**	
Risk-weighted assets (in billions)	**1,288**	**1,012**	
Common equity tier 1 capital ratio	**13.5 %**	**17.2 %**	**7.0 %**
Tier 1 capital ratio	**13.5**	**17.2**	**8.5**
Total capital ratio	**14.5**	**17.8**	**10.5**
Leverage-based metrics:			
Adjusted quarterly average assets (in billions) [4]	**$ 2,329**	**$ 2,329**	
Tier 1 leverage ratio	**7.5 %**	**7.5 %**	**5.0**
Supplementary leverage exposure (in billions)		**$ 2,736**	
Supplementary leverage ratio		**6.3 %**	**6.0**
	December 31, 2020		
Risk-based capital metrics:			
Common equity tier 1 capital	$ 164,593	$ 164,593	
Tier 1 capital	164,593	164,593	
Total capital [3]	181,370	170,922	
Risk-weighted assets (in billions)	1,221	1,014	
Common equity tier 1 capital ratio	13.5 %	16.2 %	7.0 %
Tier 1 capital ratio	13.5	16.2	8.5
Total capital ratio	14.9	16.9	10.5
Leverage-based metrics:			
Adjusted quarterly average assets (in billions) [4]	$ 2,143	$ 2,143	
Tier 1 leverage ratio	7.7 %	7.7 %	5.0
Supplementary leverage exposure (in billions)		$ 2,525	
Supplementary leverage ratio		6.5 %	6.0

(1) Capital ratios for both September 30, 2021 and December 31, 2020 are calculated using the regulatory capital rule that allows a five-year transition period related to the adoption of CECL.
(2) Risk-based capital regulatory minimums at September 30, 2021 and December 31, 2020 are the minimum ratios under Basel 3 including a capital conservation buffer of 2.5 percent. The regulatory minimums for the leverage ratios as of both period ends are the percent required to be considered well capitalized under the PCA framework.
(3) Total capital under the Advanced approaches differs from the Standardized approach due to differences in the amount permitted in Tier 2 capital related to the qualifying allowance for credit losses.
(4) Reflects total average assets adjusted for certain Tier 1 capital deductions.

Total Loss-Absorbing Capacity Requirements

Total loss-absorbing capacity (TLAC) consists of the Corporation's Tier 1 capital and eligible long-term debt issued directly by the Corporation. Eligible long-term debt for TLAC ratios is comprised of unsecured debt that has a remaining maturity of at least one year and satisfies additional requirements as prescribed in the TLAC final rule. As with the risk-based capital ratios and SLR, the Corporation is required to maintain TLAC ratios in excess of minimum requirements plus applicable buffers to avoid restrictions on capital distributions and discretionary bonus payments. Table 12 presents the Corporation's TLAC and long-term debt ratios and related information as of September 30, 2021 and December 31, 2020.

Table 12	Bank of America Corporation Total Loss-Absorbing Capacity and Long-Term Debt			
(Dollars in millions)	TLAC [1]	Regulatory Minimum [2]	Long-term Debt	Regulatory Minimum [3]
	September 30, 2021			
Total eligible balance	$ 434,224		$ 226,431	
Percentage of risk-weighted assets [4]	27.7 %	22.0 %	14.4 %	8.5 %
Percentage of supplementary leverage exposure [5]	12.4	9.5	6.4	4.5
	December 31, 2020			
Total eligible balance	$ 405,153		$ 196,997	
Percentage of risk-weighted assets [4]	27.4 %	22.0 %	13.3 %	8.5 %
Percentage of supplementary leverage exposure [5]	14.5	9.5	7.1	4.5

(1) As of September 30, 2021 and December 31, 2020, TLAC ratios are calculated using the regulatory capital rule that allows a five-year transition period related to the adoption of CECL.
(2) The TLAC RWA regulatory minimum consists of 18.0 percent plus a TLAC RWA buffer comprised of 2.5 percent plus the Method 1 G-SIB surcharge of 1.5 percent. The countercyclical buffer is zero for both periods. The TLAC supplementary leverage exposure regulatory minimum consists of 7.5 percent plus a 2.0 percent TLAC leverage buffer. The TLAC RWA and leverage buffers must be comprised solely of CET1 capital and Tier 1 capital, respectively.
(3) The long-term debt RWA regulatory minimum is comprised of 6.0 percent plus an additional 2.5 percent requirement based on the Corporation's Method 2 G-SIB surcharge. The long-term debt leverage exposure regulatory minimum is 4.5 percent.
(4) The approach that yields the higher RWA is used to calculate TLAC and long-term debt ratios, which was the Standardized approach as of September 30, 2021 and December 31, 2020.
(5) Supplementary leverage exposure at December 31, 2020 reflects the temporary exclusion of U.S. Treasury Securities and deposits at Federal Reserve Banks. The temporary relief expired after March 31, 2021 and is not reflected in supplementary leverage exposure at September 30, 2021.

Regulatory Developments

The following supplements the disclosure in Capital Management – Regulatory Developments in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.

Supplementary Leverage Ratio

On March 19, 2021, U.S. banking regulators announced that the temporary change to the SLR for BHCs and depository institutions issued in 2020 would expire as scheduled after March 31, 2021. While the temporary relief automatically applied to the Corporation, the Corporation's lead depository institution, Bank of America, N.A., did not opt to take advantage of the SLR relief offered by the Office of the Comptroller of the Currency. At September 30, 2021, the Corporation's SLR was 5.6 percent, which exceeds the 5.0 percent minimum required by the Federal Reserve.

Regulatory Capital and Securities Regulation

The Corporation's principal U.S. broker-dealer subsidiaries are BofA Securities, Inc. (BofAS), Merrill Lynch Professional Clearing Corp. (MLPCC) and Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S). The Corporation's principal European broker-dealer subsidiaries are Merrill Lynch International (MLI) and BofA Securities Europe SA (BofASE).

The U.S. broker-dealer subsidiaries are subject to the net capital requirements of Rule 15c3-1 under the Exchange Act. BofAS computes its minimum capital requirements as an alternative net capital broker-dealer under Rule 15c3-1e, and MLPCC and MLPF&S compute their minimum capital requirements in accordance with the alternative standard under Rule 15c3-1. BofAS and MLPCC are also registered as futures commission merchants and are subject to CFTC Regulation 1.17. The U.S. broker-dealer subsidiaries are also registered with the Financial Industry Regulatory Authority, Inc. (FINRA). Pursuant to FINRA Rule 4110, FINRA may impose higher net capital requirements than Rule 15c3-1 under the Exchange Act with respect to each of the broker-dealers.

BofAS provides institutional services, and in accordance with the alternative net capital requirements, is required to maintain tentative net capital in excess of $1.0 billion and net capital in excess of the greater of $500 million or a certain percentage of its reserve requirement. BofAS must also notify the SEC in the event its tentative net capital is less than $5.0 billion. BofAS is also required to hold a certain percentage of its customers' and affiliates' risk-based margin in order to meet its CFTC minimum net capital requirement. At September 30, 2021, BofAS had tentative net capital of $19.2 billion. BofAS also had regulatory net capital of $16.6 billion, which exceeded the minimum requirement of $3.1 billion.

MLPCC is a fully-guaranteed subsidiary of BofAS and provides clearing and settlement services as well as prime brokerage and arranged financing services for institutional clients. At September 30, 2021, MLPCC's regulatory net capital of $5.0 billion exceeded the minimum requirement of $1.5 billion.

MLPF&S provides retail services. At September 30, 2021, MLPF&S' regulatory net capital was $4.8 billion, which exceeded the minimum requirement of $189 million.

Our European broker-dealers are regulated by non-U.S. regulators. MLI, a U.K. investment firm, is regulated by the Prudential Regulation Authority and the FCA and is subject to certain regulatory capital requirements. At September 30, 2021, MLI's capital resources were $33.7 billion, which exceeded the minimum Pillar 1 requirement of $14.2 billion. BofASE, a French investment firm, is regulated by the Autorité de Contrôle Prudentiel et de Résolution and the Autorité des Marchés Financiers, and is subject to certain regulatory capital requirements. At September 30, 2021, BofASE's capital resources were $7.0 billion, which exceeded the minimum Pillar 1 requirement of $3.1 billion.

Liquidity Risk

Funding and Liquidity Risk Management

Our primary liquidity risk management objective is to meet expected or unexpected cash flow and collateral needs while continuing to support our businesses and customers under a range of economic conditions. To achieve that objective, we analyze and monitor our liquidity risk under expected and stressed conditions, maintain liquidity and access to diverse funding sources, including our stable deposit base, and seek to align liquidity-related incentives and risks. These liquidity risk management practices have allowed us to effectively manage the market stress from the pandemic that began in the first quarter of 2020. For more information on the effects of the pandemic, see Executive Summary – Recent Developments – COVID-19 Pandemic on page 3 herein and Item 1A. Risk Factors – Coronavirus Disease of the Corporation's 2020 Annual Report on Form 10-K.

We define liquidity as readily available assets, limited to cash and high-quality, liquid, unencumbered securities that we can use to meet our contractual and contingent financial obligations as they arise. We manage our liquidity position through line-of-business and ALM activities, as well as through our legal entity funding strategy, on both a forward and current (including intraday) basis under both expected and stressed conditions. We believe that a centralized approach to funding and liquidity management enhances our ability to monitor liquidity requirements, maximizes access to funding sources, minimizes borrowing costs and facilitates timely responses to liquidity events. For more information regarding global funding and liquidity risk management, as well as liquidity sources, liquidity arrangements, contingency planning and credit ratings discussed below, see Liquidity Risk in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.

NB Holdings Corporation

The parent company, which is a separate and distinct legal entity from our bank and nonbank subsidiaries, has an intercompany arrangement with our wholly-owned holding company subsidiary, NB Holdings Corporation (NB Holdings). We have transferred, and agreed to transfer, additional parent company assets not required to satisfy anticipated near-term expenditures to NB Holdings. The parent company is expected to continue to have access to the same flow of dividends, interest and other amounts of cash necessary to service our debt, pay dividends and perform other obligations as it would have had we not entered into these arrangements and transferred any assets. These arrangements support our preferred single point of entry resolution strategy, under which only the parent company would be resolved under the U.S. Bankruptcy Code.

Global Liquidity Sources and Other Unencumbered Assets

Table 13 presents average Global Liquidity Sources (GLS) for the three months ended September 30, 2021 and December 31, 2020.

Table 13 Average Global Liquidity Sources

	Three Months Ended	
(Dollars in billions)	September 30 2021	December 31 2020
Bank entities	$ 960	$ 773
Nonbank and other entities [1]	160	170
Total Average Global Liquidity Sources	$ 1,120	$ 943

[1] Nonbank includes Parent, NB Holdings and other regulated entities.

Our bank subsidiaries' liquidity is primarily driven by deposit and lending activity, as well as securities valuation and net debt activity. Bank subsidiaries can also generate incremental liquidity by pledging a range of unencumbered loans and securities to certain Federal Home Loan Banks (FHLBs) and the Federal Reserve Discount Window. The cash we could have obtained by borrowing against this pool of specifically-identified eligible assets was $318 billion and $306 billion at September 30, 2021 and December 31, 2020. We have established operational procedures to enable us to borrow against these assets, including regularly monitoring our total pool of eligible loans and securities collateral. Eligibility is defined in guidelines from the FHLBs and the Federal Reserve and is subject to change at their discretion. Due to regulatory restrictions, liquidity generated by the bank subsidiaries can generally be used only to fund obligations within the bank subsidiaries, and transfers to the parent company or nonbank subsidiaries may be subject to prior regulatory approval.

Liquidity is also held in nonbank entities, including the Parent, NB Holdings and other regulated entities. Parent company and NB Holdings liquidity is typically in the form of cash deposited at BANA, which is excluded from the liquidity at bank subsidiaries, and high-quality, liquid, unencumbered securities. Liquidity held in other regulated entities, comprised primarily of broker-dealer subsidiaries, is primarily available to meet the obligations of that entity, and transfers to the parent company or to any other subsidiary may be subject to prior regulatory approval due to regulatory restrictions and minimum requirements. Our other regulated entities also hold unencumbered investment-grade securities and equities that we believe could be used to generate additional liquidity.

Table 14 presents the composition of average GLS for the three months ended September 30, 2021 and December 31, 2020.

Table 14 Average Global Liquidity Sources Composition

	Three Months Ended	
(Dollars in billions)	September 30 2021	December 31 2020
Cash on deposit	$ 241	$ 322
U.S. Treasury securities	265	141
U.S. agency securities, mortgage-backed securities, and other investment-grade securities	596	462
Non-U.S. government securities	18	18
Total Average Global Liquidity Sources	$ 1,120	$ 943

Our GLS are substantially the same in composition to what qualifies as High Quality Liquid Assets (HQLA) under the final U.S. Liquidity Coverage Ratio (LCR) rules. However, HQLA for purposes of calculating LCR is not reported at market value, but at a lower value that incorporates regulatory deductions and the exclusion of excess liquidity held at certain subsidiaries. The LCR is calculated as the amount of a financial institution's unencumbered HQLA relative to the estimated net cash outflows the institution could encounter over a 30-day period of significant liquidity stress, expressed as a percentage. Our average consolidated HQLA, on a net basis, was $612 billion and $584 billion for the three months ended September 30, 2021 and December 31, 2020. For the same periods, the average consolidated LCR was 117 percent and 122 percent. Our LCR fluctuates due to normal business flows from customer activity.

Liquidity Stress Analysis

We utilize liquidity stress analysis to assist us in determining the appropriate amounts of liquidity to maintain at the parent company and our subsidiaries to meet contractual and contingent cash outflows under a range of scenarios. For more information on liquidity stress analysis, see Liquidity Risk – Liquidity Stress Analysis in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.

Net Stable Funding Ratio Final Rule

On October 20, 2020, the U.S. Agencies finalized the Net Stable Funding Ratio (NSFR), a rule requiring large banks to maintain a minimum level of stable funding over a one-year period. The final rule is intended to support the ability of banks to lend to households and businesses in both normal and adverse economic conditions and is complementary to the LCR rule, which focuses on short-term liquidity risks. The final rule was effective July 1, 2021. The U.S. NSFR applies to the Corporation on a consolidated basis and to our insured depository institutions. The Corporation is in compliance with the final NSFR rule in the regulatory timeline provided, and there have not been any significant impacts to the Corporation.

Diversified Funding Sources

We fund our assets primarily with a mix of deposits, and secured and unsecured liabilities through a centralized, globally coordinated funding approach diversified across products, programs, markets, currencies and investor groups. We fund a substantial portion of our lending activities through our deposits, which were $1.96 trillion and $1.80 trillion at September 30, 2021 and December 31, 2020.

Our trading activities in other regulated entities are primarily funded on a secured basis through securities lending and repurchase agreements, and these amounts will vary based on customer activity and market conditions.

Long-term Debt

During the nine months ended September 30, 2021, we issued $65.5 billion of long-term debt consisting of $49.8 billion of notes issued by Bank of America Corporation, substantially all of which was TLAC compliant, $6.2 billion of notes issued by Bank of America, N.A. and $9.5 billion of other debt.

During the nine months ended September 30, 2021, we had total long-term debt maturities and redemptions in the aggregate of $38.5 billion consisting of $21.3 billion for Bank of America Corporation, $8.0 billion for Bank of America, N.A. and $9.2 billion of other debt. Table 15 presents the carrying value of aggregate annual contractual maturities of long-term debt at September 30, 2021.

Table 15 Long-term Debt by Maturity

(Dollars in millions)	Remainder of 2021	2022	2023	2024	2025	Thereafter	Total
Bank of America Corporation							
Senior notes [1]	$ —	$ 5,759	$ 23,451	$ 23,642	$ 19,800	$ 138,303	**$ 210,955**
Senior structured notes	80	1,937	594	292	412	11,384	**14,699**
Subordinated notes	354	—	—	3,300	5,434	16,064	**25,152**
Junior subordinated notes	—	—	—	—	—	741	**741**
Total Bank of America Corporation	434	7,696	24,045	27,234	25,646	166,492	**251,547**
Bank of America, N.A.							
Senior notes	—	3,245	504	—	—	1	**3,750**
Subordinated notes	—	—	—	—	—	1,775	**1,775**
Advances from Federal Home Loan Banks	500	203	1	—	16	72	**792**
Securitizations and other Bank VIEs [2]	—	1,249	999	999	—	84	**3,331**
Other	7	67	316	66	153	21	**630**
Total Bank of America, N.A.	507	4,764	1,820	1,065	169	1,953	**10,278**
Other debt							
Structured Liabilities	1,105	3,777	2,507	1,733	671	6,503	**16,296**
Nonbank VIEs [2]	1	—	—	—	—	499	**500**
Total other debt	1,106	3,777	2,507	1,733	671	7,002	**16,796**
Total long-term debt	**$ 2,047**	**$ 16,237**	**$ 28,372**	**$ 30,032**	**$ 26,486**	**$ 175,447**	**$ 278,621**

(1) Total includes $177.2 billion of outstanding notes that are both TLAC eligible and callable one year before their stated maturities, including $2.5 billion during the remainder of 2021, and $15.1 billion, $17.0 billion, $16.0 billion and $15.2 billion during each year of 2022 through 2025, respectively, and $111.4 billion thereafter. For more information on our TLAC eligible and callable outstanding notes, see Liquidity Risk – Diversified Funding Sources in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.
(2) Represents liabilities of consolidated variable interest entities (VIEs) included in total long-term debt on the Consolidated Balance Sheet.

Total long-term debt increased $15.7 billion to $278.6 billion during the nine months ended September 30, 2021, primarily due to debt issuances, partially offset by debt maturities and redemptions and valuation adjustments. We may, from time to time, purchase outstanding debt instruments in various transactions, depending on market conditions, liquidity and other factors. Our other regulated entities may also make markets in our debt instruments to provide liquidity for investors.

During the nine months ended September 30, 2021, we issued $4.3 billion of structured notes, which are unsecured debt obligations that pay investors returns linked to other debt or equity securities, indices, currencies or commodities. These structured notes are typically issued to meet client demand, and notes with certain attributes may also be TLAC eligible. We typically hedge the returns we are obligated to pay on these liabilities with derivatives and/or investments in the underlying instruments, so that from a funding perspective, the cost is similar to our other unsecured long-term debt. We could be required to settle certain structured note obligations for cash or other securities prior to maturity under certain circumstances, which we consider for liquidity planning purposes. We believe, however, that a portion of such borrowings will remain outstanding beyond the earliest put or redemption date.

Substantially all of our senior and subordinated debt obligations contain no provisions that could trigger a requirement for an early repayment, require additional collateral support, result in changes to terms, accelerate maturity or create additional financial obligations upon an adverse change in our credit ratings, financial ratios, earnings, cash flows or stock price. For more information on long-term debt funding, including issuances and maturities and redemptions, see *Note 11 – Long-term Debt* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

We use derivative transactions to manage interest rate and currency risks of our borrowings, considering the characteristics of the assets they are funding. For more information on our ALM activities, see Interest Rate Risk Management for the Banking Book on page 46.

Credit Ratings

Credit ratings and outlooks are opinions expressed by rating agencies on our creditworthiness and that of our obligations or securities, including long-term debt, short-term borrowings, preferred stock and other securities, including asset securitizations. Table 16 presents the Corporation's current long-term/short-term senior debt ratings and outlooks expressed by the rating agencies.

The ratings from Standard & Poor's Global Ratings (S&P) and Fitch Ratings (Fitch) for the Corporation and its subsidiaries have not changed from those disclosed in the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021.

The ratings from Moody's Investors Service for the Corporation and its subsidiaries have not changed from those disclosed in the Corporation's 2020 Annual Report on Form 10-K.

For more information on additional collateral and termination payments that could be required in connection with certain over-the-counter derivative contracts and other trading agreements in the event of a credit rating downgrade, see *Note 3 – Derivatives* to the Consolidated Financial Statements herein and Item 1A. Risk Factors of the Corporation's 2020 Annual Report on Form 10-K.

Table 16 Senior Debt Ratings

	Moody's Investors Service			Standard & Poor's Global Ratings			Fitch Ratings		
	Long-term	Short-term	Outlook	Long-term	Short-term	Outlook	Long-term	Short-term	Outlook
Bank of America Corporation	A2	P-1	Stable	A-	A-2	Positive	AA-	F1+	Stable
Bank of America, N.A.	Aa2	P-1	Stable	A+	A-1	Positive	AA	F1+	Stable
Bank of America Europe Designated Activity Company	NR	NR	NR	A+	A-1	Positive	AA	F1+	Stable
Merrill Lynch, Pierce, Fenner & Smith Incorporated	NR	NR	NR	A+	A-1	Positive	AA	F1+	Stable
BofA Securities, Inc.	NR	NR	NR	A+	A-1	Positive	AA	F1+	Stable
Merrill Lynch International	NR	NR	NR	A+	A-1	Positive	AA	F1+	Stable
BofA Securities Europe SA	NR	NR	NR	A+	A-1	Positive	AA	F1+	Stable

NR = not rated

Finance Subsidiary Issuers and Parent Guarantor

BofA Finance LLC, a Delaware limited liability company, is a consolidated finance subsidiary of the Corporation that has issued and sold, and is expected to continue to issue and sell, its senior unsecured debt securities. In addition, each of BAC Capital Trust XIII, BAC Capital Trust XIV and BAC Capital Trust XV, Delaware statutory trusts, is a 100 percent owned finance subsidiary of the Corporation that has issued and sold trust preferred securities or capital securities, as applicable, that remained outstanding at September 30, 2021. The Corporation has fully and unconditionally guaranteed (or effectively provided for the full and unconditional guarantee of) all such securities issued by such finance subsidiaries. For more information regarding such guarantees by the Corporation, see Liquidity Risk – Finance Subsidiary Issuers and Parent Guarantor in the MD&A of the Corporation's 2020 Annual Report on Form 10-K. For purposes of the discussion in such section in the Corporation's 2020 Annual Report on Form 10-K, the term "Trusts" shall be deemed to include BAC Capital Trust XV, and the term "Trust Preferred Securities" shall be deemed to include the capital securities issued and sold by BAC Capital Trust XV that remained outstanding at September 30, 2021.

Credit Risk Management

For information on our credit risk management activities, see Consumer Portfolio Credit Risk Management below, Commercial Portfolio Credit Risk Management on page 35, Non-U.S. Portfolio on page 41, Allowance for Credit Losses on page 42, and *Note 5 – Outstanding Loans and Leases and Allowance for Credit Losses* to the Consolidated Financial Statements.

During the nine months ended September 30, 2021, the economy gained momentum as unemployment continued to decline from double-digit highs during 2020 and the economy continued to open as vaccination rates increased and restrictions began to ease. Individuals and businesses in the U.S. have benefited from various forms of government support through economic stimulus packages enacted in 2020 and 2021. While there has been significant economic improvement in comparison to 2020, uncertainty remains about the timing and strength of the economy's recovery, which may also be hampered by supply chain disruptions and inflationary pressures that could lead to adverse impacts to credit quality metrics in future periods. For more information on how the pandemic may affect our operations, see Executive Summary – Recent Developments – COVID-19 Pandemic on page 3 and Item 1A. Risk Factors – Coronavirus Disease of the Corporation's 2020 Annual Report on Form 10-K.

Consumer Portfolio Credit Risk Management

Credit risk management for the consumer portfolio begins with initial underwriting and continues throughout a borrower's credit cycle. Statistical techniques in conjunction with experiential judgment are used in all aspects of portfolio management including underwriting, product pricing, risk appetite, setting credit limits, and establishing operating processes and metrics to quantify and balance risks and returns. Statistical models are built using detailed behavioral information from external sources such as credit bureaus and/or internal historical experience and are a component of our consumer credit risk management process. These models are used in part to assist in making both new and ongoing credit decisions, as well as portfolio management strategies, including authorizations and line management, collection practices and strategies, and determination of the allowance for loan and lease losses and allocated capital for credit risk.

Consumer Credit Portfolio

The economic environment improved during the nine months ended September 30, 2021, with the U.S. unemployment rate continuing to decline and home prices increasing. During the three and nine months ended September 30, 2021, net charge-offs decreased $235 million and $635 million to $329 million and $1.5 billion primarily due to lower credit card losses, as balance declines and the impact of government stimulus measures were partially offset by charge-offs associated with deferrals that expired in 2020. During the nine months ended September 30, 2021, nonperforming loans increased due to deferral activity.

The consumer allowance for loan and lease losses decreased $2.9 billion during the nine months ended September 30, 2021 to $7.2 billion primarily due to improvements in the economic outlook and credit quality. For more information, see Allowance for Credit Losses on page 42.

For more information on our accounting policies regarding delinquencies, nonperforming status, charge-offs and troubled debt restructurings (TDRs) for the consumer portfolio, as well as interest accrual policies and delinquency status for loan modifications related to the pandemic, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K and *Note 5 – Outstanding Loans and Leases and Allowance for Credit Losses* to the Consolidated Financial Statements.

Table 17 presents our outstanding consumer loans and leases, consumer nonperforming loans and accruing consumer loans past due 90 days or more.

Table 17 Consumer Credit Quality

(Dollars in millions)	Outstandings [1] September 30 2021	Outstandings [1] December 31 2020	Nonperforming September 30 2021	Nonperforming December 31 2020	Accruing Past Due 90 Days or More September 30 2021	Accruing Past Due 90 Days or More December 31 2020
Residential mortgage [2]	**$ 216,940**	$ 223,555	**$ 2,296**	$ 2,005	**$ 648**	$ 762
Home equity	**29,000**	34,311	**676**	649	**—**	—
Credit card	**76,869**	78,708	**n/a**	n/a	**450**	903
Direct/Indirect consumer [3]	**99,845**	91,363	**45**	71	**8**	33
Other consumer	**202**	124	**—**	—	**—**	—
Consumer loans excluding loans accounted for under the fair value option	**$ 422,856**	$ 428,061	**$ 3,017**	$ 2,725	**$ 1,106**	$ 1,698
Loans accounted for under the fair value option [4]	**616**	735				
Total consumer loans and leases	**$ 423,472**	$ 428,796				
Percentage of outstanding consumer loans and leases [5]	**n/a**	n/a	**0.71 %**	0.64 %	**0.26 %**	0.40 %
Percentage of outstanding consumer loans and leases, excluding fully-insured loan portfolios [5]	**n/a**	n/a	**0.74**	0.65	**0.11**	0.22

(1) Outstandings include non-core residential mortgage of $6.7 billion and $8.3 billion and home equity of $3.4 billion and $4.0 billion at September 30, 2021 and December 31, 2020. For more information on non-core loans, see Consumer Credit Risk Management in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.
(2) Residential mortgage loans accruing past due 90 days or more are fully-insured loans. At September 30, 2021 and December 31, 2020, residential mortgage includes $466 million and $537 million of loans on which interest had been curtailed by the Federal Housing Administration (FHA), and therefore were no longer accruing interest, although principal was still insured, and $182 million and $225 million of loans on which interest was still accruing.
(3) Outstandings primarily include auto and specialty lending loans and leases of $47.2 billion and $46.4 billion, U.S. securities-based lending loans of $48.7 billion and $41.1 billion and non-U.S. consumer loans of $3.0 billion and $3.0 billion at September 30, 2021 and December 31, 2020.
(4) Consumer loans accounted for under the fair value option include residential mortgage loans of $241 million and $298 million and home equity loans of $375 million and $437 million at September 30, 2021 and December 31, 2020. For more information on the fair value option, see *Note 15 – Fair Value Option* to the Consolidated Financial Statements.
(5) Excludes consumer loans accounted for under the fair value option. At September 30, 2021 and December 31, 2020, $13 million and $11 million of loans accounted for under the fair value option were past due 90 days or more and not accruing interest.
n/a = not applicable

Table 18 presents net charge-offs and related ratios for consumer loans and leases.

Table 18 Consumer Net Charge-offs and Related Ratios

(Dollars in millions)	Net Charge-offs Three Months Ended September 30 2021	2020	Net Charge-offs Nine Months Ended September 30 2021	2020	Net Charge-off Ratios [1] Three Months Ended September 30 2021	2020	Net Charge-off Ratios [1] Nine Months Ended September 30 2021	2020
Residential mortgage	**$ (7)**	$ (6)	**$ (17)**	$ (27)	**(0.01)%**	(0.01)%	**(0.01)%**	(0.02)%
Home equity	**(34)**	(20)	**(93)**	(45)	**(0.46)**	(0.21)	**(0.40)**	(0.16)
Credit card	**321**	509	**1,443**	1,944	**1.69**	2.49	**2.59**	2.97
Direct/Indirect consumer	**(18)**	18	**4**	84	**(0.07)**	0.08	**0.01**	0.13
Other consumer	**67**	63	**198**	214	**n/m**	n/m	**n/m**	n/m
Total	**$ 329**	$ 564	**$ 1,535**	$ 2,170	**0.31**	0.50	**0.49**	0.64

(1) Net charge-off ratios are calculated as annualized net charge-offs divided by average outstanding loans and leases excluding loans accounted for under the fair value option.
n/m = not meaningful

We believe that the presentation of information adjusted to exclude the impact of the fully-insured loan portfolio and loans accounted for under the fair value option is more representative of the ongoing operations and credit quality of the business. As a result, in the following tables and discussions of the residential mortgage and home equity portfolios, we exclude loans accounted for under the fair value option and provide information that excludes the impact of the fully-insured loan portfolio in certain credit quality statistics.

Residential Mortgage

The residential mortgage portfolio made up the largest percentage of our consumer loan portfolio at 51 percent of consumer loans and leases at September 30, 2021. Approximately 51 percent of the residential mortgage portfolio was in *Consumer Banking* and 42 percent was in *GWIM*. The remaining portion was in *All Other* and was comprised of loans used in our overall ALM activities, delinquent FHA loans repurchased pursuant to our servicing agreements with the Government National Mortgage Association, as well as loans repurchased related to our representations and warranties.

Outstanding balances in the residential mortgage portfolio decreased $6.6 billion during the nine months ended September 30, 2021 as paydowns were partially offset by originations.

At September 30, 2021 and December 31, 2020, the residential mortgage portfolio included $12.6 billion and $11.8 billion of outstanding fully-insured loans, of which $2.3 billion and $2.8 billion had FHA insurance, with the remainder protected by Fannie Mae long-term standby agreements.

Table 19 presents certain residential mortgage key credit statistics on both a reported basis and excluding the fully-insured loan portfolio. The following discussion presents the residential mortgage portfolio excluding the fully-insured loan portfolio.

Table 19 Residential Mortgage – Key Credit Statistics

(Dollars in millions)	Reported Basis [1] September 30 2021	Reported Basis [1] December 31 2020	Excluding Fully-insured Loans [1] September 30 2021	Excluding Fully-insured Loans [1] December 31 2020
Outstandings	**$ 216,940**	$ 223,555	**$ 204,316**	$ 211,737
Accruing past due 30 days or more	**1,752**	2,314	**822**	1,224
Accruing past due 90 days or more	**648**	762	**—**	—
Nonperforming loans [2]	**2,296**	2,005	**2,296**	2,005
Percent of portfolio				
Refreshed LTV greater than 90 but less than or equal to 100	**1 %**	2 %	**1 %**	1 %
Refreshed LTV greater than 100	**—**	1	**—**	1
Refreshed FICO below 620	**2**	2	**1**	1

(1) Outstandings, accruing past due, nonperforming loans and percentages of portfolio exclude loans accounted for under the fair value option. For information on our interest accrual policies and delinquency status for loan modifications related to the pandemic, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.
(2) Includes loans that are contractually current which primarily consist of collateral-dependent TDRs, including those that have been discharged in Chapter 7 bankruptcy and loans that have not yet demonstrated a sustained period of payment performance following a TDR.

Nonperforming outstanding balances in the residential mortgage portfolio increased $291 million during the nine months ended September 30, 2021 primarily driven by deferral activity. Of the nonperforming residential mortgage loans at September 30, 2021, $1.3 billion, or 55 percent, were current on contractual payments. Loans accruing past due 30 days or more decreased $402 million driven by continued improvement in credit quality.

Net recoveries of $7 million and $17 million for the three and nine months ended September 30, 2021 remained relatively unchanged compared to the same periods in the prior year.

Of the $204.3 billion in total residential mortgage loans outstanding at September 30, 2021, as shown in Table 20, 28 percent were originated as interest-only loans. The outstanding balance of interest-only residential mortgage loans that have entered the amortization period was $5.1 billion, or nine percent, at September 30, 2021. Residential mortgage loans that have entered the amortization period generally experienced a higher rate of early stage delinquencies and nonperforming status compared to the residential mortgage portfolio as a whole. At September 30, 2021, $61 million, or one percent, of outstanding interest-only residential mortgages that had entered the amortization period were accruing past due 30 days or more compared to $822 million, or less than one percent, for the entire residential mortgage portfolio. In addition, at September 30, 2021, $287 million, or six percent, of outstanding interest-only residential mortgage loans that had entered the amortization period were nonperforming, of which $107 million were contractually current, compared to $2.3 billion, or one percent, for the entire residential mortgage portfolio. Loans that have yet to enter the amortization period in our interest-only residential mortgage portfolio are primarily well-collateralized loans to our wealth management clients and have an interest-only period of three to ten years. Approximately 97 percent of these loans that have yet to enter the amortization period will not be required to make a fully-amortizing payment until 2022 or later.

Table 20 presents outstandings, nonperforming loans and net charge-offs by certain state concentrations for the residential mortgage portfolio. The Los Angeles-Long Beach-Santa Ana Metropolitan Statistical Area (MSA) within California represented 15 percent and 16 percent of outstandings at September 30, 2021 and December 31, 2020. In the New York area, the New York-Northern New Jersey-Long Island MSA made up 15 percent and 14 percent of outstandings at September 30, 2021 and December 31, 2020.

Table 20 Residential Mortgage State Concentrations

(Dollars in millions)	Outstandings [1] September 30 2021	Outstandings [1] December 31 2020	Nonperforming [1] September 30 2021	Nonperforming [1] December 31 2020	Net Charge-offs Three Months Ended September 30 2021	Net Charge-offs Three Months Ended September 30 2020	Net Charge-offs Nine Months Ended September 30 2021	Net Charge-offs Nine Months Ended September 30 2020
California	**$ 75,884**	$ 83,185	**$ 708**	$ 570	**$ (3)**	$ (5)	**$ (10)**	$ (16)
New York	**24,402**	23,832	**351**	272	**—**	1	**2**	2
Florida	**13,524**	13,017	**160**	175	**(1)**	(1)	**(5)**	(4)
Texas	**8,810**	8,868	**91**	78	**—**	—	**—**	—
New Jersey	**8,526**	8,806	**108**	98	**—**	(1)	**—**	(1)
Other	**73,170**	74,029	**878**	812	**(3)**	—	**(4)**	(8)
Residential mortgage loans	**$ 204,316**	$ 211,737	**$ 2,296**	$ 2,005	**$ (7)**	$ (6)	**$ (17)**	$ (27)
Fully-insured loan portfolio	**12,624**	11,818						
Total residential mortgage loan portfolio	**$ 216,940**	$ 223,555						

(1) Outstandings and nonperforming loans exclude loans accounted for under the fair value option.

Home Equity

At September 30, 2021, the home equity portfolio made up seven percent of the consumer portfolio and was comprised of home equity lines of credit (HELOCs), home equity loans and reverse mortgages. HELOCs generally have an initial draw period of 10 years, and after the initial draw period ends, the loans generally convert to 15- or 20-year amortizing loans. We no longer originate home equity loans or reverse mortgages.

At September 30, 2021, 80 percent of the home equity portfolio was in *Consumer Banking*, 12 percent was in *All Other* and the remainder of the portfolio was primarily in *GWIM*. Outstanding balances in the home equity portfolio decreased $5.3 billion during the nine months ended September 30, 2021 primarily due to paydowns outpacing new originations and draws on existing lines. Of the total home equity portfolio at September 30, 2021 and December 31, 2020, $12.4 billion, or 43 percent, and $13.8 billion, or 40 percent, were in first-lien positions. At September 30, 2021, outstanding balances in the home equity portfolio that were in a second-lien or more junior-lien position and where we also held the first-lien loan totaled $4.8 billion, or 17 percent of our total home equity portfolio.

Unused HELOCs totaled $40.8 billion and $42.3 billion at September 30, 2021 and December 31, 2020. The HELOC utilization rate was 40 percent and 43 percent at September 30, 2021 and December 31, 2020.

Table 21 presents certain home equity portfolio key credit statistics.

Table 21 Home Equity – Key Credit Statistics [(1)]

(Dollars in millions)	September 30 2021	December 31 2020
Outstandings [(2)]	**$ 29,000**	$ 34,311
Accruing past due 30 days or more [(2)]	**165**	186
Nonperforming loans [(2, 3)]	**676**	649
Percent of portfolio		
Refreshed CLTV greater than 90 but less than or equal to 100	**1 %**	1 %
Refreshed CLTV greater than 100	**1**	1
Refreshed FICO below 620	**3**	3

(1) Outstandings, accruing past due, nonperforming loans and percentages of the portfolio exclude loans accounted for under the fair value option. For information on our interest accrual policies and delinquency status for loan modifications related to the pandemic, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

(2) Accruing past due 30 days or more include $26 million and $25 million and nonperforming loans include $86 million and $88 million of loans where we serviced the underlying first lien at September 30, 2021 and December 31, 2020.

(3) Includes loans that are contractually current which primarily consist of collateral-dependent TDRs, including those that have been discharged in Chapter 7 bankruptcy, junior-lien loans where the underlying first lien is 90 days or more past due, as well as loans that have not yet demonstrated a sustained period of payment performance following a TDR.

Nonperforming outstanding balances in the home equity portfolio increased $27 million during the nine months ended September 30, 2021, as new additions outpaced returns to performing status and paydowns. Of the nonperforming home equity loans at September 30, 2021, $273 million, or 40 percent were current on contractual payments. In addition, $256 million, or 38 percent of nonperforming home equity loans were 180 days or more past due and had been written down to the estimated fair value of the collateral, less costs to sell. Accruing loans that were 30 days or more past due decreased $21 million during the nine months ended September 30, 2021.

Net recoveries increased $14 million to $34 million and $48 million to $93 million for the three and nine months ended September 30, 2021 compared to the same periods in 2020. The increase was driven by favorable portfolio trends due in part to improvement in home prices.

Of the $29.0 billion in total home equity portfolio outstandings at September 30, 2021, as shown in Table 21, 14 percent require interest-only payments. The outstanding balance of HELOCs that have reached the end of their draw period and have entered the amortization period was $7.4 billion at September 30, 2021. The HELOCs that have entered the amortization period have experienced a higher percentage of early stage delinquencies and nonperforming status when compared to the HELOC portfolio as a whole. At September 30, 2021, $103 million, or one percent, of outstanding HELOCs that had entered the amortization period were accruing past due 30 days or more. In addition, at September 30, 2021, $484 million, or seven percent, were nonperforming. Loans that have yet to enter the amortization period in our interest-only portfolio are primarily post-2008 vintages and generally have better credit quality than the previous vintages that had entered the amortization period. We communicate to contractually current customers more than a year prior to the end of their draw period to inform them of the potential change to the payment structure before entering the amortization period, and provide payment options to customers prior to the end of the draw period.

Although we do not actively track how many of our home equity customers pay only the minimum amount due on their home equity loans and lines, we can infer some of this information through a review of our HELOC portfolio that we service and that is still in its revolving period. During the three months ended September 30, 2021, 20 percent of these customers with an outstanding balance did not pay any principal on their HELOCs.

Table 22 presents outstandings, nonperforming balances and net charge-offs by certain state concentrations for the home equity portfolio. In the New York area, the New York-Northern New Jersey-Long Island MSA made up 13 percent of the outstanding home equity portfolio at both September 30, 2021 and December 31, 2020. The Los Angeles-Long Beach-Santa Ana MSA within California made up 11 percent of the outstanding home equity portfolio at both September 30, 2021 and December 31, 2020.

Table 22 Home Equity State Concentrations

(Dollars in millions)	Outstandings (1) September 30 2021	Outstandings (1) December 31 2020	Nonperforming (1) September 30 2021	Nonperforming (1) December 31 2020	Net Charge-offs Three Months Ended September 30 2021	Net Charge-offs Three Months Ended September 30 2020	Net Charge-offs Nine Months Ended September 30 2021	Net Charge-offs Nine Months Ended September 30 2020
California	**$ 7,886**	$ 9,488	**$ 149**	$ 143	**$ (9)**	$ (8)	**$ (31)**	$ (17)
Florida	**3,113**	3,715	**83**	80	**(5)**	(2)	**(16)**	(7)
New Jersey	**2,346**	2,749	**72**	67	**(1)**	—	**(3)**	(1)
New York	**2,157**	2,495	**101**	103	**(2)**	(1)	**(3)**	—
Massachusetts	**1,484**	1,719	**33**	32	**(2)**	—	**(2)**	1
Other	**12,014**	14,145	**238**	224	**(15)**	(9)	**(38)**	(21)
Total home equity loan portfolio	**$ 29,000**	$ 34,311	**$ 676**	$ 649	**$ (34)**	$ (20)	**$ (93)**	$ (45)

(1) Outstandings and nonperforming loans exclude loans accounted for under the fair value option.

Credit Card

At September 30, 2021, 97 percent of the credit card portfolio was managed in *Consumer Banking* with the remainder in *GWIM*. Outstandings in the credit card portfolio decreased $1.8 billion during the nine months ended September 30, 2021 to $76.9 billion as increased payments more than offset higher purchase volumes as spending continued to recover. Net charge-offs decreased $188 million to $321 million and $501 million to $1.4 billion during the three and nine months ended September 30, 2021 compared to the same periods in 2020 due to balance declines and the impact of government stimulus measures, partially offset by charge-offs of certain loans with deferrals that expired in 2020. Credit card loans 30 days or more past due and still accruing interest decreased $755 million, and loans 90 days or more past due and still accruing interest decreased $453 million primarily due to charge-offs of certain loans with deferrals that expired in 2020 and the impact of government stimulus measures.

Unused lines of credit for credit card increased to $359.0 billion at September 30, 2021 from $342.4 billion at December 31, 2020.

Table 23 presents certain state concentrations for the credit card portfolio.

Table 23 Credit Card State Concentrations

(Dollars in millions)	Outstandings September 30 2021	Outstandings December 31 2020	Accruing Past Due 90 Days or More (1) September 30 2021	Accruing Past Due 90 Days or More (1) December 31 2020	Net Charge-offs Three Months Ended September 30 2021	Net Charge-offs Three Months Ended September 30 2020	Net Charge-offs Nine Months Ended September 30 2021	Net Charge-offs Nine Months Ended September 30 2020
California	**$ 12,248**	$ 12,543	**$ 81**	$ 166	**$ 60**	$ 92	**$ 273**	$ 347
Florida	**7,504**	7,666	**64**	135	**46**	66	**205**	252
Texas	**6,483**	6,499	**44**	87	**30**	45	**132**	166
New York	**4,488**	4,654	**32**	76	**24**	43	**116**	154
Washington	**3,840**	3,685	**12**	21	**7**	12	**32**	47
Other	**42,306**	43,661	**217**	418	**154**	251	**685**	978
Total credit card portfolio	**$ 76,869**	$ 78,708	**$ 450**	$ 903	**$ 321**	$ 509	**$ 1,443**	$ 1,944

(1) For information on our interest accrual policies and delinquency status for loan modifications related to the pandemic, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

Direct/Indirect Consumer

At September 30, 2021, 48 percent of the direct/indirect portfolio was included in *Consumer Banking* (consumer auto and recreational vehicle lending) and 52 percent was included in *GWIM* (principally securities-based lending loans). Outstandings in the direct/indirect portfolio increased by $8.5 billion during the nine months ended September 30, 2021 to $99.8 billion driven by client demand for liquidity and high asset values in the securities-based lending portfolio.

Table 24 presents certain state concentrations for the direct/indirect consumer loan portfolio.

Table 24 Direct/Indirect State Concentrations

	Outstandings		Accruing Past Due 90 Days or More [1]		Net Charge-offs			
					Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions)	September 30 2021	December 31 2020	September 30 2021	December 31 2020	2021	2020	2021	2020
California	**$ 14,225**	$ 12,248	**$ 1**	$ 6	**$ (2)**	$ 2	**$ 3**	$ 13
Florida	**12,590**	10,891	**1**	4	**(2)**	3	**—**	14
Texas	**9,402**	8,981	**1**	6	**(4)**	4	**2**	13
New York	**7,511**	6,609	**1**	2	**1**	2	**4**	6
New Jersey	**3,988**	3,572	**—**	—	**—**	—	**(1)**	1
Other	**52,129**	49,062	**4**	15	**(11)**	7	**(4)**	37
Total direct/indirect loan portfolio	**$ 99,845**	$ 91,363	**$ 8**	$ 33	**$ (18)**	$ 18	**$ 4**	$ 84

(1) For information on our interest accrual policies and delinquency status for loan modifications related to the pandemic, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

Nonperforming Consumer Loans, Leases and Foreclosed Properties Activity

Table 25 presents nonperforming consumer loans, leases and foreclosed properties activity for the three and nine months ended September 30, 2021 and 2020. During the nine months ended September 30, 2021, nonperforming consumer loans increased $292 million to $3.0 billion primarily driven by consumer real estate deferral activity.

At September 30, 2021, $857 million, or 28 percent of nonperforming loans were 180 days or more past due and had been written down to their estimated property value less costs to sell. In addition, at September 30, 2021, $1.6 billion, or 52 percent of nonperforming consumer loans were modified and are now current after successful trial periods, or are current loans classified as nonperforming loans in accordance with applicable policies.

Foreclosed properties decreased $36 million during the nine months ended September 30, 2021 to $87 million. Nonperforming loans also include certain loans that have been modified in TDRs where economic concessions have been granted to borrowers experiencing financial difficulties. Nonperforming TDRs are included in Table 25.

Table 25 Nonperforming Consumer Loans, Leases and Foreclosed Properties Activity

	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions)	2021	2020	2021	2020
Nonperforming loans and leases, beginning of period	**$ 3,044**	$ 2,191	**$ 2,725**	$ 2,053
Additions	**353**	587	**1,635**	1,418
Reductions:				
Paydowns and payoffs	**(163)**	(113)	**(446)**	(303)
Sales	**(1)**	—	**(3)**	(31)
Returns to performing status [1]	**(201)**	(291)	**(839)**	(689)
Charge-offs	**(12)**	(13)	**(49)**	(62)
Transfers to foreclosed properties	**(3)**	(4)	**(6)**	(29)
Total net additions/(reductions) to nonperforming loans and leases	**(27)**	166	**292**	304
Total nonperforming loans and leases, September 30	**3,017**	2,357	**3,017**	2,357
Foreclosed properties, September 30 [2]	**87**	135	**87**	135
Nonperforming consumer loans, leases and foreclosed properties, September 30	**$ 3,104**	$ 2,492	**$ 3,104**	$ 2,492
Nonperforming consumer loans and leases as a percentage of outstanding consumer loans and leases [3]	**0.71 %**	0.54 %		
Nonperforming consumer loans, leases and foreclosed properties as a percentage of outstanding consumer loans, leases and foreclosed properties [3]	**0.73**	0.57		

(1) Consumer loans may be returned to performing status when all principal and interest is current and full repayment of the remaining contractual principal and interest is expected, or when the loan otherwise becomes well-secured and is in the process of collection.
(2) Foreclosed property balances do not include properties insured by certain government-guaranteed loans, principally FHA-insured, of $55 million and $131 million at September 30, 2021 and 2020.
(3) Outstanding consumer loans and leases exclude loans accounted for under the fair value option.

Table 26 presents TDRs for the consumer real estate portfolio. Performing TDR balances are excluded from nonperforming loans and leases in Table 25.

Table 26 Consumer Real Estate Troubled Debt Restructurings

	September 30, 2021			December 31, 2020		
(Dollars in millions)	Nonperforming	Performing	Total	Nonperforming	Performing	Total
Residential mortgage [1, 2]	$ 1,530	$ 2,422	$ 3,952	$ 1,195	$ 2,899	$ 4,094
Home equity [3]	265	692	957	248	836	1,084
Total consumer real estate troubled debt restructurings	$ 1,795	$ 3,114	$ 4,909	$ 1,443	$ 3,735	$ 5,178

(1) At September 30, 2021 and December 31, 2020, residential mortgage TDRs deemed collateral dependent totaled $1.7 billion and $1.4 billion, and included $1.4 billion and $1.0 billion of loans classified as nonperforming and $297 million and $361 million of loans classified as performing.
(2) At September 30, 2021 and December 31, 2020, residential mortgage performing TDRs include $1.3 billion and $1.5 billion of loans that were fully-insured.
(3) At September 30, 2021 and December 31, 2020, home equity TDRs deemed collateral dependent totaled $390 million and $407 million, and include $232 million and $216 million of loans classified as nonperforming and $158 million and $191 million of loans classified as performing.

In addition to modifying consumer real estate loans, we work with customers who are experiencing financial difficulty by modifying credit card and other consumer loans. Credit card and other consumer loan modifications generally involve a reduction in the customer's interest rate on the account and placing the customer on a fixed payment plan not exceeding 60 months.

Modifications of credit card and other consumer loans are made through programs utilizing direct customer contact, but may also utilize external programs. At September 30, 2021 and December 31, 2020, our credit card and other consumer TDR portfolio was $654 million and $701 million, of which $590 million and $614 million were current or less than 30 days past due under the modified terms.

Commercial Portfolio Credit Risk Management

Commercial credit risk is evaluated and managed with the goal that concentrations of credit exposure continue to be aligned with our risk appetite. We review, measure and manage concentrations of credit exposure by industry, product, geography, customer relationship and loan size. We also review, measure and manage commercial real estate loans by geographic location and property type. In addition, within our non-U.S. portfolio, we evaluate exposures by region and by country. Tables 31, 34 and 37 summarize our concentrations. We also utilize syndications of exposure to third parties, loan sales, hedging and other risk mitigation techniques to manage the size and risk profile of the commercial credit portfolio. For more information on our industry concentrations, see Table 34 and Commercial Portfolio Credit Risk Management – Industry Concentrations on page 39.

For more information on our accounting policies regarding delinquencies, nonperforming status, net charge-offs and TDRs for the commercial portfolio as well as interest accrual policies and delinquency status for loan modifications related to the pandemic, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

Commercial Credit Portfolio

During the nine months ended September 30, 2021, commercial credit quality improved as the economic recovery gained momentum amid COVID-19 containment and vaccination progress. Accordingly, charge-offs, nonperforming commercial loans and reservable criticized utilized exposure declined during this period. Outstanding commercial loans and leases increased $5.2 billion during the nine months ended September 30, 2021 due to growth in commercial and industrial, primarily in *Global Markets* with most of the increase in investment grade exposures. This increase was largely offset by lower U.S. small business commercial loans due to PPP forgiveness. For more information on PPP loans, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

Credit quality of commercial real estate borrowers has begun to stabilize in many sectors as economies have reopened. However, certain sectors, including hospitality, while showing signs of improvement, continue to be negatively impacted due to the pandemic. Moreover, many real estate markets, while improving, are still experiencing some disruptions in demand, supply chain challenges and tenant difficulties. Current and future office demand is uncertain as companies evaluate space needs with employment models that utilize a mix of remote and conventional office use.

The commercial allowance for loan and lease losses decreased $2.8 billion during the nine months ended September 30, 2021 to $6.0 billion driven by improvements in the macroeconomic outlook and credit quality. For more information, see Allowance for Credit Losses on page 42.

Total commercial utilized credit exposure decreased $4.9 billion during the nine months ended September 30, 2021 to $615.4 billion primarily driven by lower derivative assets. The utilization rate for loans and leases, standby letters of credit (SBLCs) and financial guarantees, and commercial letters of credit, in the aggregate, was 55 percent at September 30, 2021 and 57 percent at December 31, 2020.

Table 27 presents commercial credit exposure by type for utilized, unfunded and total binding committed credit exposure. Commercial utilized credit exposure includes SBLCs and financial guarantees and commercial letters of credit that have been issued and for which we are legally bound to advance funds under prescribed conditions during a specified time period, and excludes exposure related to trading account assets. Although funds have not yet been advanced, these exposure types are considered utilized for credit risk management purposes.

Table 27 Commercial Credit Exposure by Type

(Dollars in millions)	Commercial Utilized [1] September 30 2021	Commercial Utilized [1] December 31 2020	Commercial Unfunded [2, 3, 4] September 30 2021	Commercial Unfunded [2, 3, 4] December 31 2020	Total Commercial Committed September 30 2021	Total Commercial Committed December 31 2020
Loans and leases	**$ 504,264**	$ 499,065	**$ 446,891**	$ 404,740	**$ 951,155**	$ 903,805
Derivative assets [5]	**40,829**	47,179	**—**	—	**40,829**	47,179
Standby letters of credit and financial guarantees	**33,766**	34,616	**829**	538	**34,595**	35,154
Debt securities and other investments	**20,738**	22,618	**5,448**	4,827	**26,186**	27,445
Loans held-for-sale	**7,440**	8,378	**24,674**	9,556	**32,114**	17,934
Operating leases	**5,885**	6,424	**—**	—	**5,885**	6,424
Commercial letters of credit	**1,299**	855	**511**	280	**1,810**	1,135
Other	**1,146**	1,168	**—**	—	**1,146**	1,168
Total	**$ 615,367**	$ 620,303	**$ 478,353**	$ 419,941	**$ 1,093,720**	$ 1,040,244

(1) Commercial utilized exposure includes loans of $7.0 billion and $5.9 billion and issued letters of credit with a notional amount of $86 million and $89 million accounted for under the fair value option at September 30, 2021 and December 31, 2020.
(2) Commercial unfunded exposure includes commitments accounted for under the fair value option with a notional amount of $4.9 billion and $3.9 billion at September 30, 2021 and December 31, 2020.
(3) Excludes unused business card lines, which are not legally binding.
(4) Includes the notional amount of unfunded legally binding lending commitments net of amounts distributed (i.e., syndicated or participated) to other financial institutions. The distributed amounts were $10.3 billion and $10.5 billion at September 30, 2021 and December 31, 2020.
(5) Derivative assets are carried at fair value, reflect the effects of legally enforceable master netting agreements and have been reduced by cash collateral of $31.2 billion and $42.5 billion at September 30, 2021 and December 31, 2020. Not reflected in utilized and committed exposure is additional non-cash derivative collateral held of $39.9 billion and $39.3 billion at September 30, 2021 and December 31, 2020, which consists primarily of other marketable securities.

Nonperforming commercial loans decreased $530 million and commercial reservable criticized utilized exposure decreased $14.5 billion, which was broad-based across industries. Table 28 presents our commercial loans and leases portfolio and related credit quality information at September 30, 2021 and December 31, 2020.

Table 28 Commercial Credit Quality

(Dollars in millions)	Outstandings September 30 2021	Outstandings December 31 2020	Nonperforming September 30 2021	Nonperforming December 31 2020	Accruing Past Due 90 Days or More September 30 2021	Accruing Past Due 90 Days or More December 31 2020
Commercial and industrial:						
U.S. commercial	**$ 295,927**	$ 288,728	**$ 909**	$ 1,243	**$ 84**	$ 228
Non-U.S. commercial	**102,850**	90,460	**272**	418	**60**	10
Total commercial and industrial	**398,777**	379,188	**1,181**	1,661	**144**	238
Commercial real estate	**60,723**	60,364	**414**	404	**5**	6
Commercial lease financing	**15,044**	17,098	**70**	87	**11**	25
	474,544	456,650	**1,665**	2,152	**160**	269
U.S. small business commercial [1]	**22,770**	36,469	**32**	75	**64**	115
Commercial loans excluding loans accounted for under the fair value option	**497,314**	493,119	**$ 1,697**	$ 2,227	**$ 224**	$ 384
Loans accounted for under the fair value option [2]	**6,950**	5,946				
Total commercial loans and leases	**$ 504,264**	$ 499,065				

(1) Includes card-related products.
(2) Commercial loans accounted for under the fair value option include U.S. commercial of $4.5 billion and $2.9 billion and non-U.S. commercial of $2.4 billion and $3.0 billion at September 30, 2021 and December 31, 2020. For more information on the fair value option, see *Note 15 – Fair Value Option* to the Consolidated Financial Statements.

Table 29 presents net charge-offs and related ratios for our commercial loans and leases for the three and nine months ended September 30, 2021 and 2020.

Table 29 Commercial Net Charge-offs and Related Ratios

(Dollars in millions)	Net Charge-offs: Three Months Ended September 30 2021	2020	Net Charge-offs: Nine Months Ended September 30 2021	2020	Net Charge-off Ratios [1]: Three Months Ended September 30 2021	2020	Net Charge-off Ratios [1]: Nine Months Ended September 30 2021	2020
Commercial and industrial:								
U.S. commercial	**$ 15**	$ 154	**$ (4)**	$ 536	**0.02 %**	0.20 %	**— %**	0.23 %
Non-U.S. commercial	**1**	57	**41**	90	**—**	0.23	**0.06**	0.11
Total commercial and industrial	**16**	211	**37**	626	**0.02**	0.21	**0.01**	0.20
Commercial real estate	**—**	106	**28**	169	**—**	0.66	**0.06**	0.35
Commercial lease financing	**(1)**	24	**(1)**	60	**—**	0.53	**—**	0.43
	15	341	**64**	855	**0.01**	0.28	**0.02**	0.23
U.S. small business commercial	**119**	67	**282**	215	**1.76**	0.69	**1.16**	1.01
Total commercial	**$ 134**	$ 408	**$ 346**	$ 1,070	**0.11**	0.31	**0.09**	0.27

(1) Net charge-off ratios are calculated as annualized net charge-offs divided by average outstanding loans and leases excluding loans accounted for under the fair value option.

Table 30 presents commercial reservable criticized utilized exposure by loan type. Criticized exposure corresponds to the Special Mention, Substandard and Doubtful asset categories as defined by regulatory authorities. Total commercial reservable criticized utilized exposure decreased $14.5 billion during the nine months ended September 30, 2021, which was broad-based across industries. At September 30, 2021 and December 31, 2020, 85 percent and 79 percent of commercial reservable criticized utilized exposure was secured.

Table 30 Commercial Reservable Criticized Utilized Exposure (1, 2)

(Dollars in millions)	September 30, 2021		December 31, 2020	
Commercial and industrial:				
U.S. commercial	**$ 12,275**	**3.78 %**	$ 21,388	6.83 %
Non-U.S. commercial	**2,904**	**2.69**	5,051	5.03
Total commercial and industrial	**15,179**	**3.51**	26,439	6.40
Commercial real estate	**7,933**	**12.70**	10,213	16.42
Commercial lease financing	**404**	**2.68**	714	4.18
	23,516	**4.61**	37,366	7.59
U.S. small business commercial	**626**	**2.75**	1,300	3.56
Total commercial reservable criticized utilized exposure	**$ 24,142**	**4.53**	$ 38,666	7.31

(1) Total commercial reservable criticized utilized exposure includes loans and leases of $22.9 billion and $36.6 billion and commercial letters of credit of $1.2 billion and $2.1 billion at September 30, 2021 and December 31, 2020.
(2) Percentages are calculated as commercial reservable criticized utilized exposure divided by total commercial reservable utilized exposure for each exposure category.

Commercial and Industrial

Commercial and industrial loans include U.S. commercial and non-U.S. commercial portfolios.

U.S. Commercial

At September 30, 2021, 62 percent of the U.S. commercial loan portfolio, excluding small business, was managed in *Global Banking*, 21 percent in *Global Markets*, 16 percent in *GWIM* (loans that provide financing for asset purchases, business investments and other liquidity needs for high net worth clients) and the remainder primarily in *Consumer Banking*. U.S. commercial loans increased $7.2 billion during the nine months ended September 30, 2021 driven by *Global Markets*. Reservable criticized utilized exposure decreased $9.1 billion, which was broad-based across industries.

Non-U.S. Commercial

At September 30, 2021, 71 percent of the non-U.S. commercial loan portfolio was managed in *Global Banking* and 29 percent in *Global Markets*. Non-U.S. commercial loans increased $12.4 billion during the nine months ended September 30, 2021 primarily in *Global Markets*. For information on the non-U.S. commercial portfolio, see Non-U.S. Portfolio on page 41.

Commercial Real Estate

Commercial real estate primarily includes commercial loans secured by non-owner-occupied real estate and is dependent on the sale or lease of the real estate as the primary source of repayment. Outstanding loans remained relatively unchanged at $60.7 billion as of September 30, 2021. The portfolio remains diversified across property types and geographic regions. California represented the largest state concentration at 22 percent and 23 percent of the commercial real estate portfolio at September 30, 2021 and December 31, 2020. The commercial real estate portfolio is predominantly managed in *Global Banking* and consists of loans made primarily to public and private developers, and commercial real estate firms.

For the three and nine months ended September 30, 2021 and 2020, we continued to see low default rates and varying degrees of improvement in the portfolio. We use a number of proactive risk mitigation initiatives to reduce adversely rated exposure in the commercial real estate portfolio, including transfers of deteriorating exposures for management by independent special asset officers and the pursuit of loan restructurings or asset sales to achieve the best results for our customers and the Corporation.

Table 31 presents outstanding commercial real estate loans by geographic region, based on the geographic location of the collateral, and by property type.

Table 31 Outstanding Commercial Real Estate Loans

(Dollars in millions)	September 30 2021	December 31 2020
By Geographic Region		
California	**$ 13,559**	$ 14,028
Northeast	**13,057**	11,628
Southwest	**7,762**	8,551
Southeast	**6,630**	6,588
Florida	**4,316**	4,294
Illinois	**2,906**	2,594
Midwest	**2,487**	3,483
Midsouth	**2,265**	2,370
Northwest	**1,574**	1,634
Non-U.S.	**4,101**	3,187
Other	**2,066**	2,007
Total outstanding commercial real estate loans	**$ 60,723**	$ 60,364
By Property Type		
Non-residential		
Office	**$ 18,327**	$ 17,667
Industrial / Warehouse	**9,292**	8,330
Multi-family rental	**7,780**	7,051
Shopping centers /Retail	**6,642**	7,931
Hotel / Motels	**6,364**	7,226
Unsecured	**3,137**	2,336
Multi-use	**1,294**	1,460
Other	**6,700**	7,146
Total non-residential	**59,536**	59,147
Residential	**1,187**	1,217
Total outstanding commercial real estate loans	**$ 60,723**	$ 60,364

U.S. Small Business Commercial

The U.S. small business commercial loan portfolio is comprised of small business card loans and small business loans primarily managed in *Consumer Banking*, and includes $8.4 billion and $22.7 billion of PPP loans outstanding at September 30, 2021 and December 31, 2020. The decline of $14.3 billion in PPP loans during the nine months ended September 30, 2021 was due to repayment of the loans by the Small Business Administration under the terms of the program. Excluding PPP, credit card-related products were 51 percent and 50 percent of the U.S. small business commercial portfolio at September 30, 2021 and December 31, 2020 and represented 100 percent and 96 percent of net charge-offs for the three and nine months ended September 30, 2021 compared to 93 percent for the three and nine months ended September 30, 2020.

Nonperforming Commercial Loans, Leases and Foreclosed Properties Activity

Table 32 presents the nonperforming commercial loans, leases and foreclosed properties activity during the three and nine months ended September 30, 2021 and 2020. Nonperforming loans do not include loans accounted for under the fair value option. During the nine months ended September 30, 2021, nonperforming commercial loans and leases decreased $530 million to $1.7 billion. At September 30, 2021, 82 percent of commercial nonperforming loans, leases and foreclosed properties were secured and 65 percent were contractually current. Commercial nonperforming loans were carried at 87 percent of their unpaid principal balance, as the carrying value of these loans has been reduced to the estimated collateral value less costs to sell.

Table 32 **Nonperforming Commercial Loans, Leases and Foreclosed Properties Activity (1, 2)**

(Dollars in millions)	Three Months Ended September 30 2021	2020	Nine Months Ended September 30 2021	2020
Nonperforming loans and leases, beginning of period	**$ 1,863**	$ 2,202	**$ 2,227**	$ 1,499
Additions	**275**	656	**1,250**	2,326
Reductions:				
Paydowns	**(297)**	(216)	**(873)**	(605)
Sales	**(29)**	(50)	**(128)**	(76)
Returns to performing status (3)	**(82)**	(21)	**(169)**	(45)
Charge-offs	**(33)**	(367)	**(219)**	(895)
Transfers to loans held-for-sale	**—**	(11)	**(391)**	(11)
Total net additions (reductions) to nonperforming loans and leases	**(166)**	(9)	**(530)**	694
Total nonperforming loans and leases, September 30	**1,697**	2,193	**1,697**	2,193
Foreclosed properties, September 30	**30**	45	**30**	45
Nonperforming commercial loans, leases and foreclosed properties, September 30	**$ 1,727**	$ 2,238	**$ 1,727**	$ 2,238
Nonperforming commercial loans and leases as a percentage of outstanding commercial loans and leases (4)	**0.34 %**	0.43 %		
Nonperforming commercial loans, leases and foreclosed properties as a percentage of outstanding commercial loans, leases and foreclosed properties (4)	**0.35**	0.44		

(1) Balances do not include nonperforming loans held-for-sale of $279 million and $184 million at September 30, 2021 and 2020.
(2) Includes U.S. small business commercial activity. Small business card loans are excluded as they are not classified as nonperforming.
(3) Commercial loans and leases may be returned to performing status when all principal and interest is current and full repayment of the remaining contractual principal and interest is expected, or when the loan otherwise becomes well-secured and is in the process of collection. TDRs are generally classified as performing after a sustained period of demonstrated payment performance.
(4) Outstanding commercial loans exclude loans accounted for under the fair value option.

Table 33 presents our commercial TDRs by product type and performing status. U.S. small business commercial TDRs are comprised of renegotiated small business card loans and small business loans. The renegotiated small business card loans are not classified as nonperforming as they are charged off no later than the end of the month in which the loan becomes 180 days past due.

Table 33 **Commercial Troubled Debt Restructurings**

(Dollars in millions)	September 30, 2021 Nonperforming	Performing	Total	December 31, 2020 Nonperforming	Performing	Total
Commercial and industrial:						
U.S. commercial	**$ 377**	**$ 776**	**$ 1,153**	$ 509	$ 850	$ 1,359
Non-U.S. commercial	**65**	**30**	**95**	49	119	168
Total commercial and industrial	**442**	**806**	**1,248**	558	969	1,527
Commercial real estate	**158**	**440**	**598**	137	—	137
Commercial lease financing	**34**	**8**	**42**	42	2	44
	634	**1,254**	**1,888**	737	971	1,708
U.S. small business commercial	**—**	**35**	**35**	—	29	29
Total commercial troubled debt restructurings	**$ 634**	**$ 1,289**	**$ 1,923**	$ 737	$ 1,000	$ 1,737

Industry Concentrations

Table 34 presents commercial committed and utilized credit exposure by industry. For information on net notional credit protection purchased to hedge funded and unfunded exposures for which we elected the fair value option, as well as certain other credit exposures, see Commercial Portfolio Credit Risk Management – Risk Mitigation.

Our commercial credit exposure is diversified across a broad range of industries. Total commercial committed exposure increased $53.5 billion, or five percent, during the nine months ended September 30, 2021 to $1.1 trillion. The increase in commercial committed exposure was concentrated in Asset managers and funds, Finance companies, Capital goods and Individuals and trusts industry sectors. Increases were partially offset by decreased exposure to the Government and public education and Automobiles and components industry sectors.

For information on industry limits, see Commercial Portfolio Credit Risk Management – Industry Concentrations in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.

Asset managers and funds, our largest industry concentration with committed exposure of $132.2 billion, increased $31.9 billion, or 32 percent, during the nine months ended September 30, 2021, which was primarily driven by secured investment grade exposures.

Real estate, our second largest industry concentration with committed exposure of $94.5 billion, increased $2.7 billion, or three percent, during the nine months ended September 30, 2021. For more information on the commercial real estate and related portfolios, see Commercial Portfolio Credit Risk Management – Commercial Real Estate on page 37.

Capital goods, our third largest industry concentration with committed exposure of $87.0 billion, increased $6.2 billion, or eight percent, during the nine months ended September 30, 2021 with the growth largely occurring in building products, machinery and trading companies and distributors.

Given the widespread impact of the pandemic on the U.S. and global economy, a number of industries have been and may continue to be adversely impacted. We continue to monitor all industries, particularly higher risk industries that are experiencing or could experience a more significant impact to their financial condition. For more information on the pandemic, see Executive Summary – Recent Developments – COVID-19 Pandemic on page 3.

Table 34 Commercial Credit Exposure by Industry [1]

(Dollars in millions)	Commercial Utilized September 30 2021	Commercial Utilized December 31 2020	Total Commercial Committed [2] September 30 2021	Total Commercial Committed [2] December 31 2020
Asset managers & funds	**$ 84,420**	$ 67,360	**$ 132,205**	$ 100,296
Real estate [3]	**67,925**	68,967	**94,462**	91,730
Capital goods	**40,501**	39,807	**87,011**	80,815
Finance companies	**49,979**	46,948	**78,110**	70,004
Healthcare equipment and services	**30,442**	33,488	**59,632**	57,540
Materials	**24,629**	24,516	**53,967**	50,757
Government & public education	**37,468**	41,669	**49,730**	56,212
Consumer services	**27,856**	31,993	**48,559**	47,997
Retailing	**22,882**	23,700	**47,037**	48,306
Food, beverage and tobacco	**21,813**	22,755	**44,508**	44,417
Commercial Services And Supplies	**19,192**	21,107	**38,222**	38,092
Individuals And Trusts	**28,379**	24,727	**38,119**	34,036
Energy	**14,850**	13,930	**33,378**	32,974
Utilities	**14,475**	12,387	**32,975**	29,234
Transportation	**21,862**	23,126	**32,753**	33,082
Media	**12,450**	12,632	**26,521**	24,120
Technology hardware and equipment	**9,866**	9,935	**25,520**	24,196
Software and services	**9,553**	10,853	**24,549**	22,524
Global commercial banks	**19,017**	20,544	**21,168**	22,595
Consumer durables and apparel	**9,028**	9,232	**20,243**	20,223
Telecommunication services	**8,435**	9,411	**19,072**	15,605
Pharmaceuticals and biotechnology	**4,534**	4,830	**17,672**	15,901
Automobiles and components	**9,104**	10,792	**16,967**	20,575
Vehicle dealers	**9,282**	15,028	**15,247**	18,696
Insurance	**4,977**	5,772	**13,381**	13,277
Food and staples retailing	**5,322**	5,209	**11,424**	11,795
Financial markets infrastructure (clearinghouses)	**3,680**	4,939	**5,905**	8,648
Religious and social organizations	**3,446**	4,646	**5,383**	6,597
Total commercial credit exposure by industry	**$ 615,367**	$ 620,303	**$ 1,093,720**	$ 1,040,244

(1) Includes U.S. small business commercial exposure.
(2) Includes the notional amount of unfunded legally binding lending commitments net of amounts distributed (i.e., syndicated or participated) to other financial institutions. The distributed amounts were $10.3 billion and $10.5 billion at September 30, 2021 and December 31, 2020.
(3) Industries are viewed from a variety of perspectives to best isolate the perceived risks. For purposes of this table, the real estate industry is defined based on the primary business activity of the borrowers or counterparties using operating cash flows and primary source of repayment as key factors.

Risk Mitigation

We purchase credit protection to cover the funded portion as well as the unfunded portion of certain credit exposures. To lower the cost of obtaining our desired credit protection levels, we may add credit exposure within an industry, borrower or counterparty group by selling protection.

At September 30, 2021 and December 31, 2020, net notional credit default protection purchased in our credit derivatives portfolio to hedge our funded and unfunded exposures for which we elected the fair value option, as well as certain other credit exposures, was $3.7 billion and $4.2 billion. For these same positions, we recorded net losses of $18 million and $86 million for the three and nine months ended September 30, 2021 compared to net losses of $104 million and $106 million for the same periods in 2020. The gains and losses on these instruments were offset by gains and losses on the related exposures. The Value-at-Risk (VaR) results for these exposures are included in the fair value option portfolio information in Table 40. For more information, see Trading Risk Management on page 44.

Tables 35 and 36 present the maturity profiles and the credit exposure debt ratings of the net credit default protection portfolio at September 30, 2021 and December 31, 2020.

Table 35 Net Credit Default Protection by Maturity

	September 30 2021	December 31 2020
Less than or equal to one year	**37 %**	65 %
Greater than one year and less than or equal to five years	**60**	34
Greater than five years	**3**	1
Total net credit default protection	**100 %**	100 %

Table 36	Net Credit Default Protection by Credit Exposure Debt Rating			
	Net Notional [1]	**Percent of Total**	Net Notional [1]	Percent of Total
(Dollars in millions)	**September 30, 2021**		December 31, 2020	
Ratings [2, 3]				
A	**$ (350)**	**9.4 %**	$ (250)	6.0 %
BBB	**(1,423)**	**38.3**	(1,856)	44.5
BB	**(854)**	**23.0**	(1,363)	32.7
B	**(650)**	**17.5**	(465)	11.2
CCC and below	**(138)**	**3.7**	(182)	4.4
NR [4]	**(303)**	**8.1**	(54)	1.2
Total net credit default protection	**$ (3,718)**	**100.0 %**	$ (4,170)	100.0 %

(1) Represents net credit default protection purchased.
(2) Ratings are refreshed on a quarterly basis.
(3) Ratings of BBB- or higher are considered to meet the definition of investment grade.
(4) NR is comprised of index positions held and any names that have not been rated.

For more information on credit derivatives and counterparty credit risk valuation adjustments, see *Note 3 – Derivatives* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

Non-U.S. Portfolio

Our non-U.S. credit and trading portfolios are subject to country risk. We define country risk as the risk of loss from unfavorable economic and political conditions, currency fluctuations, social instability and changes in government policies. A risk management framework is in place to measure, monitor and manage non-U.S. risk and exposures. In addition to the direct risk of doing business in a country, we also are exposed to indirect country risks (e.g., related to the collateral received on secured financing transactions or related to client clearing activities). These indirect exposures are managed in the normal course of business through credit, market and operational risk governance rather than through country risk governance. For more information on our non-U.S. credit and trading portfolios, see Non-U.S. Portfolio in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.

Table 37 presents our 20 largest non-U.S. country exposures at September 30, 2021. These exposures accounted for 91 percent and 90 percent of our total non-U.S. exposure at September 30, 2021 and December 31, 2020. Net country exposure for these 20 countries increased $26.1 billion during the nine months ended September 30, 2021. The majority of the increase was due to higher deposits with central banks in Japan and Ireland, and increased corporate exposure in Canada, Spain and Sweden.

Table 37 Top 20 Non-U.S. Countries Exposure

(Dollars in millions)	Funded Loans and Loan Equivalents	Unfunded Loan Commitments	Net Counterparty Exposure	Securities/ Other Investments	Country Exposure at September 30 2021	Hedges and Credit Default Protection	**Net Country Exposure at September 30 2021**	Increase (Decrease) from December 31 2020
United Kingdom	$ 31,193	$ 17,767	$ 6,891	$ 2,903	$ 58,754	$ (1,135)	**$ 57,619**	$ (1,853)
Germany	23,506	11,439	1,404	1,704	38,053	(1,775)	**36,278**	(8,625)
Canada	8,249	12,936	1,853	3,641	26,679	(363)	**26,316**	5,182
Japan	19,811	1,412	2,663	1,921	25,807	(704)	**25,103**	7,607
France	12,673	8,668	1,211	3,012	25,564	(871)	**24,693**	3,902
Australia	8,139	6,462	717	2,767	18,085	(176)	**17,909**	4,822
China	10,103	225	954	1,009	12,291	(372)	**11,919**	(1,501)
Brazil	6,188	1,005	446	4,123	11,762	(180)	**11,582**	1,289
Netherlands	6,006	3,412	861	1,007	11,286	(446)	**10,840**	1,156
Singapore	3,923	503	302	5,443	10,171	(54)	**10,117**	835
Switzerland	5,167	3,084	240	392	8,883	(258)	**8,625**	1,730
South Korea	5,536	861	678	1,414	8,489	(141)	**8,348**	(203)
Ireland	6,765	1,021	152	191	8,129	(45)	**8,084**	3,919
Spain	2,715	4,233	461	931	8,340	(393)	**7,947**	3,131
India	5,596	171	464	1,739	7,970	(190)	**7,780**	(31)
Hong Kong	5,656	225	450	1,143	7,474	(18)	**7,456**	919
Sweden	1,163	5,355	212	322	7,052	(142)	**6,910**	4,354
Mexico	4,247	1,374	119	778	6,518	(296)	**6,222**	(65)
Italy	2,564	1,688	515	1,492	6,259	(563)	**5,696**	4
Belgium	2,643	1,291	355	364	4,653	(202)	**4,451**	(516)
Total top 20 non-U.S. countries exposure	$ 171,843	$ 83,132	$ 20,948	$ 36,296	$ 312,219	$ (8,324)	**$ 303,895**	$ 26,056

In light of the global pandemic and considerations related to the ongoing economic recovery, including supply chain disruptions and inflationary pressures, we continue to manage our non-U.S. exposure closely in impacted regions while supporting the needs of our clients. While vaccines have become more widely available in certain countries, the magnitude and duration of the pandemic and its full impact on the global economy continue to be highly uncertain. For more information on the pandemic, see Item 1A. Risk Factors – Coronavirus Disease and Executive Summary – Recent Developments – COVID-19 Pandemic of the Corporation's 2020 Annual Report on Form 10-K.

Allowance for Credit Losses

The allowance for credit losses decreased $6.0 billion from December 31, 2020 to $14.7 billion at September 30, 2021, which included a $3.1 billion reserve decrease related to the commercial portfolio and a $2.9 billion reserve decrease related to the consumer portfolio. The decreases were primarily driven by improvements in the macroeconomic outlook and credit quality.

Table 38 presents an allocation of the allowance for credit losses by product type for September 30, 2021 and December 31, 2020.

Table 38 Allocation of the Allowance for Credit Losses by Product Type

(Dollars in millions)	Amount	Percent of Total	Percent of Loans and Leases Outstanding (1)	Amount	Percent of Total	Percent of Loans and Leases Outstanding (1)
	September 30, 2021			December 31, 2020		
Allowance for loan and lease losses						
Residential mortgage	**$ 353**	**2.68 %**	**0.16 %**	$ 459	2.44 %	0.21 %
Home equity	**202**	**1.54**	**0.70**	399	2.12	1.16
Credit card	**6,055**	**46.04**	**7.88**	8,420	44.79	10.70
Direct/Indirect consumer	**541**	**4.11**	**0.54**	752	4.00	0.82
Other consumer	**43**	**0.33**	**n/m**	41	0.22	n/m
Total consumer	**7,194**	**54.70**	**1.70**	10,071	53.57	2.35
U.S. commercial (2)	**3,235**	**24.59**	**1.02**	5,043	26.82	1.55
Non-U.S. commercial	**1,032**	**7.84**	**1.00**	1,241	6.60	1.37
Commercial real estate	**1,621**	**12.32**	**2.67**	2,285	12.15	3.79
Commercial lease financing	**73**	**0.55**	**0.48**	162	0.86	0.95
Total commercial	**5,961**	**45.30**	**1.20**	8,731	46.43	1.77
Allowance for loan and lease losses	**13,155**	**100.00 %**	**1.43**	18,802	100.00 %	2.04
Reserve for unfunded lending commitments	**1,538**			1,878		
Allowance for credit losses	**$ 14,693**			$ 20,680		

(1) Ratios are calculated as allowance for loan and lease losses as a percentage of loans and leases outstanding excluding loans accounted for under the fair value option.
(2) Includes allowance for loan and lease losses for U.S. small business commercial loans of $1.4 billion and $1.5 billion at September 30, 2021 and December 31, 2020.
n/m = not meaningful

Net charge-offs for the three and nine months ended September 30, 2021 were $463 million and $1.9 billion compared to $972 million and $3.2 billion for the same periods in 2020 driven by decreases across most products. The provision for credit losses decreased $2.0 billion to a $624 million benefit, and $15.4 billion to a $4.1 billion benefit, for the three and nine months ended September 30, 2021 compared to the same periods in 2020. The allowance for credit losses had a reserve release of $6.0 billion for the nine months ended September 30, 2021, primarily driven by improvements in the macroeconomic outlook and credit quality. The provision for credit losses for the consumer portfolio, including unfunded lending commitments, decreased $214 million to an expense of $81 million and $6.4 billion to a benefit of $1.4 billion for the three and nine months ended September 30, 2021 compared to the same periods in 2020. The provision for credit losses for the commercial portfolio, including unfunded lending commitments, decreased $1.8 billion to a $705 million benefit and $9.0 billion to a $2.7 billion benefit for the three and nine months ended September 30, 2021 compared to the same periods in 2020.

Table 39 presents a rollforward of the allowance for credit losses, including certain loan and allowance ratios for the three and nine months ended September 30, 2021 and 2020. For more information on the Corporation's credit loss accounting policies and activity related to the allowance for credit losses, see *Note 1 – Summary of Significant Accounting Principles* of the Corporation's 2020 Annual Report on Form 10-K and *Note 5 – Outstanding Loans and Leases and Allowance for Credit Losses* to the Consolidated Financial Statements.

Table 39 Allowance for Credit Losses

(Dollars in millions)	Three Months Ended September 30 2021	2020	Nine Months Ended September 30 2021	2020
Allowance for loan and lease losses, January 1	**$ 14,095**	$ 19,389	**$ 18,802**	$ 12,358
Loans and leases charged off				
Residential mortgage	**(7)**	(5)	**(27)**	(28)
Home equity	**(8)**	(8)	**(33)**	(47)
Credit card	**(495)**	(665)	**(1,956)**	(2,407)
Direct/Indirect consumer	**(59)**	(75)	**(229)**	(277)
Other consumer	**(72)**	(70)	**(217)**	(232)
Total consumer charge-offs	**(641)**	(823)	**(2,462)**	(2,991)
U.S. commercial [1]	**(159)**	(279)	**(509)**	(870)
Non-U.S. commercial	**(2)**	(57)	**(44)**	(91)
Commercial real estate	**(4)**	(106)	**(38)**	(170)
Commercial lease financing	**—**	(28)	**—**	(68)
Total commercial charge-offs	**(165)**	(470)	**(591)**	(1,199)
Total loans and leases charged off	**(806)**	(1,293)	**(3,053)**	(4,190)
Recoveries of loans and leases previously charged off				
Residential mortgage	**14**	11	**44**	55
Home equity	**42**	28	**126**	92
Credit card	**174**	156	**513**	463
Direct/Indirect consumer	**77**	57	**225**	193
Other consumer	**5**	7	**19**	18
Total consumer recoveries	**312**	259	**927**	821
U.S. commercial [2]	**25**	58	**231**	119
Non-U.S. commercial	**1**	—	**3**	1
Commercial real estate	**4**	—	**10**	1
Commercial lease financing	**1**	4	**1**	8
Total commercial recoveries	**31**	62	**245**	129
Total recoveries of loans and leases previously charged off	**343**	321	**1,172**	950
Net charge-offs	**(463)**	(972)	**(1,881)**	(3,240)
Provision for loan and lease losses	**(475)**	1,180	**(3,766)**	10,480
Other	**(2)**	(1)	**—**	(2)
Allowance for loan and lease losses, September 30	**13,155**	19,596	**13,155**	19,596
Reserve for unfunded lending commitments, January 1	**1,687**	1,702	**1,878**	1,123
Provision for unfunded lending commitments	**(149)**	209	**(339)**	787
Other	**—**	(1)	**(1)**	—
Reserve for unfunded lending commitments, September 30	**1,538**	1,910	**1,538**	1,910
Allowance for credit losses, September 30	**$ 14,693**	$ 21,506	**$ 14,693**	$ 21,506
Loan and allowance ratios [3]:				
Loans and leases outstanding at September 30	**$ 920,170**	$ 947,938	**$ 920,170**	$ 947,938
Allowance for loan and lease losses as a percentage of total loans and leases outstanding at September 30	**1.43 %**	2.07 %	**1.43 %**	2.07 %
Consumer allowance for loan and lease losses as a percentage of total consumer loans and leases outstanding at September 30	**1.70**	2.43	**1.70**	2.43
Commercial allowance for loan and lease losses as a percentage of total commercial loans and leases outstanding at September 30	**1.20**	1.75	**1.20**	1.75
Average loans and leases outstanding	**$ 913,113**	$ 965,836	**$ 905,214**	$ 989,839
Annualized net charge-offs as a percentage of average loans and leases outstanding	**0.20 %**	0.40 %	**0.28 %**	0.44 %
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases at September 30	**279**	431	**279**	431
Ratio of the allowance for loan and lease losses at September 30 to net charge-offs	**7.16**	5.07	**5.23**	4.53
Amounts included in allowance for loan and lease losses for loans and leases that are excluded from nonperforming loans and leases at September 30 [4]	**$ 7,375**	$ 10,331	**$ 7,375**	$ 10,331
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases, excluding the allowance for loan and lease losses for loans and leases that are excluded from nonperforming loans and leases at September 30 [4]	**123 %**	204 %	**123 %**	204 %

(1) Includes U.S. small business commercial charge-offs of $137 million and $343 million for the three and nine months ended September 30, 2021 compared to $77 million and $247 million for the same periods in 2020.
(2) Includes U.S. small business commercial recoveries of $18 million and $61 million for the three and nine months ended September 30, 2021 compared to $10 million and $32 million for the same periods in 2020.
(3) Ratios are calculated as allowance for loan and lease losses as a percentage of loans and leases outstanding excluding loans accounted for under the fair value option.
(4) Primarily includes amounts related to credit card and unsecured consumer lending portfolios in *Consumer Banking*.

Market Risk Management

For more information on our market risk management process, see Market Risk Management in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.

Market risk is the risk that changes in market conditions may adversely impact the value of assets or liabilities, or otherwise negatively impact earnings. This risk is inherent in the financial instruments associated with our operations, primarily within our *Global Markets* segment. We are also exposed to these risks in other areas of the Corporation (e.g., our ALM activities). In the event of market stress, these risks could have a material impact on our results.

We have been affected, and may continue to be affected, by market stress resulting from the pandemic that began in the first quarter of 2020. For more information, see Executive Summary – Recent Developments – COVID-19 Pandemic on page 3 and Item 1A. Risk Factors – Coronavirus Disease of the Corporation's 2020 Annual Report on Form 10-K.

Trading Risk Management

To evaluate risks in our trading activities, we focus on the actual and potential volatility of revenues generated by individual positions as well as portfolios of positions. VaR is a common statistic used to measure market risk. Our primary VaR statistic is equivalent to a 99 percent confidence level, which means that for a VaR with a one-day holding period, there should not be losses in excess of VaR, on average, 99 out of 100 trading days.

Table 40 presents the total market-based portfolio VaR, which is the combination of the total covered positions (and less liquid trading positions) portfolio and the fair value option
portfolio. For more information on the market risk VaR for trading activities, see Trading Risk Management in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.

The total market-based portfolio VaR results in Table 40 include market risk to which we are exposed from all business segments, excluding credit valuation adjustment (CVA), DVA and related hedges. The majority of this portfolio is within the *Global Markets* segment.

Table 40 presents period-end, average, high and low daily trading VaR for the three months ended September 30, 2021, June 30, 2021 and September 30, 2020 using a 99 percent confidence level, as well as average daily trading VaR for the nine months ended September 30, 2021 and 2020. The amounts disclosed in Table 40 and Table 41 align to the view of covered positions used in the Basel 3 capital calculations. Foreign exchange and commodity positions are always considered covered positions, regardless of trading or banking treatment for the trade, except for structural foreign currency positions that are excluded with prior regulatory approval.

The average of total covered positions and less liquid trading positions portfolio VaR decreased for the three months ended September 30, 2021 compared to the prior-year period primarily due to an increase in diversification benefit between asset classes.

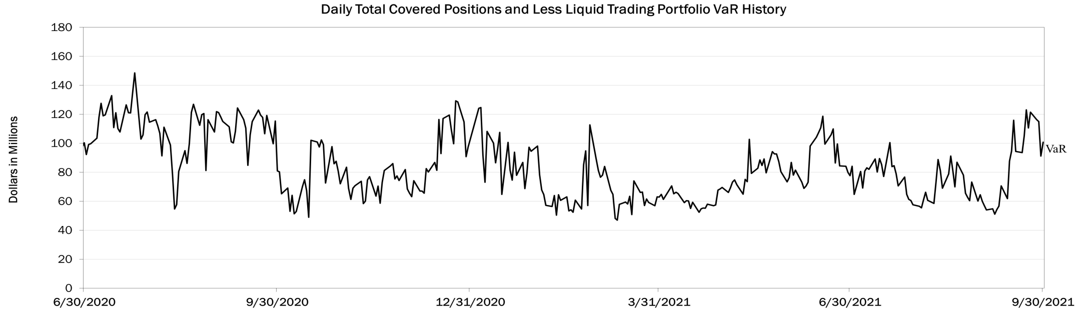
Table 40 Market Risk VaR for Trading Activities

	Three Months Ended												Nine Months Ended September 30	
	September 30, 2021				June 30, 2021				September 30, 2020					
(Dollars in millions)	**Period End**	**Average**	**High (1)**	**Low (1)**	Period End	Average	High (1)	Low (1)	Period End	Average	High (1)	Low (1)	**2021 Average**	2020 Average
Foreign exchange	**$ 12**	**$ 13**	**$ 21**	**$ 9**	$ 15	$ 16	$ 20	$ 10	$ 7	$ 7	$ 25	$ 5	**$ 13**	$ 7
Interest rate	**33**	**32**	**48**	**20**	37	58	80	30	14	18	27	13	**42**	18
Credit	**72**	**66**	**80**	**54**	77	73	84	58	61	62	68	54	**68**	54
Equity	**32**	**24**	**32**	**19**	23	23	27	20	16	17	22	12	**24**	26
Commodities	**6**	**8**	**11**	**5**	9	8	12	4	4	6	10	4	**8**	6
Portfolio diversification	**(94)**	**(91)**	**—**	**—**	(106)	(119)	—	—	(71)	(56)	—	—	**(101)**	(58)
Total covered positions portfolio	**61**	**52**	**71**	**41**	55	59	73	47	31	54	96	31	**54**	53
Impact from less liquid exposures	**40**	**26**	**—**	**—**	23	18	—	—	50	55	—	—	**22**	26
Total covered positions and less liquid trading positions portfolio	**101**	**78**	**123**	**51**	78	77	119	52	81	109	149	55	**76**	79
Fair value option loans	**50**	**45**	**54**	**31**	50	50	55	42	71	62	72	54	**50**	48
Fair value option hedges	**18**	**17**	**20**	**14**	14	16	17	14	11	13	15	11	**15**	13
Fair value option portfolio diversification	**(44)**	**(36)**	**—**	**—**	(34)	(37)	—	—	(27)	(32)	—	—	**(32)**	(24)
Total fair value option portfolio	**24**	**26**	**33**	**23**	30	29	31	24	55	43	58	34	**33**	37
Portfolio diversification	**(21)**	**(12)**	**—**	**—**	(14)	(9)	—	—	(10)	(18)	—	—	**(7)**	(14)
Total market-based portfolio	**$ 104**	**$ 92**	**141**	**60**	$ 94	$ 97	146	64	$ 126	$ 134	160	99	**$ 102**	$ 102

(1) The high and low for each portfolio may have occurred on different trading days than the high and low for the components. Therefore the impact from less liquid exposures and the amount of portfolio diversification, which is the difference between the total portfolio and the sum of the individual components, is not relevant.

The graph below presents the daily covered positions and less liquid trading positions portfolio VaR for the previous five quarters, corresponding to the data in Table 40.

Daily Total Covered Positions and Less Liquid Trading Portfolio VaR History



Additional VaR statistics produced within our single VaR model are provided in Table 41 at the same level of detail as in Table 40. Evaluating VaR with additional statistics allows for an increased understanding of the risks in the portfolio, as the historical market data used in the VaR calculation does not necessarily follow a predefined statistical distribution. Table 41 presents average trading VaR statistics at 99 percent and 95 percent confidence levels for the three months ended September 30, 2021, June 30, 2021 and September 30, 2020.

Table 41 Average Market Risk VaR for Trading Activities – 99 percent and 95 percent VaR Statistics

	Three Months Ended					
	September 30, 2021		June 30, 2021		September 30, 2020	
(Dollars in millions)	**99 percent**	**95 percent**	99 percent	95 percent	99 percent	95 percent
Foreign exchange	**$ 13**	**$ 9**	$ 16	$ 9	$ 7	$ 4
Interest rate	**32**	**16**	58	28	18	8
Credit	**66**	**20**	73	21	62	18
Equity	**24**	**11**	23	12	17	9
Commodities	**8**	**4**	8	4	6	3
Portfolio diversification	**(91)**	**(35)**	(119)	(44)	(56)	(25)
Total covered positions portfolio	**52**	**25**	59	30	54	17
Impact from less liquid exposures	**26**	**3**	18	2	55	5
Total covered positions and less liquid trading positions portfolio	**78**	**28**	77	32	109	22
Fair value option loans	**45**	**10**	50	11	62	14
Fair value option hedges	**17**	**9**	16	9	13	6
Fair value option portfolio diversification	**(36)**	**(9)**	(37)	(10)	(32)	(7)
Total fair value option portfolio	**26**	**10**	29	10	43	13
Portfolio diversification	**(12)**	**(6)**	(9)	(6)	(18)	(7)
Total market-based portfolio	**$ 92**	**$ 32**	$ 97	$ 36	$ 134	$ 28

Backtesting

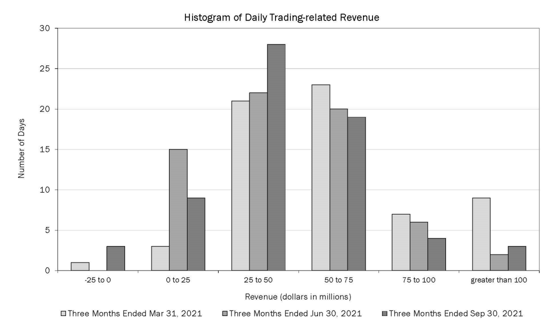
The accuracy of the VaR methodology is evaluated by backtesting, which compares the daily VaR results, utilizing a one-day holding period, against a comparable subset of trading revenue. For more information on our backtesting process, see Trading Risk Management – Backtesting in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.

During the three and nine months ended September 30, 2021, there was one day where this subset of trading revenue had losses that exceeded our total covered portfolio VaR, utilizing a one-day holding period.

Total Trading-related Revenue

Total trading-related revenue, excluding brokerage fees, and CVA, DVA and funding valuation adjustment gains (losses), represents the total amount earned from trading positions, including market-based net interest income, which are taken in a diverse range of financial instruments and markets. For more information, see Trading Risk Management – Total Trading-related Revenue in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.

The following histogram is a graphic depiction of trading volatility and illustrates the daily level of trading-related revenue for the three months ended September 30, 2021 compared to the three months ended June 30, 2021 and March 31, 2021. During the three months ended September 30, 2021, positive trading-related revenue was recorded for 95 percent of the trading days, of which 82 percent were daily trading gains of over $25 million. This compares to the three months ended June 30, 2021 where positive trading-related revenue was recorded for 100 percent of the trading days, of which 77 percent were daily trading gains of over $25 million. During the three months ended March 31, 2021, positive trading-related revenue was recorded for 98 percent of the trading days, of which 94 percent were daily trading gains over $25 million.



Trading Portfolio Stress Testing

Because the very nature of a VaR model suggests results can exceed our estimates and it is dependent on a limited historical window, we also stress test our portfolio using scenario analysis. This analysis estimates the change in the value of our trading portfolio that may result from abnormal market movements. For more information, see Trading Risk Management – Trading Portfolio Stress Testing in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.

Interest Rate Risk Management for the Banking Book

The following discussion presents net interest income for banking book activities. For more information, see Interest Rate Risk Management for the Banking Book in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.

Table 42 presents the spot and 12-month forward rates used in our baseline forecasts at September 30, 2021 and December 31, 2020.

Table 42 Forward Rates

	September 30, 2021		
	Federal Funds	**Three-month LIBOR**	**10-Year Swap**
Spot rates	**0.25 %**	**0.13 %**	**1.51 %**
12-month forward rates	**0.25**	**0.30**	**1.67**
	December 31, 2020		
Spot rates	0.25 %	0.24 %	0.93 %
12-month forward rates	0.25	0.19	1.06

Table 43 shows the pretax impact to forecasted net interest income over the next 12 months from September 30, 2021 and December 31, 2020 resulting from instantaneous parallel and non-parallel shocks to the market-based forward curve. Periodically, we evaluate the scenarios presented so that they are meaningful in the context of the current rate environment. The interest rate scenarios also assume U.S. dollar rates are floored at zero.

During the nine months ended September 30, 2021, the decrease in asset sensitivity of our balance sheet to Up-rate and Down-rate scenarios was primarily due to ALM activity and an increase in long-end rates. We continue to be asset sensitive to a parallel upward move in interest rates with the majority of that impact coming from the short end of the yield curve. Additionally, higher interest rates impact the fair value of debt securities and, accordingly, for debt securities classified as AFS, may adversely affect accumulated OCI and thus capital levels under the Basel 3 capital rules. Under instantaneous upward parallel shifts, the near-term adverse impact to Basel 3 capital is reduced over time by offsetting positive impacts to net interest income. For more information on Basel 3, see Capital Management – Regulatory Capital on page 22.

Table 43 Estimated Banking Book Net Interest Income Sensitivity to Curve Changes

(Dollars in millions)	Short Rate (bps)	Long Rate (bps)	**September 30 2021**	December 31 2020
Parallel Shifts				
+100 bps instantaneous shift	+100	+100	**$ 7,163**	$ 10,468
-25 bps instantaneous shift	-25	-25	**(2,031)**	(2,766)
Flatteners				
Short-end instantaneous change	+100	—	**4,931**	6,321
Long-end instantaneous change	—	-25	**(1,064)**	(1,686)
Steepeners				
Short-end instantaneous change	-25	—	**(942)**	(1,084)
Long-end instantaneous change	—	+100	**2,440**	4,333

The sensitivity analysis in Table 43 assumes that we take no action in response to these rate shocks and does not assume any change in other macroeconomic variables normally correlated with changes in interest rates. As part of our ALM activities, we use securities, certain residential mortgages, and interest rate and foreign exchange derivatives in managing interest rate sensitivity.

The behavior of our deposits portfolio in the baseline forecast and in alternate interest rate scenarios is a key assumption in our projected estimates of net interest income. The sensitivity analysis in Table 43 assumes no change in deposit portfolio size or mix from the baseline forecast in alternate rate environments. In higher rate scenarios, any customer activity resulting in the replacement of low-cost or noninterest-bearing deposits with higher yielding deposits or market-based funding would reduce our benefit in those scenarios.

Interest Rate and Foreign Exchange Derivative Contracts

We use interest rate and foreign exchange derivative contracts in our ALM activities to manage our interest rate and foreign exchange risks. Specifically, we use those derivatives to manage both the variability in cash flows and changes in fair value of various assets and liabilities arising from those risks. Our interest rate derivative contracts are generally non-leveraged swaps tied to various benchmark interest rates and foreign exchange basis swaps, options, futures and forwards, and our foreign exchange contracts include cross-currency interest rate swaps, foreign currency futures contracts, foreign currency forward contracts and options.

The derivatives used in our ALM activities can be split into two broad categories: designated accounting hedges and other risk management derivatives. Designated accounting hedges are primarily used to manage our exposure to interest rates as described in the Interest Rate Risk Management for the Banking Book section and are included in the sensitivities presented in Table 43. The Corporation also uses foreign currency derivatives in accounting hedges to manage substantially all of the foreign exchange risk of our foreign operations. By hedging the foreign exchange risk of our foreign operations, the Corporation's market risk exposure in this area is insignificant.

Risk management derivatives are predominantly used to hedge foreign exchange risks related to various foreign currency-denominated assets and liabilities and eliminate substantially all foreign currency exposures in the cash flows of the Corporation's non-trading foreign currency-denominated financial instruments. These foreign exchange derivatives are sensitive to other market risk exposures such as cross-currency basis spreads and interest rate risk. However, as these features are not a significant component of these foreign exchange derivatives, the market risk related to this exposure is insignificant. For more information on the accounting for derivatives, see *Note 3 – Derivatives* to the Consolidated Financial Statements.

Mortgage Banking Risk Management

We originate, fund and service mortgage loans, which subject us to credit, liquidity and interest rate risks, among others. We determine whether loans will be held for investment or held for sale at the time of commitment and manage credit and liquidity risks by selling or securitizing a portion of the loans we originate.

Changes in interest rates impact the value of interest rate lock commitments (IRLCs) and the related residential first mortgage loans held-for-sale (LHFS), as well as the value of the MSRs. Because the interest rate risks of these hedged items offset, we combine them into one overall hedged item with one combined economic hedge portfolio consisting of derivative contracts and securities. For more information on IRLCs and the related residential mortgage LHFS, see Mortgage Banking Risk Management in the MD&A of the Corporation's 2020 Annual Report on Form 10-K.

During the three and nine months ended September 30, 2021, we recorded gains of $13 million and $35 million related to the change in fair value of the MSRs, IRLCs and LHFS, net of gains and losses on the hedge portfolio, compared to gains of $85 million and $313 million for the same periods in 2020. For more information on MSRs, see *Note 14 – Fair Value Measurements* to the Consolidated Financial Statements.

Climate Risk Management

Climate-related risks consist of two major categories: (1) risks related to the transition to a low-carbon economy, and (2) risks related to the physical impacts of climate change. The financial effects of transition risk can lead to and amplify credit risk. Physical risk can also lead to increased credit risk by diminishing borrowers' repayment capacity or collateral values. As climate risk is interconnected with all key risk types, we have developed and continue to enhance processes to embed climate risk considerations into our Risk Framework and risk management programs established for strategic, credit, market, liquidity, compliance, operational and reputational risks. For more information on our governance framework and climate risk process, see the Managing Risk and Climate Risk Management sections in the MD&A of the Corporation's 2020 Annual Report on Form 10-K. For additional information on climate risk, see Item 1A. Risk Factors of the Corporation's 2020 Annual Report on Form 10-K. For information on our climate-related metrics that align with Stakeholder Capitalism Metrics published by the International Business Council of the World Economic Forum, see our Annual Report 2020 on the Bank of America website (the content of which is not incorporated by reference into this Quarterly Report on Form 10-Q).

Our Environmental and Social Risk Policy (ESRP) Framework aligns with our Risk Framework and provides additional clarity and transparency regarding our approach to environmental and social risks, inclusive of climate risk. Effective management of climate risk requires coordinated governance, clearly defined roles and responsibilities, and well-developed processes to identify, measure, monitor and control that risk appropriately and in a timely manner, all of which remain key areas of focus, as we continue to build out and enhance our capabilities in this area.

As outlined in our ESRP Framework, we are focused on supporting and financing areas critical to the transition to a low-carbon society. Accordingly, we have a goal, publicly announced in early 2021, to achieve net-zero greenhouse gas emissions in our financing activities, operations and supply chain before 2050. More broadly, achieving this goal will require technological advances, clearly defined roadmaps for industry sectors, public policies, including those that improve cost of capital for net-zero transition and better emissions data reporting, as well as ongoing, strong and active engagement with clients, suppliers, investors, government officials and other stakeholders. In 2021, we also announced a goal to deploy and mobilize $1 trillion by 2030 to accelerate the transition to a low-carbon, sustainable economy by providing lending, capital raising, advisory and investment services, and by developing other client driven financial solutions. This latter commitment anchors a broader $1.5 trillion sustainable finance goal to support both environmental transition and social inclusive development, which spans business activities across the globe. These goals are intended to help drive business opportunities and enhance risk management related to the transition to a low-carbon economy. Given the extended period of these goals, our initiatives have not resulted in a significant effect on our results of operations or financial condition in the relevant periods presented herein, and are not expected to have a significant effect in the near term.

The foregoing discussion regarding our goals and commitments with respect to climate risk management, including environmental transition considerations, includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future results or performance and involve certain known and unknown risks, uncertainties and assumptions that are difficult to predict and are often beyond the Corporation's control. Actual outcomes and results may differ materially from those expressed in, or implied by, any of these forward-looking statements.

Complex Accounting Estimates

Our significant accounting principles are essential in understanding the MD&A. Many of our significant accounting principles require complex judgments to estimate the values of assets and liabilities. We have procedures and processes in place to facilitate making these judgments. For more information, see Complex Accounting Estimates in the MD&A of the Corporation's 2020 Annual Report on Form 10-K and *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

Non-GAAP Reconciliations

Table 44 provides reconciliations of certain non-GAAP financial measures to the most closely related GAAP financial measures.

Table 44 Period-end and Average Supplemental Financial Data and Reconciliations to GAAP Financial Measures (1)

	Period-end		Average			
	September 30	December 31	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions)	2021	2020	2021	2020	2021	2020
Shareholders' equity	$ 272,464	$ 272,924	$ 275,484	$ 267,323	$ 274,726	$ 266,062
Goodwill	(69,023)	(68,951)	(69,023)	(68,951)	(68,999)	(68,951)
Intangible assets (excluding MSRs)	(2,172)	(2,151)	(2,185)	(1,976)	(2,181)	(1,758)
Related deferred tax liabilities	913	920	915	855	916	791
Tangible shareholders' equity	$ 202,182	$ 202,742	$ 205,191	$ 197,251	$ 204,462	$ 196,144
Preferred stock	(23,441)	(24,510)	(23,441)	(23,427)	(23,837)	(23,437)
Tangible common shareholders' equity	$ 178,741	$ 178,232	$ 181,750	$ 173,824	$ 180,625	$ 172,707
Total assets	$ 3,085,446	$ 2,819,627				
Goodwill	(69,023)	(68,951)				
Intangible assets (excluding MSRs)	(2,172)	(2,151)				
Related deferred tax liabilities	913	920				
Tangible assets	$ 3,015,164	$ 2,749,445				

(1) For more information on non-GAAP financial measures and ratios we use in assessing the results of the Corporation, see Supplemental Financial Data on page 7.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

See Market Risk Management on page 43 in the MD&A and the sections referenced therein for Quantitative and Qualitative Disclosures about Market Risk.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this report, the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness and design of the Corporation's disclosure controls and procedures (as that term is defined in Rule 13a-15(e) of the Exchange Act). Based upon that evaluation, the Corporation's Chief Executive Officer and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures were effective, as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Corporation's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the three months ended September 30, 2021, that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Consolidated Statement of Income

(In millions, except per share information)	Three Months Ended September 30 2021	Three Months Ended September 30 2020	Nine Months Ended September 30 2021	Nine Months Ended September 30 2020
Net interest income				
Interest income	**$ 12,336**	$ 11,486	**$ 35,118**	$ 40,124
Interest expense	**1,242**	1,357	**3,594**	7,017
Net interest income	**11,094**	10,129	**31,524**	33,107
Noninterest income				
Fees and commissions	**9,915**	8,777	**29,156**	25,490
Market making and similar activities	**2,005**	1,689	**7,360**	6,983
Other income	**(248)**	(259)	**(987)**	(151)
Total noninterest income	**11,672**	10,207	**35,529**	32,322
Total revenue, net of interest expense	**22,766**	20,336	**67,053**	65,429
Provision for credit losses	**(624)**	1,389	**(4,105)**	11,267
Noninterest expense				
Compensation and benefits	**8,714**	8,200	**27,103**	24,535
Occupancy and equipment	**1,764**	1,798	**5,353**	5,302
Information processing and communications	**1,416**	1,333	**4,289**	3,807
Product delivery and transaction related	**987**	930	**2,940**	2,518
Marketing	**347**	308	**1,528**	1,238
Professional fees	**434**	450	**1,263**	1,206
Other general operating	**778**	1,382	**2,524**	2,680
Total noninterest expense	**14,440**	14,401	**45,000**	41,286
Income before income taxes	**8,950**	4,546	**26,158**	12,876
Income tax expense	**1,259**	(335)	**1,193**	452
Net income	**$ 7,691**	$ 4,881	**$ 24,965**	$ 12,424
Preferred stock dividends	**431**	441	**1,181**	1,159
Net income applicable to common shareholders	**$ 7,260**	$ 4,440	**$ 23,784**	$ 11,265
Per common share information				
Earnings	**$ 0.86**	$ 0.51	**$ 2.77**	$ 1.29
Diluted earnings	**0.85**	0.51	**2.75**	1.28
Average common shares issued and outstanding	**8,430.7**	8,732.9	**8,583.1**	8,762.6
Average diluted common shares issued and outstanding	**8,492.8**	8,777.5	**8,702.2**	8,800.5

Consolidated Statement of Comprehensive Income

(Dollars in millions)	Three Months Ended September 30 2021	Three Months Ended September 30 2020	Nine Months Ended September 30 2021	Nine Months Ended September 30 2020
Net income	**$ 7,691**	$ 4,881	**$ 24,965**	$ 12,424
Other comprehensive income (loss), net-of-tax:				
Net change in debt securities	**(153)**	101	**(1,243)**	4,794
Net change in debit valuation adjustments	**27**	(58)	**292**	(5)
Net change in derivatives	**(431)**	76	**(1,130)**	808
Employee benefit plan adjustments	**50**	44	**170**	144
Net change in foreign currency translation adjustments	**(26)**	21	**(29)**	(86)
Other comprehensive income (loss)	**(533)**	184	**(1,940)**	5,655
Comprehensive income	**$ 7,158**	$ 5,065	**$ 23,025**	$ 18,079

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheet

(Dollars in millions)	September 30 2021	December 31 2020
Assets		
Cash and due from banks	$ **28,689**	$ 36,430
Interest-bearing deposits with the Federal Reserve, non-U.S. central banks and other banks	**251,165**	344,033
Cash and cash equivalents	**279,854**	380,463
Time deposits placed and other short-term investments	**6,518**	6,546
Federal funds sold and securities borrowed or purchased under agreements to resell (includes **$154,137** and $108,856 measured at fair value)	**261,934**	304,058
Trading account assets (includes **$121,259** and $91,510 pledged as collateral)	**288,566**	198,854
Derivative assets	**40,829**	47,179
Debt securities:		
Carried at fair value	**285,377**	246,601
Held-to-maturity, at cost (fair value – **$678,333** and $448,180)	**683,240**	438,249
Total debt securities	**968,617**	684,850
Loans and leases (includes **$7,566** and $6,681 measured at fair value)	**927,736**	927,861
Allowance for loan and lease losses	**(13,155)**	(18,802)
Loans and leases, net of allowance	**914,581**	909,059
Premises and equipment, net	**10,684**	11,000
Goodwill	**69,023**	68,951
Loans held-for-sale (includes **$3,982** and $1,585 measured at fair value)	**9,415**	9,243
Customer and other receivables	**74,998**	64,221
Other assets (includes **$11,031** and $15,718 measured at fair value)	**160,427**	135,203
Total assets	$ **3,085,446**	$ 2,819,627
Liabilities		
Deposits in U.S. offices:		
Noninterest-bearing	$ **753,107**	$ 650,674
Interest-bearing (includes **$542** and $481 measured at fair value)	**1,108,490**	1,038,341
Deposits in non-U.S. offices:		
Noninterest-bearing	**25,336**	17,698
Interest-bearing	**77,871**	88,767
Total deposits	**1,964,804**	1,795,480
Federal funds purchased and securities loaned or sold under agreements to repurchase (includes **$155,151** and $135,391 measured at fair value)	**207,428**	170,323
Trading account liabilities	**112,217**	71,320
Derivative liabilities	**38,062**	45,526
Short-term borrowings (includes **$4,128** and $5,874 measured at fair value)	**20,278**	19,321
Accrued expenses and other liabilities (includes **$10,261** and $16,311 measured at fair value and **$1,538** and $1,878 of reserve for unfunded lending commitments)	**191,572**	181,799
Long-term debt (includes **$28,696** and $32,200 measured at fair value)	**278,621**	262,934
Total liabilities	**2,812,982**	2,546,703
Commitments and contingencies *(Note 6 – Securitizations and Other Variable Interest Entities* and *Note 10 – Commitments and Contingencies)*		
Shareholders' equity		
Preferred stock, $0.01 par value; authorized – **100,000,000** shares; issued and outstanding – **3,887,686** and 3,931,440 shares	**23,441**	24,510
Common stock and additional paid-in capital, **$0.01** par value; authorized – **12,800,000,000** shares; issued and outstanding – **8,241,243,911** and 8,650,814,105 shares	**69,612**	85,982
Retained earnings	**183,007**	164,088
Accumulated other comprehensive income (loss)	**(3,596)**	(1,656)
Total shareholders' equity	**272,464**	272,924
Total liabilities and shareholders' equity	$ **3,085,446**	$ 2,819,627

Assets of consolidated variable interest entities included in total assets above (isolated to settle the liabilities of the variable interest entities)		
Trading account assets	$ **4,432**	$ 5,225
Loans and leases	**16,857**	23,636
Allowance for loan and lease losses	**(994)**	(1,693)
Loans and leases, net of allowance	**15,863**	21,943
All other assets	**136**	1,387
Total assets of consolidated variable interest entities	$ **20,431**	$ 28,555
Liabilities of consolidated variable interest entities included in total liabilities above		
Short-term borrowings (includes **$50** and $22 of non-recourse short-term borrowings)	$ **330**	$ 454
Long-term debt (includes **$3,830** and $7,053 of non-recourse debt)	**3,830**	7,053
All other liabilities (includes **$10** and $16 of non-recourse liabilities)	**10**	16
Total liabilities of consolidated variable interest entities	$ **4,170**	$ 7,523

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Shareholders' Equity

(In millions)	Preferred Stock	Common Stock and Additional Paid-in Capital: Shares	Common Stock and Additional Paid-in Capital: Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, June 30, 2021	**$ 23,441**	**8,487.2**	**$ 79,242**	**$ 177,499**	**$ (3,063)**	**$ 277,119**
Net income				**7,691**		**7,691**
Net change in debt securities					**(153)**	**(153)**
Net change in debit valuation adjustments					**27**	**27**
Net change in derivatives					**(431)**	**(431)**
Employee benefit plan adjustments					**50**	**50**
Net change in foreign currency translation adjustments					**(26)**	**(26)**
Dividends declared:						
Common				**(1,749)**		**(1,749)**
Preferred				**(431)**		**(431)**
Common stock issued under employee plans, net, and other		**2.0**	**284**	**(3)**		**281**
Common stock repurchased		**(248.0)**	**(9,914)**			**(9,914)**
Balance, September 30, 2021	**$ 23,441**	**8,241.2**	**$ 69,612**	**$ 183,007**	**$ (3,596)**	**$ 272,464**
Balance, December 31, 2020	**$ 24,510**	**8,650.8**	**$ 85,982**	**$ 164,088**	**$ (1,656)**	**$ 272,924**
Net income				**24,965**		**24,965**
Net change in debt securities					**(1,243)**	**(1,243)**
Net change in debit valuation adjustments					**292**	**292**
Net change in derivatives					**(1,130)**	**(1,130)**
Employee benefit plan adjustments					**170**	**170**
Net change in foreign currency translation adjustments					**(29)**	**(29)**
Dividends declared:						
Common				**(4,859)**		**(4,859)**
Preferred				**(1,181)**		**(1,181)**
Issuance of preferred stock	**902**					**902**
Redemption of preferred stock	**(1,971)**					**(1,971)**
Common stock issued under employee plans, net, and other		**42.2**	**1,223**	**(6)**		**1,217**
Common stock repurchased		**(451.8)**	**(17,593)**			**(17,593)**
Balance, September 30, 2021	**$ 23,441**	**8,241.2**	**$ 69,612**	**$ 183,007**	**$ (3,596)**	**$ 272,464**
Balance, June 30, 2020	$ 23,427	8,664.1	$ 85,794	$ 157,578	$ (1,162)	$ 265,637
Net income				4,881		4,881
Net change in debt securities					101	101
Net change in debit valuation adjustments					(58)	(58)
Net change in derivatives					76	76
Employee benefit plan adjustments					44	44
Net change in foreign currency translation adjustments					21	21
Dividends declared:						
Common				(1,571)		(1,571)
Preferred				(441)		(441)
Common stock issued under employee plans, net, and other		1.8	274			274
Common stock repurchased		(4.4)	(114)			(114)
Balance, September 30, 2020	$ 23,427	8,661.5	$ 85,954	$ 160,447	$ (978)	$ 268,850
Balance, December 31, 2019	$ 23,401	8,836.1	$ 91,723	$ 156,319	$ (6,633)	$ 264,810
Cumulative adjustment for adoption of credit loss accounting standard				(2,406)		(2,406)
Net income				12,424		12,424
Net change in debt securities					4,794	4,794
Net change in debit valuation adjustments					(5)	(5)
Net change in derivatives					808	808
Employee benefit plan adjustments					144	144
Net change in foreign currency translation adjustments					(86)	(86)
Dividends declared:						
Common				(4,722)		(4,722)
Preferred				(1,159)		(1,159)
Issuance of preferred stock	1,098					1,098
Redemption of preferred stock	(1,072)					(1,072)
Common stock issued under employee plans, net, and other		41.6	993	(9)		984
Common stock repurchased		(216.2)	(6,762)			(6,762)
Balance, September 30, 2020	$ 23,427	8,661.5	$ 85,954	$ 160,447	$ (978)	$ 268,850

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

(Dollars in millions)	Nine Months Ended September 30 2021	2020
Operating activities		
Net income	**$ 24,965**	$ 12,424
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	**(4,105)**	11,267
Gains on sales of debt securities	**(4)**	(379)
Depreciation and amortization	**1,403**	1,356
Net amortization of premium/discount on debt securities	**4,534**	2,636
Deferred income taxes	**(1,151)**	(1,994)
Stock-based compensation	**2,031**	1,597
Loans held-for-sale:		
Originations and purchases	**(27,003)**	(11,093)
Proceeds from sales and paydowns of loans originally classified as held for sale and instruments from related securitization activities	**24,852**	15,654
Net change in:		
Trading and derivative assets/liabilities	**(55,310)**	(25,503)
Other assets	**(34,337)**	(15,078)
Accrued expenses and other liabilities	**8,713**	(9,495)
Other operating activities, net	**3,568**	2,007
Net cash used in operating activities	**(51,844)**	(16,601)
Investing activities		
Net change in:		
Time deposits placed and other short-term investments	**28**	2,019
Federal funds sold and securities borrowed or purchased under agreements to resell	**42,124**	(52,148)
Debt securities carried at fair value:		
Proceeds from sales	**3,732**	61,485
Proceeds from paydowns and maturities	**124,149**	61,973
Purchases	**(174,517)**	(148,905)
Held-to-maturity debt securities:		
Proceeds from paydowns and maturities	**94,437**	63,097
Purchases	**(340,425)**	(126,710)
Loans and leases:		
Proceeds from sales of loans originally classified as held for investment and instruments from related securitization activities	**7,767**	10,041
Purchases	**(3,363)**	(3,972)
Other changes in loans and leases, net	**(5,866)**	11,810
Other investing activities, net	**(2,450)**	(2,473)
Net cash used in investing activities	**(254,384)**	(123,783)
Financing activities		
Net change in:		
Deposits	**169,324**	268,077
Federal funds purchased and securities loaned or sold under agreements to repurchase	**37,105**	25,660
Short-term borrowings	**957**	(6,353)
Long-term debt:		
Proceeds from issuance	**65,459**	40,858
Retirement	**(38,787)**	(37,123)
Preferred stock:		
Proceeds from issuance	**902**	1,098
Redemption	**(1,971)**	(1,072)
Common stock repurchased	**(17,593)**	(6,762)
Cash dividends paid	**(6,090)**	(5,899)
Other financing activities, net	**(696)**	(603)
Net cash provided by financing activities	**208,610**	277,881
Effect of exchange rate changes on cash and cash equivalents	**(2,991)**	1,949
Net increase (decrease) in cash and cash equivalents	**(100,609)**	139,446
Cash and cash equivalents at January 1	**380,463**	161,560
Cash and cash equivalents at September 30	**$ 279,854**	$ 301,006

See accompanying Notes to Consolidated Financial Statements.

Bank of America Corporation and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 1 Summary of Significant Accounting Principles

Bank of America Corporation, a bank holding company and a financial holding company, provides a diverse range of financial services and products throughout the U.S. and in certain international markets. The term "the Corporation" as used herein may refer to Bank of America Corporation, individually, Bank of America Corporation and its subsidiaries, or certain of Bank of America Corporation's subsidiaries or affiliates.

Principles of Consolidation and Basis of Presentation

The Consolidated Financial Statements include the accounts of the Corporation and its majority-owned subsidiaries and those variable interest entities (VIEs) where the Corporation is the primary beneficiary. Intercompany accounts and transactions have been eliminated. Results of operations of acquired companies are included from the dates of acquisition, and for VIEs, from the dates that the Corporation became the primary beneficiary. Assets held in an agency or fiduciary capacity are not included in the Consolidated Financial Statements. The Corporation accounts for investments in companies for which it owns a voting interest and for which it has the ability to exercise significant influence over operating and financing decisions using the equity method of accounting. These investments are included in other assets. Equity method investments are subject to impairment testing, and the Corporation's proportionate share of income or loss is included in other income.

The preparation of the Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could materially differ from those estimates and assumptions.

These unaudited Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements, and related notes thereto, of the Corporation's 2020 Annual Report on Form 10-K.

The nature of the Corporation's business is such that the results of any interim period are not necessarily indicative of results for a full year. In the opinion of management, all adjustments, which consist of normal recurring adjustments necessary for a fair statement of the interim period results, have been made. The Corporation evaluates subsequent events through the date of filing with the Securities and Exchange Commission. Certain prior-period amounts have been reclassified to conform to current-period presentation.

U.K. Tax Law Changes

In June 2021, the U.K. enacted the 2021 Finance Act, which increases the U.K. corporation income tax rate to 25 percent from 19 percent, effective April 1, 2023. In addition, in July 2020, the U.K. enacted a reversal of the final two percent of scheduled decreases in the U.K. corporation income tax rate. As a result, during the nine months ended September 30, 2021 and 2020, the Corporation recorded a write-up of U.K. net deferred tax assets of approximately $2.0 billion and $700 million with corresponding positive income tax adjustments.

NOTE 2 Net Interest Income and Noninterest Income

The following table presents the Corporation's net interest income and noninterest income disaggregated by revenue source for the three and nine months ended September 30, 2021 and 2020. For more information, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K. For a disaggregation of noninterest income by business segment and *All Other*, see *Note 17 – Business Segment Information*.

(Dollars in millions)	Three Months Ended September 30 2021	Three Months Ended September 30 2020	Nine Months Ended September 30 2021	Nine Months Ended September 30 2020
Net interest income				
Interest income				
Loans and leases	**$ 7,502**	$ 7,894	**$ 21,859**	$ 26,426
Debt securities	**3,282**	2,130	**8,832**	7,413
Federal funds sold and securities borrowed or purchased under agreements to resell	**6**	55	**(43)**	900
Trading account assets	**967**	948	**2,793**	3,203
Other interest income	**579**	459	**1,677**	2,182
Total interest income	**12,336**	11,486	**35,118**	40,124
Interest expense				
Deposits	**133**	227	**394**	1,784
Short-term borrowings	**(41)**	(24)	**(205)**	1,024
Trading account liabilities	**285**	212	**824**	764
Long-term debt	**865**	942	**2,581**	3,445
Total interest expense	**1,242**	1,357	**3,594**	7,017
Net interest income	**$ 11,094**	$ 10,129	**$ 31,524**	$ 33,107
Noninterest income				
Fees and commissions				
Card income				
Interchange fees [1]	**$ 1,154**	$ 1,172	**$ 3,431**	$ 2,794
Other card income	**429**	396	**1,173**	1,295
Total card income	**1,583**	1,568	**4,604**	4,089
Service charges				
Deposit-related fees	**1,619**	1,515	**4,671**	4,441
Lending-related fees	**309**	302	**923**	841
Total service charges	**1,928**	1,817	**5,594**	5,282
Investment and brokerage services				
Asset management fees	**3,276**	2,740	**9,434**	7,905
Brokerage fees	**960**	883	**2,988**	2,898
Total investment and brokerage services	**4,236**	3,623	**12,422**	10,803
Investment banking fees				
Underwriting income	**1,168**	1,239	**4,028**	3,610
Syndication fees	**346**	133	**1,047**	634
Financial advisory services	**654**	397	**1,461**	1,072
Total investment banking fees	**2,168**	1,769	**6,536**	5,316
Total fees and commissions	**9,915**	8,777	**29,156**	25,490
Market making and similar activities	**2,005**	1,689	**7,360**	6,983
Other income (loss)	**(248)**	(259)	**(987)**	(151)
Total noninterest income	**$ 11,672**	$ 10,207	**$ 35,529**	$ 32,322

[1] Gross interchange fees and merchant income were $3.0 billion and $2.4 billion for the three months ended September 30, 2021 and 2020 and are presented net of $1.8 billion and $1.4 billion of expenses for rewards and partner payments as well as certain other card costs for the same periods. Gross interchange fees and merchant income were $8.3 billion and $6.7 billion for the nine months ended September 30, 2021 and 2020 and are presented net of $4.9 billion and $4.1 billion of expenses for rewards and partner payments as well as certain other card costs for the same periods.

NOTE 3 Derivatives

Derivative Balances

Derivatives are entered into on behalf of customers, for trading or to support risk management activities. Derivatives used in risk management activities include derivatives that may or may not be designated in qualifying hedge accounting relationships. Derivatives that are not designated in qualifying hedge accounting relationships are referred to as other risk management derivatives. For more information on the Corporation's derivatives and hedging activities, see *Note 1 – Summary of Significant Accounting Principles and Note 3 – Derivatives* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K. The following tables present derivative instruments included on the Consolidated Balance Sheet in derivative assets and liabilities at September 30, 2021 and December 31, 2020. Balances are presented on a gross basis, prior to the application of counterparty and cash collateral netting. Total derivative assets and liabilities are adjusted on an aggregate basis to take into consideration the effects of legally enforceable master netting agreements and have been reduced by cash collateral received or paid.

		September 30, 2021					
		Gross Derivative Assets			Gross Derivative Liabilities		
(Dollars in billions)	Contract/ Notional [1]	Trading and Other Risk Management Derivatives	Qualifying Accounting Hedges	Total	Trading and Other Risk Management Derivatives	Qualifying Accounting Hedges	Total
Interest rate contracts							
Swaps	$ 19,675.2	$ 141.9	$ 9.4	$ 151.3	$ 148.6	$ 2.4	$ 151.0
Futures and forwards	4,142.2	2.8	—	2.8	2.7	—	2.7
Written options	1,746.8	—	—	—	29.5	—	29.5
Purchased options	1,637.3	33.4	—	33.4	—	—	—
Foreign exchange contracts							
Swaps	1,433.9	27.6	0.4	28.0	30.7	0.3	31.0
Spot, futures and forwards	4,628.5	37.1	0.5	37.6	35.1	0.1	35.2
Written options	338.1	—	—	—	3.9	—	3.9
Purchased options	310.6	3.9	—	3.9	—	—	—
Equity contracts							
Swaps	431.7	13.6	—	13.6	16.0	—	16.0
Futures and forwards	131.0	0.4	—	0.4	1.6	—	1.6
Written options	738.8	—	—	—	60.3	—	60.3
Purchased options	654.4	60.6	—	60.6	—	—	—
Commodity contracts							
Swaps	50.2	4.5	—	4.5	7.7	—	7.7
Futures and forwards	91.7	2.3	0.3	2.6	1.1	0.6	1.7
Written options	41.9	—	—	—	4.0	—	4.0
Purchased options	34.0	4.6	—	4.6	—	—	—
Credit derivatives [2]							
Purchased credit derivatives:							
Credit default swaps	375.2	1.8	—	1.8	5.0	—	5.0
Total return swaps/options	52.6	0.3	—	0.3	1.4	—	1.4
Written credit derivatives:							
Credit default swaps	358.3	5.0	—	5.0	1.5	—	1.5
Total return swaps/options	59.3	1.3	—	1.3	0.5	—	0.5
Gross derivative assets/liabilities		$ 341.1	$ 10.6	$ 351.7	$ 349.6	$ 3.4	$ 353.0
Less: Legally enforceable master netting agreements				(279.7)			(279.7)
Less: Cash collateral received/paid				(31.2)			(35.2)
Total derivative assets/liabilities				$ 40.8			$ 38.1

(1) Represents the total contract/notional amount of derivative assets and liabilities outstanding.
(2) The net derivative asset and notional amount of written credit derivatives for which the Corporation held purchased credit derivatives with identical underlying referenced names were $3.2 billion and $326.9 billion at September 30, 2021.

		December 31, 2020					
		Gross Derivative Assets			Gross Derivative Liabilities		
(Dollars in billions)	Contract/ Notional [1]	Trading and Other Risk Management Derivatives	Qualifying Accounting Hedges	Total	Trading and Other Risk Management Derivatives	Qualifying Accounting Hedges	Total
Interest rate contracts							
Swaps	$ 13,242.8	$ 199.9	$ 10.9	$ 210.8	$ 209.3	$ 1.3	$ 210.6
Futures and forwards	3,222.2	3.5	0.1	3.6	3.6	—	3.6
Written options	1,530.5	—	—	—	40.5	—	40.5
Purchased options	1,545.8	45.3	—	45.3	—	—	—
Foreign exchange contracts							
Swaps	1,475.8	37.1	0.3	37.4	39.7	0.6	40.3
Spot, futures and forwards	3,710.7	53.4	—	53.4	54.5	0.5	55.0
Written options	289.6	—	—	—	4.8	—	4.8
Purchased options	279.3	5.0	—	5.0	—	—	—
Equity contracts							
Swaps	320.2	13.3	—	13.3	14.5	—	14.5
Futures and forwards	106.2	0.3	—	0.3	1.4	—	1.4
Written options	599.1	—	—	—	48.8	—	48.8
Purchased options	541.2	52.6	—	52.6	—	—	—
Commodity contracts							
Swaps	36.4	1.9	—	1.9	4.4	—	4.4
Futures and forwards	63.6	2.0	—	2.0	1.0	—	1.0
Written options	24.6	—	—	—	1.4	—	1.4
Purchased options	24.7	1.5	—	1.5	—	—	—
Credit derivatives [2]							
Purchased credit derivatives:							
Credit default swaps	322.7	2.3	—	2.3	4.4	—	4.4
Total return swaps/options	63.6	0.2	—	0.2	1.0	—	1.0
Written credit derivatives:							
Credit default swaps	301.5	4.4	—	4.4	1.9	—	1.9
Total return swaps/options	68.6	0.6	—	0.6	0.4	—	0.4
Gross derivative assets/liabilities		$ 423.3	$ 11.3	$ 434.6	$ 431.6	$ 2.4	$ 434.0
Less: Legally enforceable master netting agreements				(344.9)			(344.9)
Less: Cash collateral received/paid				(42.5)			(43.6)
Total derivative assets/liabilities				$ 47.2			$ 45.5

(1) Represents the total contract/notional amount of derivative assets and liabilities outstanding.
(2) The net derivative asset and notional amount of written credit derivatives for which the Corporation held purchased credit derivatives with identical underlying referenced names were $2.2 billion and $269.8 billion at December 31, 2020.

Offsetting of Derivatives

The Corporation enters into International Swaps and Derivatives Association, Inc. (ISDA) master netting agreements or similar agreements with substantially all of the Corporation's derivative counterparties. For more information, see *Note 3 – Derivatives* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

The following table presents derivative instruments included in derivative assets and liabilities on the Consolidated Balance Sheet at September 30, 2021 and December 31, 2020 by primary risk (e.g., interest rate risk) and the platform, where applicable, on which these derivatives are transacted. Balances are presented on a gross basis, prior to the application of counterparty and cash collateral netting. Total gross derivative assets and liabilities are adjusted on an aggregate basis to take into consideration the effects of legally enforceable master netting agreements, which include reducing the balance for counterparty netting and cash collateral received or paid.

For more information on offsetting of securities financing agreements, see *Note 9 – Federal Funds Sold or Purchased, Securities Financing Agreements, Short-term Borrowings and Restricted Cash*.

Offsetting of Derivatives [1]

(Dollars in billions)	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
	September 30, 2021		December 31, 2020	
Interest rate contracts				
Over-the-counter	**$ 177.6**	**$ 171.7**	$ 247.7	$ 243.5
Exchange-traded	**0.1**	**—**	—	—
Over-the-counter cleared	**9.6**	**9.8**	10.2	9.1
Foreign exchange contracts				
Over-the-counter	**67.2**	**68.3**	92.2	96.5
Over-the-counter cleared	**0.8**	**0.8**	1.4	1.3
Equity contracts				
Over-the-counter	**30.7**	**32.5**	31.3	28.3
Exchange-traded	**42.9**	**42.1**	32.3	31.0
Commodity contracts				
Over-the-counter	**8.4**	**9.5**	3.5	5.0
Exchange-traded	**1.9**	**2.4**	0.7	0.7
Over-the-counter cleared	**0.1**	**0.1**	—	—
Credit derivatives				
Over-the-counter	**5.8**	**5.5**	5.2	5.6
Over-the-counter cleared	**2.4**	**2.5**	2.2	1.9
Total gross derivative assets/liabilities, before netting				
Over-the-counter	**289.7**	**287.5**	379.9	378.9
Exchange-traded	**44.9**	**44.5**	33.0	31.7
Over-the-counter cleared	**12.9**	**13.2**	13.8	12.3
Less: Legally enforceable master netting agreements and cash collateral received/paid				
Over-the-counter	**(255.5)**	**(259.4)**	(345.7)	(347.2)
Exchange-traded	**(42.9)**	**(42.9)**	(29.5)	(29.5)
Over-the-counter cleared	**(12.5)**	**(12.6)**	(12.2)	(11.8)
Derivative assets/liabilities, after netting	**36.6**	**30.3**	39.3	34.4
Other gross derivative assets/liabilities [2]	**4.2**	**7.8**	7.9	11.1
Total derivative assets/liabilities	**40.8**	**38.1**	47.2	45.5
Less: Financial instruments collateral [3]	**(13.1)**	**(11.4)**	(16.1)	(16.6)
Total net derivative assets/liabilities	**$ 27.7**	**$ 26.7**	$ 31.1	$ 28.9

(1) Over-the-counter derivatives include bilateral transactions between the Corporation and a particular counterparty. Over-the-counter cleared derivatives include bilateral transactions between the Corporation and a counterparty where the transaction is cleared through a clearinghouse. Exchange-traded derivatives include listed options transacted on an exchange.
(2) Consists of derivatives entered into under master netting agreements where the enforceability of these agreements is uncertain under bankruptcy laws in some countries or industries.
(3) Amounts are limited to the derivative asset/liability balance and, accordingly, do not include excess collateral received/pledged. Financial instruments collateral includes securities collateral received or pledged and cash securities held and posted at third-party custodians that are not offset on the Consolidated Balance Sheet but shown as a reduction to derive net derivative assets and liabilities.

Derivatives Designated as Accounting Hedges

The Corporation uses various types of interest rate and foreign exchange derivative contracts to protect against changes in the fair value of its assets and liabilities due to fluctuations in interest rates and exchange rates (fair value hedges). The Corporation also uses these types of contracts to protect against changes in the cash flows of its assets and liabilities, and other forecasted transactions (cash flow hedges). The Corporation hedges its net investment in consolidated non-U.S. operations determined to have functional currencies other than the U.S. dollar using forward exchange contracts and cross-currency basis swaps, and by issuing foreign currency-denominated debt (net investment hedges).

Fair Value Hedges

The table below summarizes information related to fair value hedges for the three and nine months ended September 30, 2021 and 2020.

Gains and Losses on Derivatives Designated as Fair Value Hedges

(Dollars in millions)	**Three Months Ended September 30, 2021** Derivative	Hedged Item	Three Months Ended September 30, 2020 Derivative	Hedged Item
Interest rate risk on long-term debt [1]	**$ (1,658)**	**$ 1,660**	$ (1,523)	$ 1,473
Interest rate and foreign currency risk on long-term debt [2]	**(49)**	**46**	79	(87)
Interest rate risk on available-for-sale securities [3]	**867**	**(859)**	139	(139)
Total	**$ (840)**	**$ 847**	$ (1,305)	$ 1,247
`	**Nine Months Ended September 30, 2021**		Nine Months Ended September 30, 2020	
	Derivative	**Hedged Item**	Derivative	Hedged Item
Interest rate risk on long-term debt [1]	**$ (6,237)**	**$ 6,208**	$ 9,286	$ (9,403)
Interest rate and foreign currency risk on long-term debt [2]	**(72)**	**67**	644	(638)
Interest rate risk on available-for-sale securities [3]	**4,245**	**(4,184)**	(572)	559
Total	**$ (2,064)**	**$ 2,091**	$ 9,358	$ (9,482)

(1) Amounts are recorded in interest expense in the Consolidated Statement of Income.
(2) For the three and nine months ended September 30, 2021, the derivative amount includes gains (losses) of $(11) million and $(62) million in interest expense, $(33) million and $(2) million in market making and similar activities, and $(5) million and $(8) million in accumulated other comprehensive income (OCI). For the same periods in 2020, the derivative amount includes gains (losses) of $(13) million and $718 million in interest expense, $95 million and $(83) million in market making and similar activities, and $(3) million and $9 million in accumulated OCI. Line item totals are in the Consolidated Statement of Income and on the Consolidated Balance Sheet.
(3) Amounts are recorded in interest income in the Consolidated Statement of Income.

The table below summarizes the carrying value of hedged assets and liabilities that are designated and qualifying in fair value hedging relationships along with the cumulative amount of fair value hedging adjustments included in the carrying value that have been recorded in the current hedging relationships. These fair value hedging adjustments are open basis adjustments that are not subject to amortization as long as the hedging relationship remains designated.

Designated Fair Value Hedged Assets and Liabilities

	September 30, 2021		December 31, 2020	
(Dollars in millions)	**Carrying Value**	**Cumulative Fair Value Adjustments [1]**	Carrying Value	Cumulative Fair Value Adjustments [1]
Long-term debt [2]	**$ 177,111**	**$ 4,933**	$ 150,556	$ 8,910
Available-for-sale debt securities [2, 3, 4]	**178,130**	**(2,120)**	116,252	114
Trading account assets [5]	**590**	**—**	427	15

(1) Increase (decrease) to carrying value.
(2) At September 30, 2021 and December 31, 2020, the cumulative fair value adjustments remaining on long-term debt and available-for-sale debt securities from discontinued hedging relationships resulted in an increase in the related liability of $1.2 billion and $3.7 billion and a decrease in the related asset of $240 million and $69 million, which are being amortized over the remaining contractual life of the de-designated hedged items.
(3) These amounts include the amortized cost of the prepayable financial assets used to designate hedging relationships in which the hedged item is the last layer expected to be remaining at the end of the hedging relationship (i.e. last-of-layer hedging relationship). At September 30, 2021 and December 31, 2020, the amortized cost of the closed portfolios used in these hedging relationships was $23.7 billion and $34.6 billion, of which $6.9 billion and $7.0 billion was designated in the last-of-layer hedging relationship. At September 30, 2021, the cumulative adjustment associated with these hedging relationships was a decrease of $103 million. At December 31, 2020, the cumulative adjustment was insignificant.
(4) Carrying value represents amortized cost.
(5) Represents hedging activities related to certain commodities inventory.

Cash Flow and Net Investment Hedges

The table below summarizes certain information related to cash flow hedges and net investment hedges for the three and nine months ended September 30, 2021 and 2020. Of the $704 million after-tax net loss ($938 million pretax) on derivatives in accumulated OCI at September 30, 2021, gains of $858 million after-tax ($1.1 billion pretax) related to both open and terminated cash flow hedges are expected to be reclassified into earnings in the next 12 months. These net gains reclassified into earnings are expected to primarily increase net interest income related to the respective hedged items. For terminated cash flow hedges, the time period over which the majority of the forecasted transactions are hedged is approximately 3 years, with a maximum length of time for certain forecasted transactions of 15 years.

Gains and Losses on Derivatives Designated as Cash Flow and Net Investment Hedges

	Gains (Losses) Recognized in Accumulated OCI on Derivatives	**Gains (Losses) in Income Reclassified from Accumulated OCI**	**Gains (Losses) Recognized in Accumulated OCI on Derivatives**	**Gains (Losses) in Income Reclassified from Accumulated OCI**
(Dollars in millions, amounts pretax)	**Three Months Ended September 30, 2021**		**Nine Months Ended September 30, 2021**	
Cash flow hedges				
Interest rate risk on variable-rate assets [1]	**$ (539)**	**$ 38**	**$ (1,115)**	**$ 111**
Price risk on forecasted MBS purchases [1]	**29**	**5**	**(272)**	**20**
Price risk on certain compensation plans [2]	**(2)**	**14**	**57**	**40**
Total	**$ (512)**	**$ 57**	**$ (1,330)**	**$ 171**
Net investment hedges				
Foreign exchange risk [3]	**$ 642**	**$ —**	**$ 1,145**	**$ —**
	Three Months Ended September 30, 2020		Nine Months Ended September 30, 2020	
Cash flow hedges				
Interest rate risk on variable-rate assets [1]	$ (101)	$ 5	$ 810	$ (44)
Price risk on forecasted MBS purchases [1]	184	3	184	3
Price risk on certain compensation plans [2]	32	5	23	5
Total	$ 115	$ 13	$ 1,017	$ (36)
Net investment hedges				
Foreign exchange risk [3]	$ (703)	$ —	$ 265	$ 1

(1) Amounts reclassified from accumulated OCI are recorded in interest income in the Consolidated Statement of Income.
(2) Amounts reclassified from accumulated OCI are recorded in compensation and benefits expense in the Consolidated Statement of Income.
(3) Amounts reclassified from accumulated OCI are recorded in other income in the Consolidated Statement of Income. For the three and nine months ended September 30, 2021, amounts excluded from effectiveness testing and recognized in market making and similar activities were losses of $36 million and $86 million. For the same periods in 2020 amounts excluded from effectiveness testing and recognized in other income were gains of $10 million and $115 million.

Other Risk Management Derivatives

Other risk management derivatives are used by the Corporation to reduce certain risk exposures by economically hedging various assets and liabilities. The table below presents gains (losses) on these derivatives for the three and nine months ended September 30, 2021 and 2020. These gains (losses) are largely offset by the income or expense recorded on the hedged item.

Gains and Losses on Other Risk Management Derivatives

(Dollars in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	**2021**	2020
Interest rate risk on mortgage activities [1, 2]	**$ 10**	$ 73	**$ (49)**	$ 601
Credit risk on loans [2]	**(9)**	(28)	**(40)**	(6)
Interest rate and foreign currency risk on asset and liability management activities [3]	**552**	(2,571)	**1,495**	(2,060)
Price risk on certain compensation plans [4]	**(23)**	263	**575**	109

(1) Includes hedges of interest rate risk on mortgage servicing rights (MSRs) and interest rate lock commitments (IRLCs) to originate mortgage loans that will be held for sale.
(2) Gains (losses) on these derivatives are recorded in other income.
(3) Gains (losses) on these derivatives are recorded in market making and similar activities.
(4) Gains (losses) on these derivatives are recorded in compensation and benefits expense.

Transfers of Financial Assets with Risk Retained through Derivatives

The Corporation enters into certain transactions involving the transfer of financial assets that are accounted for as sales where substantially all of the economic exposure to the transferred financial assets is retained through derivatives (e.g., interest rate and/or credit), but the Corporation does not retain control over the assets transferred. At September 30, 2021 and December 31, 2020, the Corporation had transferred $4.9 billion and $5.2 billion of non-U.S. government-guaranteed mortgage-backed securities (MBS) to a third-party trust and retained economic exposure to the transferred assets through derivative contracts. In connection with these transfers, the Corporation received gross cash proceeds of $4.9 billion and $5.2 billion at the transfer dates. At September 30, 2021 and December 31, 2020, the fair value of the transferred securities was $5.1 billion and $5.5 billion.

Sales and Trading Revenue

The Corporation enters into trading derivatives to facilitate client transactions and to manage risk exposures arising from trading account assets and liabilities. It is the Corporation's policy to include these derivative instruments in its trading activities, which include derivatives and non-derivative cash instruments. The resulting risk from these derivatives is managed on a portfolio basis as part of the Corporation's *Global Markets* business segment. For more information on sales and trading revenue, see *Note 3 – Derivatives* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

The table below, which includes both derivatives and non-derivative cash instruments, identifies the amounts in the respective income statement line items attributable to the Corporation's sales and trading revenue in *Global Markets*, categorized by primary risk, for the three and nine months ended September 30, 2021 and 2020. This table includes debit valuation adjustment (DVA) and funding valuation adjustment (FVA) gains (losses). *Global Markets* results in *Note 17 – Business Segment Information* are presented on a fully taxable-equivalent (FTE) basis. The table below is not presented on an FTE basis.

Sales and Trading Revenue

(Dollars in millions)	Market making and similar activities	Net Interest Income	Other [1]	Total	Market making and similar activities	Net Interest Income	Other [1]	Total
	Three Months Ended September 30, 2021				**Nine Months Ended September 30, 2021**			
Interest rate risk	**$ 180**	**$ 442**	**$ 43**	**$ 665**	**$ 590**	**$ 1,350**	**$ 141**	**$ 2,081**
Foreign exchange risk	**345**	**(22)**	**2**	**325**	**1,082**	**(62)**	**7**	**1,027**
Equity risk	**1,196**	**(28)**	**433**	**1,601**	**3,657**	**7**	**1,389**	**5,053**
Credit risk	**248**	**458**	**158**	**864**	**1,491**	**1,263**	**446**	**3,200**
Other risk [2]	**45**	**(30)**	**45**	**60**	**627**	**(58)**	**91**	**660**
Total sales and trading revenue	**$ 2,014**	**$ 820**	**$ 681**	**$ 3,515**	**$ 7,447**	**$ 2,500**	**$ 2,074**	**$ 12,021**
	Three Months Ended September 30, 2020				Nine Months Ended September 30, 2020			
Interest rate risk	$ 85	$ 545	$ 57	$ 687	$ 2,249	$ 1,754	$ 175	$ 4,178
Foreign exchange risk	338	(10)	4	332	1,153	(8)	(2)	1,143
Equity risk	816	(7)	391	1,200	2,805	(99)	1,361	4,067
Credit risk	413	401	73	887	570	1,336	253	2,159
Other risk [2]	73	(7)	14	80	280	21	24	325
Total sales and trading revenue	$ 1,725	$ 922	$ 539	$ 3,186	$ 7,057	$ 3,004	$ 1,811	$ 11,872

(1) Represents amounts in investment and brokerage services and other income that are recorded in *Global Markets* and included in the definition of sales and trading revenue. Includes investment and brokerage services revenue of $460 million and $1.5 billion for the three and nine months ended September 30, 2021 compared to $430 million and $1.5 billion for the same periods in 2020.
(2) Includes commodity risk.

Credit Derivatives

The Corporation enters into credit derivatives primarily to facilitate client transactions and to manage credit risk exposures. Credit derivatives are classified as investment and non-investment grade based on the credit quality of the underlying referenced obligation. The Corporation considers ratings of BBB- or higher as investment grade. Non-investment grade includes non-rated credit derivative instruments. The Corporation discloses internal categorizations of investment grade and non-investment grade consistent with how risk is managed for these instruments. For more information on credit derivatives, see *Note 3 – Derivatives* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

Credit derivative instruments where the Corporation is the seller of credit protection and their expiration at September 30, 2021 and December 31, 2020 are summarized in the table below.

Credit Derivative Instruments

(Dollars in millions)	Less than One Year	One to Three Years	Three to Five Years	Over Five Years	Total
	September 30, 2021				
	Carrying Value				
Credit default swaps:					
Investment grade	**$ —**	**$ 1**	**$ 40**	**$ 73**	**$ 114**
Non-investment grade	**8**	**119**	**426**	**859**	**1,412**
Total	**8**	**120**	**466**	**932**	**1,526**
Total return swaps/options:					
Investment grade	**18**	**—**	**—**	**—**	**18**
Non-investment grade	**88**	**353**	**5**	**—**	**446**
Total	**106**	**353**	**5**	**—**	**464**
Total credit derivatives	**$ 114**	**$ 473**	**$ 471**	**$ 932**	**$ 1,990**
Credit-related notes:					
Investment grade	**$ —**	**$ —**	**$ 42**	**$ 274**	**$ 316**
Non-investment grade	**5**	**—**	**14**	**1,328**	**1,347**
Total credit-related notes	**$ 5**	**$ —**	**$ 56**	**$ 1,602**	**$ 1,663**
	Maximum Payout/Notional				
Credit default swaps:					
Investment grade	**$ 33,007**	**$ 74,896**	**$ 110,525**	**$ 37,271**	**$ 255,699**
Non-investment grade	**11,254**	**30,197**	**45,994**	**15,197**	**102,642**
Total	**44,261**	**105,093**	**156,519**	**52,468**	**358,341**
Total return swaps/options:					
Investment grade	**26,711**	**64**	**78**	**—**	**26,853**
Non-investment grade	**18,900**	**13,015**	**536**	**16**	**32,467**
Total	**45,611**	**13,079**	**614**	**16**	**59,320**
Total credit derivatives	**$ 89,872**	**$ 118,172**	**$ 157,133**	**$ 52,484**	**$ 417,661**
	December 31, 2020				
	Carrying Value				
Credit default swaps:					
Investment grade	$ —	$ 1	$ 35	$ 94	$ 130
Non-investment grade	26	233	364	1,163	1,786
Total	26	234	399	1,257	1,916
Total return swaps/options:					
Investment grade	21	4	—	—	25
Non-investment grade	345	—	—	—	345
Total	366	4	—	—	370
Total credit derivatives	$ 392	$ 238	$ 399	$ 1,257	$ 2,286
Credit-related notes:					
Investment grade	$ —	$ —	$ —	$ 572	$ 572
Non-investment grade	64	2	10	947	1,023
Total credit-related notes	$ 64	$ 2	$ 10	$ 1,519	$ 1,595
	Maximum Payout/Notional				
Credit default swaps:					
Investment grade	$ 33,474	$ 75,731	$ 87,218	$ 16,822	$ 213,245
Non-investment grade	13,664	28,770	35,978	9,852	88,264
Total	47,138	104,501	123,196	26,674	301,509
Total return swaps/options:					
Investment grade	30,961	1,061	77	—	32,099
Non-investment grade	36,128	364	27	5	36,524
Total	67,089	1,425	104	5	68,623
Total credit derivatives	$ 114,227	$ 105,926	$ 123,300	$ 26,679	$ 370,132

The notional amount represents the maximum amount payable by the Corporation for most credit derivatives. However, the Corporation does not monitor its exposure to credit derivatives based solely on the notional amount because this measure does not take into consideration the probability of occurrence. As such, the notional amount is not a reliable indicator of the Corporation's exposure to these contracts. Instead, a risk framework is used to define risk tolerances and establish limits so that certain credit risk-related losses occur within acceptable, predefined limits.

Credit-related notes in the table above include investments in securities issued by collateralized debt obligation (CDO), collateralized loan obligation (CLO) and credit-linked note vehicles. These instruments are primarily classified as trading securities. The carrying value of these instruments equals the Corporation's maximum exposure to loss. The Corporation is not obligated to make any payments to the entities under the terms of the securities owned.

Credit-related Contingent Features and Collateral

Certain of the Corporation's derivative contracts contain credit risk-related contingent features, primarily in the form of ISDA master netting agreements and credit support documentation that enhance the creditworthiness of these instruments compared to other obligations of the respective counterparty with whom the Corporation has transacted. These contingent features may be for the benefit of the Corporation as well as its counterparties with respect to changes in the Corporation's creditworthiness and the mark-to-market exposure under the derivative transactions. At September 30, 2021 and December 31, 2020, the Corporation held cash and securities collateral of $87.2 billion and $96.5 billion and posted cash and securities collateral of $73.7 billion and $88.6 billion in the normal course of business under derivative agreements, excluding cross-product margining agreements where clients are permitted to margin on a net basis for both derivative and secured financing arrangements.

In connection with certain over-the-counter derivative contracts and other trading agreements, the Corporation can be required to provide additional collateral or to terminate transactions with certain counterparties in the event of a downgrade of the senior debt ratings of the Corporation or certain subsidiaries. The amount of additional collateral required depends on the contract and is usually a fixed incremental amount and/or the market value of the exposure. For more information on credit-related contingent features and collateral, see *Note 3 – Derivatives* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

At September 30, 2021, the amount of collateral, calculated based on the terms of the contracts, that the Corporation and certain subsidiaries could be required to post to counterparties but had not yet posted to counterparties was $2.4 billion, including $1.1 billion for Bank of America, National Association.

Some counterparties are currently able to unilaterally terminate certain contracts, or the Corporation or certain subsidiaries may be required to take other action such as find a suitable replacement or obtain a guarantee. At September 30, 2021 and December 31, 2020, the liability recorded for these derivative contracts was not significant.

The table below presents the amount of additional collateral that would have been contractually required by derivative contracts and other trading agreements at September 30, 2021 if the rating agencies had downgraded their long-term senior debt ratings for the Corporation or certain subsidiaries by one incremental notch and by an additional second incremental notch. The table also presents derivative liabilities that would be subject to unilateral termination by counterparties upon downgrade of the Corporation's or certain subsidiaries' long-term senior debt ratings.

Additional Collateral Required to be Posted and Derivative Liabilities Subject to Unilateral Termination Upon Downgrade at September 30, 2021

(Dollars in millions)	One incremental notch	Second incremental notch
Additional collateral required to be posted upon downgrade		
Bank of America Corporation	$ 342	$ 802
Bank of America, N.A. and subsidiaries [1]	69	610
Derivative liabilities subject to unilateral termination upon downgrade		
Derivative liabilities	$ 22	$ 764
Collateral posted	9	559

[1] Included in Bank of America Corporation collateral requirements in this table.

Valuation Adjustments on Derivatives

The table below presents credit valuation adjustment (CVA), DVA and FVA gains (losses) on derivatives (excluding the effect of any related hedge activities), which are recorded in market making and similar activities, for the three and nine months ended September 30, 2021 and 2020. For more information on the valuation adjustments on derivatives, see *Note 3 – Derivatives* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

Valuation Adjustments Gains (Losses) on Derivatives [1]

	Three Months Ended September 30	
(Dollars in millions)	**2021**	2020
Derivative assets (CVA)	**$ 54**	$ 174
Derivative assets/liabilities (FVA)	**19**	27
Derivative liabilities (DVA)	**(5)**	(105)

	Nine Months Ended September 30	
(Dollars in millions)	**2021**	2020
Derivative assets (CVA)	**$ 212**	$ (334)
Derivative assets/liabilities (FVA)	**34**	(60)
Derivative liabilities (DVA)	**(13)**	53

[1] At September 30, 2021 and December 31, 2020, cumulative CVA reduced the derivative assets balance by $434 million and $646 million, cumulative FVA reduced the net derivatives balance by $143 million and $177 million, and cumulative DVA reduced the derivative liabilities balance by $296 million and $309 million.

NOTE 4 Securities

The table below presents the amortized cost, gross unrealized gains and losses, and fair value of available-for-sale (AFS) debt securities, other debt securities carried at fair value and held-to-maturity (HTM) debt securities at September 30, 2021 and December 31, 2020.

Debt Securities

(Dollars in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	September 30, 2021				December 31, 2020			
Available-for-sale debt securities								
Mortgage-backed securities:								
Agency	**$ 50,756**	**$ 1,631**	**$ (90)**	**$ 52,297**	$ 59,518	$ 2,370	$ (39)	$ 61,849
Agency-collateralized mortgage obligations	**3,684**	**103**	**(11)**	**3,776**	5,112	161	(13)	5,260
Commercial	**18,091**	**778**	**(50)**	**18,819**	15,470	1,025	(4)	16,491
Non-agency residential [1]	**799**	**39**	**(35)**	**803**	899	127	(17)	1,009
Total mortgage-backed securities	**73,330**	**2,551**	**(186)**	**75,695**	80,999	3,683	(73)	84,609
U.S. Treasury and government agencies	**167,419**	**1,869**	**(163)**	**169,125**	114,157	2,236	(13)	116,380
Non-U.S. securities	**12,289**	**4**	**—**	**12,293**	14,009	15	(7)	14,017
Other taxable securities	**2,589**	**45**	**(1)**	**2,633**	2,656	61	(6)	2,711
Tax-exempt securities	**15,312**	**321**	**(21)**	**15,612**	16,417	389	(32)	16,774
Total available-for-sale debt securities	**270,939**	**4,790**	**(371)**	**275,358**	228,238	6,384	(131)	234,491
Other debt securities carried at fair value [2]	**10,076**	**101**	**(158)**	**10,019**	11,720	429	(39)	12,110
Total debt securities carried at fair value	**281,015**	**4,891**	**(529)**	**285,377**	239,958	6,813	(170)	246,601
Held-to-maturity debt securities								
Agency mortgage-backed securities	**562,124**	**5,497**	**(8,031)**	**559,590**	414,289	9,768	(36)	424,021
U.S. Treasury and government agencies	**111,855**	**167**	**(2,614)**	**109,408**	16,084	—	(71)	16,013
Other taxable securities	**9,295**	**197**	**(157)**	**9,335**	7,906	327	(87)	8,146
Total held-to-maturity debt securities	**683,274**	**5,861**	**(10,802)**	**678,333**	438,279	10,095	(194)	448,180
Total debt securities [3,4]	**$ 964,289**	**$ 10,752**	**$ (11,331)**	**$ 963,710**	$ 678,237	$ 16,908	$ (364)	$ 694,781

[1] At both September 30, 2021 and December 31, 2020, the underlying collateral type included approximately 37 percent prime, 2 percent Alt-A and 61 percent subprime.
[2] Primarily includes non-U.S. securities used to satisfy certain international regulatory requirements. Any changes in value are reported in market making and similar activities. For detail on the components, see *Note 14 – Fair Value Measurements*.
[3] Includes securities pledged as collateral of $76.4 billion and $65.5 billion at September 30, 2021 and December 31, 2020.
[4] The Corporation held debt securities from Fannie Mae (FNMA) and Freddie Mac (FHLMC) that each exceeded 10 percent of shareholders' equity, with an amortized cost of $348.6 billion and $205.7 billion, and a fair value of $348.4 billion and $204.1 billion at September 30, 2021, and an amortized cost of $260.1 billion and $118.1 billion, and a fair value of $267.5 billion and $120.7 billion at December 31, 2020.

At September 30, 2021, the accumulated net unrealized gain on AFS debt securities, excluding the amount related to debt securities previously transferred to held to maturity, included in accumulated OCI was $3.3 billion, net of the related income tax expense of $1.1 billion. The Corporation had nonperforming AFS debt securities of $18 million and $20 million at September 30, 2021 and December 31, 2020.

At September 30, 2021 and December 31, 2020, the Corporation had $244.0 billion and $200.0 billion in AFS debt securities, which were primarily U.S. agency and U.S. Treasury securities that have a zero credit loss assumption. For the remaining $31.3 billion and $34.5 billion in AFS debt securities at September 30, 2021 and December 31, 2020, the amount of expected credit losses was insignificant. Substantially all of the Corporation's HTM debt securities consist of U.S. agency and U.S. Treasury securities and have a zero credit loss assumption.

At September 30, 2021 and December 31, 2020, the Corporation held equity securities at an aggregate fair value of $611 million and $769 million and other equity securities, as valued under the measurement alternative, at a carrying value of $268 million and $240 million, both of which are included in other assets. At September 30, 2021 and December 31, 2020, the Corporation also held money market investments at a fair value of $336 million and $1.6 billion, which are included in time deposits placed and other short-term investments.

During the three and nine months ended September 30, 2021, sales of AFS securities were not significant. For the same periods in 2020, the Corporation recorded gross realized gains of $4 million and $383 million and gross realized losses of $2 million and $4 million, resulting in net gains of $2 million and $379 million, with $1 million and $95 million of income taxes attributable to the realized net gains on sales of these AFS debt securities.

The table below presents the fair value and the associated gross unrealized losses on AFS debt securities and whether these securities have had gross unrealized losses for less than 12 months or for 12 months or longer at September 30, 2021 and December 31, 2020.

Total AFS Debt Securities in a Continuous Unrealized Loss Position

(Dollars in millions)	Less than Twelve Months Fair Value	Less than Twelve Months Gross Unrealized Losses	Twelve Months or Longer Fair Value	Twelve Months or Longer Gross Unrealized Losses	Total Fair Value	Total Gross Unrealized Losses
			September 30, 2021			
Continuously unrealized loss-positioned AFS debt securities						
Mortgage-backed securities:						
Agency	**$ 10,421**	**$ (72)**	**$ 1,037**	**$ (18)**	**$ 11,458**	**$ (90)**
Agency-collateralized mortgage obligations	**1,528**	**(6)**	**192**	**(5)**	**1,720**	**(11)**
Commercial	**2,517**	**(35)**	**322**	**(15)**	**2,839**	**(50)**
Non-agency residential	**479**	**(25)**	**113**	**(10)**	**592**	**(35)**
Total mortgage-backed securities	**14,945**	**(138)**	**1,664**	**(48)**	**16,609**	**(186)**
U.S. Treasury and government agencies	**45,297**	**(151)**	**944**	**(12)**	**46,241**	**(163)**
Other taxable securities	**336**	**(1)**	**—**	**—**	**336**	**(1)**
Tax-exempt securities	**373**	**(9)**	**422**	**(12)**	**795**	**(21)**
Total AFS debt securities in a continuous unrealized loss position	**$ 60,951**	**$ (299)**	**$ 3,030**	**$ (72)**	**$ 63,981**	**$ (371)**
			December 31, 2020			
Continuously unrealized loss-positioned AFS debt securities						
Mortgage-backed securities:						
Agency	$ 2,841	$ (39)	$ 2	$ —	$ 2,843	$ (39)
Agency-collateralized mortgage obligations	187	(2)	364	(11)	551	(13)
Commercial	566	(4)	9	—	575	(4)
Non-agency residential	342	(9)	56	(8)	398	(17)
Total mortgage-backed securities	3,936	(54)	431	(19)	4,367	(73)
U.S. Treasury and government agencies	8,282	(9)	498	(4)	8,780	(13)
Non-U.S. securities	1,861	(6)	135	(1)	1,996	(7)
Other taxable securities	576	(2)	396	(4)	972	(6)
Tax-exempt securities	4,108	(29)	617	(3)	4,725	(32)
Total AFS debt securities in a continuous unrealized loss position	$ 18,763	$ (100)	$ 2,077	$ (31)	$ 20,840	$ (131)

The remaining contractual maturity distribution and yields of the Corporation's debt securities carried at fair value and HTM debt securities at September 30, 2021 are summarized in the table below. Actual duration and yields may differ as prepayments on the loans underlying the MBS or other asset-backed securities (ABS) are passed through to the Corporation.

Maturities of Debt Securities Carried at Fair Value and Held-to-maturity Debt Securities

	Due in One Year or Less		Due after One Year through Five Years		Due after Five Years through Ten Years		Due after Ten Years		Total	
(Dollars in millions)	Amount	Yield (1)	Amount	Yield (1)	Amount	Yield (1)	Amount	Yield (1)	Amount	Yield (1)
Amortized cost of debt securities carried at fair value										
Mortgage-backed securities:										
Agency	$ —	— %	$ 5	4.73 %	$ 53	4.51 %	$ 50,698	3.12 %	$ 50,756	3.12 %
Agency-collateralized mortgage obligations	—	—	—	—	21	2.52	3,663	2.91	3,684	2.91
Commercial	354	2.32	10,257	2.48	5,857	1.75	1,636	2.18	18,104	2.21
Non-agency residential	—	—	—	—	—	—	1,442	6.59	1,442	6.59
Total mortgage-backed securities	354	2.32	10,262	2.48	5,931	1.78	57,439	3.17	73,986	2.96
U.S. Treasury and government agencies	4,988	1.25	33,785	1.65	128,893	1.07	29	2.57	167,695	1.20
Non-U.S. securities	20,658	0.30	370	3.01	344	1.03	61	51.33	21,433	0.51
Other taxable securities	666	1.53	1,336	2.27	341	2.44	246	1.63	2,589	2.04
Tax-exempt securities	1,542	1.07	7,539	1.35	3,445	1.65	2,786	1.40	15,312	1.40
Total amortized cost of debt securities carried at fair value	**$ 28,208**	**0.57**	**$ 53,292**	**1.79**	**$ 138,954**	**1.12**	**$ 60,561**	**3.13**	**$ 281,015**	**1.62**
Amortized cost of HTM debt securities										
Agency mortgage-backed securities	$ —	— %	$ —	— %	$ 4	2.33 %	$ 562,120	2.15 %	$ 562,124	2.15 %
U.S. Treasury and government agencies	—	—	—	—	111,855	1.35	—	—	111,855	1.35
Other taxable securities	234	6.51	824	2.36	314	3.05	7,923	2.52	9,295	2.63
Total amortized cost of HTM debt securities	**$ 234**	**6.51**	**$ 824**	**2.36**	**$ 112,173**	**1.35**	**$ 570,043**	**2.16**	**$ 683,274**	**2.03**
Debt securities carried at fair value										
Mortgage-backed securities:										
Agency	$ —		$ 5		$ 57		$ 52,235		$ 52,297	
Agency-collateralized mortgage obligations	—		—		21		3,755		3,776	
Commercial	358		10,798		5,998		1,678		18,832	
Non-agency residential	—		—		4		1,506		1,510	
Total mortgage-backed securities	358		10,803		6,080		59,174		76,415	
U.S. Treasury and government agencies	5,024		34,884		129,463		30		169,401	
Non-U.S. securities	20,534		373		347		59		21,313	
Other taxable securities	671		1,368		346		251		2,636	
Tax-exempt securities	1,544		7,681		3,577		2,810		15,612	
Total debt securities carried at fair value	**$ 28,131**		**$ 55,109**		**$ 139,813**		**$ 62,324**		**$ 285,377**	
Fair value of HTM debt securities										
Agency mortgage-backed securities	$ —		$ —		$ 4		$ 559,586		$ 559,590	
U.S. Treasury and government agencies	—		—		109,408		—		109,408	
Other taxable securities	234		863		326		7,912		9,335	
Total fair value of HTM debt securities	**$ 234**		**$ 863**		**$ 109,738**		**$ 567,498**		**$ 678,333**	

(1) The weighted-average yield is computed based on a constant effective interest rate over the contractual life of each security. The average yield considers the contractual coupon and the amortization of premiums and accretion of discounts, excluding the effect of related hedging derivatives.

NOTE 5 Outstanding Loans and Leases and Allowance for Credit Losses

The following tables present total outstanding loans and leases and an aging analysis for the Consumer Real Estate, Credit Card and Other Consumer, and Commercial portfolio segments, by class of financing receivables, at September 30, 2021 and December 31, 2020.

(Dollars in millions)	30-59 Days Past Due [1]	60-89 Days Past Due [1]	90 Days or More Past Due [1]	Total Past Due 30 Days or More	Total Current or Less Than 30 Days Past Due [1]	Loans Accounted for Under the Fair Value Option	Total Outstandings
				September 30, 2021			
Consumer real estate							
Residential mortgage	$ 1,010	$ 276	$ 1,504	$ 2,790	$ 214,150		$ 216,940
Home equity	132	69	366	567	28,433		29,000
Credit card and other consumer							
Credit card	286	198	450	934	75,935		76,869
Direct/Indirect consumer [2]	119	31	16	166	99,679		99,845
Other consumer	—	—	—	—	202		202
Total consumer	1,547	574	2,336	4,457	418,399		422,856
Consumer loans accounted for under the fair value option [3]						$ 616	616
Total consumer loans and leases	1,547	574	2,336	4,457	418,399	616	423,472
Commercial							
U.S. commercial	640	234	238	1,112	294,815		295,927
Non-U.S. commercial	77	48	130	255	102,595		102,850
Commercial real estate [4]	138	—	208	346	60,377		60,723
Commercial lease financing	32	33	15	80	14,964		15,044
U.S. small business commercial [5]	70	43	66	179	22,591		22,770
Total commercial	957	358	657	1,972	495,342		497,314
Commercial loans accounted for under the fair value option [3]						6,950	6,950
Total commercial loans and leases	957	358	657	1,972	495,342	6,950	504,264
Total loans and leases [6]	$ 2,504	$ 932	$ 2,993	$ 6,429	$ 913,741	$ 7,566	$ 927,736
Percentage of outstandings	0.27 %	0.10 %	0.32 %	0.69 %	98.49 %	0.82 %	100.00 %

(1) Consumer real estate loans 30-59 days past due includes fully-insured loans of $185 million and nonperforming loans of $116 million. Consumer real estate loans 60-89 days past due includes fully-insured loans of $97 million and nonperforming loans of $102 million. Consumer real estate loans 90 days or more past due includes fully-insured loans of $648 million. Consumer real estate loans current or less than 30 days past due includes $1.5 billion and direct/indirect consumer includes $29 million of nonperforming loans. For information on the Corporation's interest accrual policies and delinquency status for loan modifications related to the pandemic, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

(2) Total outstandings primarily includes auto and specialty lending loans and leases of $47.2 billion, U.S. securities-based lending loans of $48.7 billion and non-U.S. consumer loans of $3.0 billion.

(3) Consumer loans accounted for under the fair value option includes residential mortgage loans of $241 million and home equity loans of $375 million. Commercial loans accounted for under the fair value option includes U.S. commercial loans of $4.5 billion and non-U.S. commercial loans of $2.4 billion. For more information, see *Note 14 – Fair Value Measurements* and *Note 15 – Fair Value Option*.

(4) Total outstandings includes U.S. commercial real estate loans of $56.6 billion and non-U.S. commercial real estate loans of $4.1 billion.

(5) Includes Paycheck Protection Program loans.

(6) Total outstandings includes loans and leases pledged as collateral of $12.8 billion. The Corporation also pledged $150.2 billion of loans with no related outstanding borrowings to secure potential borrowing capacity with the Federal Reserve Bank and Federal Home Loan Bank.

(Dollars in millions)	30-59 Days Past Due [1]	60-89 Days Past Due [1]	90 Days or More Past Due [1]	Total Past Due 30 Days or More	Total Current or Less Than 30 Days Past Due [1]	Loans Accounted for Under the Fair Value Option	Total Outstandings
	December 31, 2020						
Consumer real estate							
Residential mortgage	$ 1,430	$ 297	$ 1,699	$ 3,426	$ 220,129		$ 223,555
Home equity	154	78	345	577	33,734		34,311
Credit card and other consumer							
Credit card	445	341	903	1,689	77,019		78,708
Direct/Indirect consumer [2]	209	67	37	313	91,050		91,363
Other consumer	—	—	—	—	124		124
Total consumer	2,238	783	2,984	6,005	422,056		428,061
Consumer loans accounted for under the fair value option [3]						$ 735	735
Total consumer loans and leases	2,238	783	2,984	6,005	422,056	735	428,796
Commercial							
U.S. commercial	561	214	512	1,287	287,441		288,728
Non-U.S. commercial	61	44	11	116	90,344		90,460
Commercial real estate [4]	128	113	226	467	59,897		60,364
Commercial lease financing	86	20	57	163	16,935		17,098
U.S. small business commercial [5]	84	56	123	263	36,206		36,469
Total commercial	920	447	929	2,296	490,823		493,119
Commercial loans accounted for under the fair value option [3]						5,946	5,946
Total commercial loans and leases	920	447	929	2,296	490,823	5,946	499,065
Total loans and leases [6]	$ 3,158	$ 1,230	$ 3,913	$ 8,301	$ 912,879	$ 6,681	$ 927,861
Percentage of outstandings	0.34 %	0.13 %	0.42 %	0.89 %	98.39 %	0.72 %	100.00 %

(1) Consumer real estate loans 30-59 days past due includes fully-insured loans of $225 million and nonperforming loans of $126 million. Consumer real estate loans 60-89 days past due includes fully-insured loans of $103 million and nonperforming loans of $95 million. Consumer real estate loans 90 days or more past due includes fully-insured loans of $762 million. Consumer real estate loans current or less than 30 days past due includes $1.2 billion and direct/indirect consumer includes $66 million of nonperforming loans. For information on the Corporation's interest accrual policies and delinquency status for loan modifications related to the pandemic, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

(2) Total outstandings primarily includes auto and specialty lending loans and leases of $46.4 billion, U.S. securities-based lending loans of $41.1 billion and non-U.S. consumer loans of $3.0 billion.

(3) Consumer loans accounted for under the fair value option includes residential mortgage loans of $298 million and home equity loans of $437 million. Commercial loans accounted for under the fair value option includes U.S. commercial loans of $2.9 billion and non-U.S. commercial loans of $3.0 billion. For more information, see *Note 14 – Fair Value Measurements* and *Note 15 – Fair Value Option*.

(4) Total outstandings includes U.S. commercial real estate loans of $57.2 billion and non-U.S. commercial real estate loans of $3.2 billion.

(5) Includes Paycheck Protection Program loans.

(6) Total outstandings includes loans and leases pledged as collateral of $15.5 billion. The Corporation also pledged $153.1 billion of loans with no related outstanding borrowings to secure potential borrowing capacity with the Federal Reserve Bank and Federal Home Loan Bank.

The Corporation has entered into long-term credit protection agreements with FNMA and FHLMC on loans totaling $10.3 billion and $9.0 billion at September 30, 2021 and December 31, 2020, providing full credit protection on residential mortgage loans that become severely delinquent. All of these loans are individually insured, and therefore the Corporation does not record an allowance for credit losses related to these loans.

Nonperforming Loans and Leases

Commercial nonperforming loans decreased to $1.7 billion at September 30, 2021 from $2.2 billion at December 31, 2020. Consumer nonperforming loans increased to $3.0 billion at September 30, 2021 from $2.7 billion at December 31, 2020 driven by consumer real estate deferral activity.

The following table presents the Corporation's nonperforming loans and leases including nonperforming troubled debt restructurings (TDRs), and loans accruing past due 90 days or more at September 30, 2021 and December 31, 2020. Nonperforming loans held-for-sale (LHFS) are excluded from nonperforming loans and leases as they are recorded at either fair value or the lower of cost or fair value. For more information on the criteria for classification as nonperforming, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

Credit Quality

(Dollars in millions)	Nonperforming Loans and Leases September 30 2021	Nonperforming Loans and Leases December 31 2020	Accruing Past Due 90 Days or More [1] September 30 2021	Accruing Past Due 90 Days or More [1] December 31 2020
Residential mortgage [2]	**$ 2,296**	$ 2,005	**$ 648**	$ 762
With no related allowance [3]	**1,984**	1,378	**—**	—
Home equity [2]	**676**	649	**—**	—
With no related allowance [3]	**419**	347	**—**	—
Credit Card	**n/a**	n/a	**450**	903
Direct/indirect consumer	**45**	71	**8**	33
Total consumer	**3,017**	2,725	**1,106**	1,698
U.S. commercial	**909**	1,243	**84**	228
Non-U.S. commercial	**272**	418	**60**	10
Commercial real estate	**414**	404	**5**	6
Commercial lease financing	**70**	87	**11**	25
U.S. small business commercial	**32**	75	**64**	115
Total commercial	**1,697**	2,227	**224**	384
Total nonperforming loans	**$ 4,714**	$ 4,952	**$ 1,330**	$ 2,082
Percentage of outstanding loans and leases	**0.51 %**	0.54 %	**0.14 %**	0.23 %

(1) For information on the Corporation's interest accrual policies and delinquency status for loan modifications related to the pandemic, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.
(2) Residential mortgage loans accruing past due 90 days or more are fully-insured loans. At September 30, 2021 and December 31, 2020 residential mortgage includes $466 million and $537 million of loans on which interest had been curtailed by the Federal Housing Administration (FHA), and therefore were no longer accruing interest, although principal was still insured, and $182 million and $225 million of loans on which interest was still accruing.
(3) Primarily relates to loans for which the estimated fair value of the underlying collateral less any costs to sell is greater than the amortized cost of the loans as of the reporting date.
n/a = not applicable

Credit Quality Indicators

The Corporation monitors credit quality within its Consumer Real Estate, Credit Card and Other Consumer, and Commercial portfolio segments based on primary credit quality indicators. For more information on the portfolio segments, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K. Within the Consumer Real Estate portfolio segment, the primary credit quality indicators are refreshed loan-to-value (LTV) and refreshed Fair Isaac Corporation (FICO) score. Refreshed LTV measures the carrying value of the loan as a percentage of the value of the property securing the loan, refreshed quarterly. Home equity loans are evaluated using combined loan-to-value (CLTV), which measures the carrying value of the Corporation's loan and available line of credit combined with any outstanding senior liens against the property as a percentage of the value of the property securing the loan, refreshed quarterly. FICO score measures the creditworthiness of the borrower based on the financial obligations of the borrower and the borrower's credit history. FICO scores are typically refreshed quarterly or more frequently. Certain borrowers (e.g., borrowers that have had debts discharged in a bankruptcy proceeding) may not have their FICO scores updated. FICO scores are also a primary credit quality indicator for the Credit Card and Other Consumer portfolio segment and the business card portfolio within U.S. small business commercial. Within the Commercial portfolio segment, loans are evaluated using the internal classifications of pass rated or reservable criticized as the primary credit quality indicators. The term reservable criticized refers to those commercial loans that are internally classified or listed by the Corporation as Special Mention, Substandard or Doubtful, which are asset quality categories defined by regulatory authorities. These assets have an elevated level of risk and may have a high probability of default or total loss. Pass rated refers to all loans not considered reservable criticized. In addition to these primary credit quality indicators, the Corporation uses other credit quality indicators for certain types of loans.

The following tables present certain credit quality indicators for the Corporation's Consumer Real Estate, Credit Card and Other Consumer, and Commercial portfolio segments by class of financing receivables and year of origination for term loan balances at September 30, 2021, including revolving loans that converted to term loans without an additional credit decision after origination or through a TDR.

Residential Mortgage – Credit Quality Indicators By Vintage

(Dollars in millions)	Total as of September 30, 2021	Term Loans by Origination Year 2021	2020	2019	2018	2017	Prior
Total Residential Mortgage							
Refreshed LTV							
Less than or equal to 90 percent	**$ 201,127**	$ 66,702	$ 48,549	$ 26,414	$ 8,448	$ 12,487	$ 38,527
Greater than 90 percent but less than or equal to 100 percent	**2,388**	1,327	704	169	31	24	133
Greater than 100 percent	**801**	451	155	57	16	14	108
Fully-insured loans	**12,624**	2,945	3,698	1,370	253	259	4,099
Total Residential Mortgage	**$ 216,940**	$ 71,425	$ 53,106	$ 28,010	$ 8,748	$ 12,784	$ 42,867
Total Residential Mortgage							
Refreshed FICO score							
Less than 620	**$ 2,499**	$ 517	$ 480	$ 151	$ 123	$ 124	$ 1,104
Greater than or equal to 620 and less than 680	**4,932**	1,057	1,162	525	318	310	1,560
Greater than or equal to 680 and less than 740	**23,689**	6,536	5,973	2,935	1,225	1,563	5,457
Greater than or equal to 740	**173,196**	60,370	41,793	23,029	6,829	10,528	30,647
Fully-insured loans	**12,624**	2,945	3,698	1,370	253	259	4,099
Total Residential Mortgage	**$ 216,940**	$ 71,425	$ 53,106	$ 28,010	$ 8,748	$ 12,784	$ 42,867

Home Equity - Credit Quality Indicators

(Dollars in millions)	Total	Home Equity Loans and Reverse Mortgages [1]	Revolving Loans	Revolving Loans Converted to Term Loans
	September 30, 2021			
Total Home Equity				
Refreshed LTV				
Less than or equal to 90 percent	**$ 28,529**	**$ 1,789**	**$ 19,526**	**$ 7,214**
Greater than 90 percent but less than or equal to 100 percent	**192**	**83**	**47**	**62**
Greater than 100 percent	**279**	**105**	**70**	**104**
Total Home Equity	**$ 29,000**	**$ 1,977**	**$ 19,643**	**$ 7,380**
Total Home Equity				
Refreshed FICO score				
Less than 620	**$ 930**	**$ 240**	**$ 214**	**$ 476**
Greater than or equal to 620 and less than 680	**1,483**	**230**	**497**	**756**
Greater than or equal to 680 and less than 740	**4,807**	**487**	**2,509**	**1,811**
Greater than or equal to 740	**21,780**	**1,020**	**16,423**	**4,337**
Total Home Equity	**$ 29,000**	**$ 1,977**	**$ 19,643**	**$ 7,380**

(1) Includes reverse mortgages of $1.3 billion and home equity loans of $646 million which are no longer originated.

Credit Card and Direct/Indirect Consumer – Credit Quality Indicators By Vintage

(Dollars in millions)	Direct/Indirect: Total Direct/Indirect as of September 30, 2021	Revolving Loans	Term Loans by Origination Year 2021	2020	2019	2018	2017	Prior	Credit Card: Total Credit Card as of September 30, 2021	Revolving Loans	Revolving Loans Converted to Term Loans [1]
Refreshed FICO score											
Less than 620	**$ 677**	$ 14	$ 117	$ 110	$ 139	$ 95	$ 122	$ 80	**$ 2,846**	$ 2,686	$ 160
Greater than or equal to 620 and less than 680	**2,194**	15	890	464	355	173	165	132	**8,665**	8,460	205
Greater than or equal to 680 and less than 740	**8,083**	63	3,544	1,869	1,290	565	390	362	**26,939**	26,740	199
Greater than or equal to 740	**36,456**	97	12,248	9,572	7,425	3,284	1,940	1,890	**38,419**	38,370	49
Other internal credit metrics [2,3]	**52,435**	51,699	283	67	91	84	61	150	**—**	—	—
Total credit card and other consumer	**$ 99,845**	$ 51,888	$ 17,082	$ 12,082	$ 9,300	$ 4,201	$ 2,678	$ 2,614	**$ 76,869**	$ 76,256	$ 613

(1) Represents TDRs that were modified into term loans.
(2) Other internal credit metrics may include delinquency status, geography or other factors.
(3) Direct/indirect consumer includes $51.7 billion of securities-based lending which is typically supported by highly liquid collateral with market value greater than or equal to the outstanding loan balance and therefore has minimal credit risk at September 30, 2021.

Commercial – Credit Quality Indicators By Vintage (1, 2)

		Term Loans						
		Amortized Cost Basis by Origination Year						
(Dollars in millions)	Total as of September 30, 2021	2021	2020	2019	2018	2017	Prior	Revolving Loans
U.S. Commercial								
Risk ratings								
Pass rated	**$ 284,704**	$ 39,184	$ 24,933	$ 25,500	$ 11,900	$ 11,207	$ 23,764	$ 148,216
Reservable criticized	**11,223**	461	1,082	1,491	1,730	583	1,191	4,685
Total U.S. Commercial	**$ 295,927**	$ 39,645	$ 26,015	$ 26,991	$ 13,630	$ 11,790	$ 24,955	$ 152,901
Non-U.S. Commercial								
Risk ratings								
Pass rated	**$ 100,057**	$ 17,768	$ 10,213	$ 7,795	$ 4,775	$ 3,633	$ 3,000	$ 52,873
Reservable criticized	**2,793**	188	341	616	378	200	285	785
Total Non-U.S. Commercial	**$ 102,850**	$ 17,956	$ 10,554	$ 8,411	$ 5,153	$ 3,833	$ 3,285	$ 53,658
Commercial Real Estate								
Risk ratings								
Pass rated	**$ 52,861**	$ 8,993	$ 7,653	$ 12,445	$ 7,021	$ 3,742	$ 7,669	$ 5,338
Reservable criticized	**7,862**	209	993	1,972	1,856	996	1,339	497
Total Commercial Real Estate	**$ 60,723**	$ 9,202	$ 8,646	$ 14,417	$ 8,877	$ 4,738	$ 9,008	$ 5,835
Commercial Lease Financing								
Risk ratings								
Pass rated	**$ 14,640**	$ 1,515	$ 2,641	$ 2,921	$ 2,203	$ 2,020	$ 3,340	$ —
Reservable criticized	**404**	27	11	96	71	52	147	—
Total Commercial Lease Financing	**$ 15,044**	$ 1,542	$ 2,652	$ 3,017	$ 2,274	$ 2,072	$ 3,487	$ —
U.S. Small Business Commercial (3)								
Risk ratings								
Pass rated	**$ 15,149**	$ 6,414	$ 4,524	$ 1,101	$ 800	$ 665	$ 1,504	$ 141
Reservable criticized	**546**	7	32	111	99	78	216	3
Total U.S. Small Business Commercial	**$ 15,695**	$ 6,421	$ 4,556	$ 1,212	$ 899	$ 743	$ 1,720	$ 144
Total	**$ 490,239**	$ 74,766	$ 52,423	$ 54,048	$ 30,833	$ 23,176	$ 42,455	$ 212,538

(1) Excludes $7.0 billion of loans accounted for under the fair value option at September 30, 2021.
(2) Includes $18 million of loans that converted from revolving to term loans.
(3) Excludes U.S. Small Business Card loans of $7.1 billion. Refreshed FICO scores for this portfolio are $188 million for less than 620; $572 million for greater than or equal to 620 and less than 680; $1.8 billion for greater than or equal to 680 and less than 740; and $4.5 billion greater than or equal to 740.

The following tables present certain credit quality indicators for the Corporation's Consumer Real Estate, Credit Card and Other Consumer, and Commercial portfolio segments by class of financing receivables and year of origination for term loan balances at December 31, 2020, including revolving loans that converted to term loans without an additional credit decision after origination or through a TDR.

Residential Mortgage – Credit Quality Indicators By Vintage

			Term Loans by Origination Year					
(Dollars in millions)		Total as of December 31, 2020	2020	2019	2018	2017	2016	Prior
Total Residential Mortgage								
Refreshed LTV								
Less than or equal to 90 percent	$	207,389	$ 68,907	$ 43,771	$ 14,658	$ 21,589	$ 22,967	$ 35,497
Greater than 90 percent but less than or equal to 100 percent		3,138	1,970	684	128	70	96	190
Greater than 100 percent		1,210	702	174	47	39	37	211
Fully-insured loans		11,818	3,826	2,014	370	342	1,970	3,296
Total Residential Mortgage	$	223,555	$ 75,405	$ 46,643	$ 15,203	$ 22,040	$ 25,070	$ 39,194
Total Residential Mortgage								
Refreshed FICO score								
Less than 620	$	2,717	$ 823	$ 177	$ 139	$ 170	$ 150	$ 1,258
Greater than or equal to 620 and less than 680		5,462	1,804	666	468	385	368	1,771
Greater than or equal to 680 and less than 740		25,349	8,533	4,679	1,972	2,427	2,307	5,431
Greater than or equal to 740		178,209	60,419	39,107	12,254	18,716	20,275	27,438
Fully-insured loans		11,818	3,826	2,014	370	342	1,970	3,296
Total Residential Mortgage	$	223,555	$ 75,405	$ 46,643	$ 15,203	$ 22,040	$ 25,070	$ 39,194

Home Equity - Credit Quality Indicators

(Dollars in millions)		Total	Home Equity Loans and Reverse Mortgages (1)	Revolving Loans	Revolving Loans Converted to Term Loans
		December 31, 2020			
Total Home Equity					
Refreshed LTV					
Less than or equal to 90 percent	$	33,447	$ 1,919	$ 22,639	$ 8,889
Greater than 90 percent but less than or equal to 100 percent		351	126	94	131
Greater than 100 percent		513	172	118	223
Total Home Equity	$	34,311	$ 2,217	$ 22,851	$ 9,243
Total Home Equity					
Refreshed FICO score					
Less than 620	$	1,082	$ 250	$ 244	$ 588
Greater than or equal to 620 and less than 680		1,798	263	568	967
Greater than or equal to 680 and less than 740		5,762	556	2,905	2,301
Greater than or equal to 740		25,669	1,148	19,134	5,387
Total Home Equity	$	34,311	$ 2,217	$ 22,851	$ 9,243

(1) Includes reverse mortgages of $1.3 billion and home equity loans of $885 million which are no longer originated.

Credit Card and Direct/Indirect Consumer – Credit Quality Indicators By Vintage

	Direct/Indirect								Credit Card		
			Term Loans by Origination Year								
(Dollars in millions)	Total Direct/Indirect as of December 31, 2020	Revolving Loans	2020	2019	2018	2017	2016	Prior	Total Credit Card as of December 31, 2020	Revolving Loans	Revolving Loans Converted to Term Loans [1]
Refreshed FICO score											
Less than 620	$ 959	$ 19	$ 111	$ 200	$ 175	$ 243	$ 148	$ 63	$ 4,018	$ 3,832	$ 186
Greater than or equal to 620 and less than 680	2,143	20	653	559	329	301	176	105	9,419	9,201	218
Greater than or equal to 680 and less than 740	7,431	80	2,848	2,015	1,033	739	400	316	27,585	27,392	193
Greater than or equal to 740	36,064	120	12,540	10,588	5,869	3,495	1,781	1,671	37,686	37,642	44
Other internal credit metrics [2, 3]	44,766	44,098	74	115	84	67	52	276	—	—	—
Total credit card and other consumer	$ 91,363	$ 44,337	$ 16,226	$ 13,477	$ 7,490	$ 4,845	$ 2,557	$ 2,431	$ 78,708	$ 78,067	$ 641

(1) Represents TDRs that were modified into term loans.
(2) Other internal credit metrics may include delinquency status, geography or other factors.
(3) Direct/indirect consumer includes $44.1 billion of securities-based lending which is typically supported by highly liquid collateral with market value greater than or equal to the outstanding loan balance and therefore has minimal credit risk at December 31, 2020.

Commercial – Credit Quality Indicators By Vintage [1, 2]

		Term Loans						
		Amortized Cost Basis by Origination Year						
(Dollars in millions)	Total as of December 31, 2020	2020	2019	2018	2017	2016	Prior	Revolving Loans
U.S. Commercial								
Risk ratings								
Pass rated	$ 268,812	$ 33,456	$ 33,305	$ 17,363	$ 14,102	$ 7,420	$ 21,784	$ 141,382
Reservable criticized	19,916	2,524	2,542	2,689	854	698	1,402	9,207
Total U.S. Commercial	$ 288,728	$ 35,980	$ 35,847	$ 20,052	$ 14,956	$ 8,118	$ 23,186	$ 150,589
Non-U.S. Commercial								
Risk ratings								
Pass rated	$ 85,914	$ 16,301	$ 11,396	$ 7,451	$ 5,037	$ 1,674	$ 2,194	$ 41,861
Reservable criticized	4,546	914	572	492	436	138	259	1,735
Total Non-U.S. Commercial	$ 90,460	$ 17,215	$ 11,968	$ 7,943	$ 5,473	$ 1,812	$ 2,453	$ 43,596
Commercial Real Estate								
Risk ratings								
Pass rated	$ 50,260	$ 8,429	$ 14,126	$ 8,228	$ 4,599	$ 3,299	$ 6,542	$ 5,037
Reservable criticized	10,104	933	2,558	2,115	1,582	606	1,436	874
Total Commercial Real Estate	$ 60,364	$ 9,362	$ 16,684	$ 10,343	$ 6,181	$ 3,905	$ 7,978	$ 5,911
Commercial Lease Financing								
Risk ratings								
Pass rated	$ 16,384	$ 3,083	$ 3,242	$ 2,956	$ 2,532	$ 1,703	$ 2,868	$ —
Reservable criticized	714	117	117	132	81	88	179	—
Total Commercial Lease Financing	$ 17,098	$ 3,200	$ 3,359	$ 3,088	$ 2,613	$ 1,791	$ 3,047	$ —
U.S. Small Business Commercial [3]								
Risk ratings								
Pass rated	$ 28,786	$ 24,539	$ 1,121	$ 837	$ 735	$ 527	$ 855	$ 172
Reservable criticized	1,148	76	239	210	175	113	322	13
Total U.S. Small Business Commercial	$ 29,934	$ 24,615	$ 1,360	$ 1,047	$ 910	$ 640	$ 1,177	$ 185
Total	$ 486,584	$ 90,372	$ 69,218	$ 42,473	$ 30,133	$ 16,266	$ 37,841	$ 200,281

(1) Excludes $5.9 billion of loans accounted for under the fair value option at December 31, 2020.
(2) Includes $58 million of loans that converted from revolving to term loans.
(3) Excludes U.S. Small Business Card loans of $6.5 billion. Refreshed FICO scores for this portfolio are $265 million for less than 620; $582 million for greater than or equal to 620 and less than 680; $1.7 billion for greater than or equal to 680 and less than 740; and $3.9 billion greater than or equal to 740.

During the nine months ended September 30, 2021, commercial credit quality showed signs of stabilization as the economy continued to recover. Commercial reservable criticized utilized exposure decreased to $24.1 billion at September 30, 2021 from $38.7 billion (to 4.53 percent from 7.31 percent of total commercial reservable utilized exposure) at December 31, 2020, which was broad-based across industries.

Troubled Debt Restructurings

The Corporation has been entering into loan modifications with borrowers in response to the pandemic, most of which are not classified as TDRs and therefore are not included in the following discussion. For more information on the criteria for classifying loans as TDRs, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

Consumer Real Estate

Modifications of consumer real estate loans are classified as TDRs when the borrower is experiencing financial difficulties and a concession has been granted. Concessions may include reductions in interest rates, capitalization of past due amounts, principal and/or interest forbearance, payment extensions, principal and/or interest forgiveness, or combinations thereof. Prior to permanently modifying a loan, the Corporation may enter into trial modifications with certain borrowers under both government and proprietary programs. Trial modifications generally represent a three- to four-month period during which the borrower makes monthly payments under the anticipated modified payment terms. Upon successful completion of the trial period, the Corporation and the borrower enter into a permanent modification. Binding trial modifications are classified as TDRs when the trial offer is made and continue to be classified as TDRs regardless of whether the borrower enters into a permanent modification.

Consumer real estate loans of $323 million that have been discharged in Chapter 7 bankruptcy with no change in repayment terms and not reaffirmed by the borrower were included in TDRs at September 30, 2021, of which $95 million were classified as nonperforming and $57 million were loans fully insured.

Consumer real estate TDRs are measured primarily based on the net present value of the estimated cash flows discounted at the loan's original effective interest rate. If the carrying value of a TDR exceeds this amount, a specific allowance is recorded as a component of the allowance for loan and lease losses. Alternatively, consumer real estate TDRs that are considered to be dependent solely on the collateral for repayment (e.g., due to the lack of income verification) are measured based on the estimated fair value of the collateral, and a charge-off is recorded if the carrying value exceeds the fair value of the collateral. Consumer real estate loans that reach 180 days past due prior to modification are charged off to their net realizable value, less costs to sell, before they are modified as TDRs in accordance with established policy. Subsequent declines in the fair value of the collateral after a loan has reached 180 days past due are recorded as charge-offs. Fully-insured loans are protected against principal loss, and therefore, the Corporation does not record an allowance for loan and lease losses on the outstanding principal balance, even after they have been modified in a TDR.

At September 30, 2021 and December 31, 2020, remaining commitments to lend additional funds to debtors whose terms have been modified in a consumer real estate TDR were not significant. Consumer real estate foreclosed properties totaled $87 million and $123 million at September 30, 2021 and December 31, 2020. The carrying value of consumer real estate loans, including fully-insured loans, for which formal foreclosure proceedings were in process at September 30, 2021 was $1.1 billion. During the nine months ended September 30, 2021, the Corporation reclassified $33 million of consumer real estate loans, to foreclosed properties or, for properties acquired upon foreclosure of certain government-guaranteed loans (principally FHA-insured loans), to other assets. The reclassifications represent non-cash investing activities and, accordingly, are not reflected in the Consolidated Statement of Cash Flows.

The table below presents the September 30, 2021 and 2020 unpaid principal balance, carrying value, and average pre- and post-modification interest rates of consumer real estate loans that were modified in TDRs during the three and nine months ended September 30, 2021 and 2020. The following Consumer Real Estate portfolio segment tables include loans that were initially classified as TDRs during the period and also loans that had previously been classified as TDRs and were modified again during the period.

Consumer Real Estate – TDRs Entered into During the Three and Nine Months Ended September 30, 2021 and 2020

(Dollars in millions)	Unpaid Principal Balance	Carrying Value	Pre-Modification Interest Rate	Post-Modification Interest Rate [1]	Unpaid Principal Balance	Carrying Value	Pre-Modification Interest Rate	Post-Modification Interest Rate [1]
	Three Months Ended September 30, 2021				**Nine Months Ended September 30, 2021**			
Residential mortgage	**$ 451**	**$ 399**	**3.52 %**	**3.49 %**	**$ 832**	**$ 742**	**3.49 %**	**3.44 %**
Home equity	**61**	**45**	**3.51**	**3.51**	**97**	**73**	**3.56**	**3.58**
Total	**$ 512**	**$ 444**	**3.52**	**3.49**	**$ 929**	**$ 815**	**3.50**	**3.46**
	Three Months Ended September 30, 2020				Nine Months Ended September 30, 2020			
Residential mortgage	$ 103	$ 88	4.06 %	3.99 %	$ 294	$ 244	4.07 %	3.90 %
Home equity	12	10	4.25	4.08	56	45	3.85	3.73
Total	$ 115	$ 98	4.08	4.00	$ 350	$ 289	4.03	3.87

(1) The post-modification interest rate reflects the interest rate applicable only to permanently completed modifications, which exclude loans that are in a trial modification period.

The table below presents the September 30, 2021 and 2020 carrying value for consumer real estate loans that were modified in a TDR during the three and nine months ended September 30, 2021 and 2020, by type of modification.

Consumer Real Estate – Modification Programs

(Dollars in millions)	TDRs Entered into During the Three Months Ended September 30 2021	Three Months Ended September 30 2020	Nine Months Ended September 30 2021	Nine Months Ended September 30 2020
Modifications under government programs	$ —	$ —	$ 4	$ 8
Modifications under proprietary programs	**417**	50	**740**	136
Loans discharged in Chapter 7 bankruptcy [(1)]	**9**	15	**29**	44
Trial modifications	**18**	33	**42**	101
Total modifications	**$ 444**	$ 98	**$ 815**	$ 289

(1) Includes loans discharged in Chapter 7 bankruptcy with no change in repayment terms that are classified as TDRs.

The table below presents the carrying value of consumer real estate loans that entered into payment default during the three and nine months ended September 30, 2021 and 2020 that were modified in a TDR during the 12 months preceding payment default. A payment default for consumer real estate TDRs is recognized when a borrower has missed three monthly payments (not necessarily consecutively) since modification.

Consumer Real Estate – TDRs Entering Payment Default that were Modified During the Preceding 12 Months

(Dollars in millions)	Three Months Ended September 30 2021	Three Months Ended September 30 2020	Nine Months Ended September 30 2021	Nine Months Ended September 30 2020
Modifications under government programs	**$ 1**	$ 6	**$ 3**	$ 1
Modifications under proprietary programs	**35**	8	**80**	2
Loans discharged in Chapter 7 bankruptcy [(1)]	**1**	4	**6**	1
Trial modifications [(2)]	**3**	15	**15**	4
Total modifications	**$ 40**	$ 33	**$ 104**	$ 10

(1) Includes loans discharged in Chapter 7 bankruptcy with no change in repayment terms that are classified as TDRs.
(2) Includes trial modification offers to which the customer did not respond.

Credit Card and Other Consumer

The Corporation seeks to assist customers who are experiencing financial difficulty by modifying loans while ensuring compliance with federal and local laws and guidelines. Credit card and other consumer loan modifications generally involve reducing the interest rate on the account, placing the customer on a fixed payment plan not exceeding 60 months and canceling the customer's available line of credit, all of which are considered TDRs. The Corporation makes loan modifications directly with borrowers for debt held only by the Corporation (internal programs). Additionally, the Corporation makes loan modifications for borrowers working with third-party renegotiation agencies that provide solutions to customers' entire unsecured debt structures (external programs). The Corporation classifies other secured consumer loans that have been discharged in Chapter 7 bankruptcy as TDRs, which are written down to collateral value and placed on nonaccrual status no later than the time of discharge.

The table below provides information on the Corporation's Credit Card and Other Consumer TDR portfolio including the September 30, 2021 and 2020 unpaid principal balance, carrying value, and average pre- and post-modification interest rates of loans that were modified in TDRs during the three and nine months ended September 30, 2021 and 2020.

Credit Card and Other Consumer – TDRs Entered into During the Three and Nine Months Ended September 30, 2021 and 2020

(Dollars in millions)	Unpaid Principal Balance	Carrying Value [(1)]	Pre-Modification Interest Rate	Post-Modification Interest Rate	Unpaid Principal Balance	Carrying Value [(1)]	Pre-Modification Interest Rate	Post-Modification Interest Rate
	Three Months Ended September 30, 2021				**Nine Months Ended September 30, 2021**			
Credit card	**$ 66**	**$ 71**	**18.48 %**	**3.71 %**	**$ 189**	**$ 200**	**18.47 %**	**4.26 %**
Direct/Indirect consumer	**4**	**2**	**5.20**	**5.20**	**13**	**8**	**5.53**	**5.53**
Total	**$ 70**	**$ 73**	**18.06**	**3.76**	**$ 202**	**$ 208**	**17.99**	**4.31**
	Three Months Ended September 30, 2020				Nine Months Ended September 30, 2020			
Credit card	$ 71	$ 77	18.19 %	6.86 %	$ 203	$ 214	18.06 %	5.82 %
Direct/Indirect consumer	35	29	6.02	6.02	50	37	5.87	5.87
Total	$ 106	$ 106	14.85	6.63	$ 253	$ 251	16.29	5.83

(1) Includes accrued interest and fees.

The table below presents the September 30, 2021 and 2020 carrying value for Credit Card and Other Consumer loans that were modified in a TDR during the three and nine months ended September 30, 2021 and 2020, by program type.

Credit Card and Other Consumer – TDRs by Program Type

	TDRs Entered into During the Three Months Ended September 30		TDRs Entered into During the Nine Months Ended September 30	
(Dollars in millions)	**2021**	2020	**2021**	2020
Internal programs	**$ 60**	$ 80	**$ 166**	$ 178
External programs	**11**	19	**37**	59
Other	**2**	7	**5**	14
Total	**$ 73**	$ 106	**$ 208**	$ 251

Credit card and other consumer loans are deemed to be in payment default during the quarter in which a borrower misses the second of two consecutive payments. Payment defaults are one of the factors considered when projecting future cash flows in the calculation of the allowance for loan and lease losses for credit card and other consumer. Based on historical experience, the Corporation estimates that 10 percent of new credit card TDRs and 16 percent of new direct/indirect consumer TDRs may be in payment default within 12 months after modification.

Commercial Loans

Modifications of loans to commercial borrowers that are experiencing financial difficulty are designed to reduce the Corporation's loss exposure while providing the borrower with an opportunity to work through financial difficulties, often to avoid foreclosure or bankruptcy. Each modification is unique and reflects the individual circumstances of the borrower. Modifications that result in a TDR may include extensions of maturity at a concessionary (below market) rate of interest, payment forbearances or other actions designed to benefit the borrower while mitigating the Corporation's risk exposure. Reductions in interest rates are rare. Instead, the interest rates are typically increased, although the increased rate may not represent a market rate of interest. Infrequently, concessions may also include principal forgiveness in connection with foreclosure, short sale or other settlement agreements leading to termination or sale of the loan.

At the time of restructuring, the loans are remeasured to reflect the impact, if any, on projected cash flows resulting from the modified terms. If a portion of the loan is deemed to be uncollectible, a charge-off may be recorded at the time of restructuring. Alternatively, a charge-off may have already been recorded in a previous period such that no charge-off is required at the time of modification.

During the three and nine months ended September 30, 2021, the carrying value of the Corporation's commercial loans that were modified as TDRs was $213 million and $1.1 billion compared to $588 million and $1.5 billion for the same periods in 2020. At September 30, 2021 and December 31, 2020, the Corporation had commitments to lend $272 million and $402 million to commercial borrowers whose loans are classified as TDRs. The balance of commercial TDRs in payment default was $168 million and $218 million at September 30, 2021 and December 31, 2020.

Loans Held-for-sale

The Corporation had LHFS of $9.4 billion and $9.2 billion at September 30, 2021 and December 31, 2020. Cash and non-cash proceeds from sales and paydowns of loans originally classified as LHFS were $27.0 billion and $16.1 billion for the nine months ended September 30, 2021 and 2020. Cash used for originations and purchases of LHFS totaled approximately $27.0 billion and $11.1 billion for the nine months ended September 30, 2021 and 2020.

Accrued Interest Receivable

Accrued interest receivable for loans and leases and loans held-for-sale at September 30, 2021 and December 31, 2020 was $ 2.2 billion and $2.4 billion and is reported in customer and other receivables on the Consolidated Balance Sheet.

Outstanding credit card loan balances include unpaid principal, interest and fees. Credit card loans are not classified as nonperforming but are charged off no later than the end of the month in which the account becomes 180 days past due, within 60 days after receipt of notification of death or bankruptcy, or upon confirmation of fraud. During the three and nine months ended September 30, 2021, the Corporation reversed $87 million and $369 million of interest and fee income against the income statement line item in which it was originally recorded upon charge-off of the principal balance of the loan.

For the outstanding residential mortgage, home equity, direct/indirect consumer and commercial loan balances classified as nonperforming during the three and nine months ended September 30, 2021, interest and fee income reversed at the time the loans were classified as nonperforming was not significant. For more information on the Corporation's nonperforming loan policies, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

Allowance for Credit Losses

The allowance for credit losses is estimated using quantitative and qualitative methods that consider a variety of factors, such as historical loss experience, the current credit quality of the portfolio and an economic outlook over the life of the loan. Qualitative reserves cover losses that are expected but, in the Corporation's assessment, may not be adequately reflected in the quantitative methods or the economic assumptions. The Corporation incorporates forward-looking information through the use of several macroeconomic scenarios in determining the weighted economic outlook over the forecasted life of the assets. These scenarios include key macroeconomic variables such as gross domestic product, unemployment rate, real estate prices and corporate bond spreads. The scenarios that are chosen each quarter and the weighting given to each scenario depend on a variety of factors including recent economic events, leading economic indicators, internal and third-party economist views, and industry trends. For more information on the Corporation's credit loss accounting policies including the allowance for credit losses, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

The September 30, 2021 estimate for allowance for credit losses was based on various economic outlooks that included consensus estimates, a downside scenario that assumed a significantly longer period until economic recovery, a tail risk scenario similar to the severely adverse scenario used in stress testing, a scenario to account for inflationary risk and higher interest rates and an upside scenario to consider the potential for improvement in the consensus outlooks. The weighted economic outlook assumes that the U.S. unemployment rate will be just above five percent by the fourth quarters of 2022 and 2023, which includes the impacts of the downside scenarios noted above. Additionally, in this economic outlook, U.S. gross domestic product is forecasted to grow at 1.8 percent and 1.9 percent year-over-year in the fourth quarters of 2022 and 2023. The allowance for credit losses considered the impact of enacted government stimulus measures and continued to factor in the uncertainty resulting from the unprecedented nature of the current health crisis and risks that may prevent a full economic recovery.

While there has been improvement across the economy, the Corporation continues to factor into its allowance for credit losses an estimated impact from higher-risk segments that included leveraged loans and industries such as travel and entertainment, which have been adversely impacted by the effects of the pandemic.

The allowance for credit losses at September 30, 2021 was $14.7 billion, a decrease of $6.0 billion compared to December 31, 2020. The decrease in the allowance for credit losses was primarily driven by improvements in the macroeconomic outlook and credit quality. The change in the allowance for credit losses was comprised of a net decrease of $5.6 billion in the allowance for loan and lease losses and a $340 million decrease in the reserve for unfunded lending commitments. The decrease in the allowance for credit losses was attributed to $342 million in the consumer real estate portfolio, $2.6 billion in the credit card and other consumer portfolio, and $3.1 billion in the commercial portfolio. Similarly, the provision for credit losses improved $2.0 billion to a benefit of $624 million and $15.4 billion to a benefit of $4.1 billion for the three and nine months ended September 30, 2021 compared to the same periods in 2020. The benefit in the three-month period was primarily due to credit quality improvements. The benefit in the nine-month period was primarily driven by improvements in the macroeconomic outlook and credit quality.

Outstanding loans and leases excluding loans accounted for under the fair value option decreased $1.0 billion in the nine months ended September 30, 2021 driven by consumer loans, which decreased $5.2 billion primarily due to a decline in consumer real estate due to prepayments in a low rate environment. However, outstanding commercial loans and leases, excluding small business, increased $17.9 billion during the nine months ended September 30, 2021, primarily driven by *Global Markets*.

The changes in the allowance for credit losses, including net charge-offs and provision for loan and lease losses, are detailed in the following table.

(Dollars in millions)	Consumer Real Estate	Credit Card and Other Consumer	Commercial	Total
	Three Months Ended September 30, 2021			
Allowance for loan and lease losses, July 1	**$ 597**	**$ 6,835**	**$ 6,663**	**$ 14,095**
Loans and leases charged off	**(15)**	**(626)**	**(165)**	**(806)**
Recoveries of loans and leases previously charged off	**56**	**256**	**31**	**343**
Net charge-offs	**41**	**(370)**	**(134)**	**(463)**
Provision for loan and lease losses	**(85)**	**175**	**(565)**	**(475)**
Other	**2**	**(1)**	**(3)**	**(2)**
Allowance for loan and lease losses, September 30	**555**	**6,639**	**5,961**	**13,155**
Reserve for unfunded lending commitments, July 1	**107**	**—**	**1,580**	**1,687**
Provision for unfunded lending commitments	**(9)**	**—**	**(140)**	**(149)**
Reserve for unfunded lending commitments, September 30	**98**	**—**	**1,440**	**1,538**
Allowance for credit losses, September 30	**$ 653**	**$ 6,639**	**$ 7,401**	**$ 14,693**
	Three Months Ended September 30, 2020			
Allowance for loan and lease losses, July 1	$ 833	$ 10,122	$ 8,434	$ 19,389
Loans and leases charged off	(13)	(810)	(470)	(1,293)
Recoveries of loans and leases previously charged off	39	220	62	321
Net charge-offs	26	(590)	(408)	(972)
Provision for loan and lease losses	(6)	304	882	1,180
Other	2	—	(3)	(1)
Allowance for loan and lease losses, September 30	855	9,836	8,905	19,596
Reserve for unfunded lending commitments, July 1	141	—	1,561	1,702
Provision for unfunded lending commitments	(3)	—	212	209
Other	—	—	(1)	(1)
Reserve for unfunded lending commitments, September 30	138	—	1,772	1,910
Allowance for credit losses, September 30	$ 993	$ 9,836	$ 10,677	$ 21,506
(Dollars in millions)	**Nine Months Ended September 30, 2021**			
Allowance for loan and lease losses, January 1	**$ 858**	**$ 9,213**	**$ 8,731**	**$ 18,802**
Loans and leases charged off	**(60)**	**(2,402)**	**(591)**	**(3,053)**
Recoveries of loans and leases previously charged off	**170**	**757**	**245**	**1,172**
Net charge-offs	**110**	**(1,645)**	**(346)**	**(1,881)**
Provision for loan and lease losses	**(414)**	**(929)**	**(2,423)**	**(3,766)**
Other	**1**	**—**	**(1)**	**—**
Allowance for loan and lease losses, September 30	**555**	**6,639**	**5,961**	**13,155**
Reserve for unfunded lending commitments, January 1	**137**	**—**	**1,741**	**1,878**
Provision for unfunded lending commitments	**(39)**	**—**	**(300)**	**(339)**
Other	**—**	**—**	**(1)**	**(1)**
Reserve for unfunded lending commitments, September 30	**98**	**—**	**1,440**	**1,538**
Allowance for credit losses, September 30	**$ 653**	**$ 6,639**	**$ 7,401**	**$ 14,693**
	Nine Months Ended September 30, 2020			
Allowance for loan and lease losses, January 1	$ 440	$ 7,430	$ 4,488	$ 12,358
Loans and leases charged off	(75)	(2,916)	(1,199)	(4,190)
Recoveries of loans and leases previously charged off	147	674	129	950
Net charge-offs	72	(2,242)	(1,070)	(3,240)
Provision for loan and lease losses	336	4,648	5,496	10,480
Other	7	—	(9)	(2)
Allowance for loan and lease losses, September 30	855	9,836	8,905	19,596
Reserve for unfunded lending commitments, January 1	119	—	1,004	1,123
Provision for unfunded lending commitments	19	—	768	787
Reserve for unfunded lending commitments, September 30	138	—	1,772	1,910
Allowance for credit losses, September 30	$ 993	$ 9,836	$ 10,677	$ 21,506

NOTE 6 Securitizations and Other Variable Interest Entities

The Corporation utilizes VIEs in the ordinary course of business to support its own and its customers' financing and investing needs. The tables in this Note present the assets and liabilities of consolidated and unconsolidated VIEs at September 30, 2021 and December 31, 2020 in situations where the Corporation has continuing involvement with transferred assets or if the Corporation otherwise has a variable interest in the VIE. The tables also present the Corporation's maximum loss exposure at September 30, 2021 and December 31, 2020 resulting from its involvement with consolidated and unconsolidated VIEs in which the Corporation holds a variable interest. For more information on the Corporation's use of VIEs and related maximum loss exposure, see *Note 1 – Summary of Significant Accounting Principles* and *Note 6 – Securitizations and Other Variable Interest Entities* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

The Corporation invests in ABS issued by third-party VIEs with which it has no other form of involvement and enters into certain commercial lending arrangements that may also incorporate the use of VIEs, for example to hold collateral. These securities and loans are included in *Note 4 – Securities* or *Note 5 – Outstanding Loans and Leases and Allowance for Credit*

Losses. In addition, the Corporation has used VIEs in connection with its funding activities.

The Corporation did not provide financial support to consolidated or unconsolidated VIEs during the nine months ended September 30, 2021 or the year ended December 31, 2020 that it was not previously contractually required to provide, nor does it intend to do so.

The Corporation had liquidity commitments, including written put options and collateral value guarantees, with certain unconsolidated VIEs of $968 million and $929 million at September 30, 2021 and December 31, 2020.

First-lien Mortgage Securitizations

As part of its mortgage banking activities, the Corporation securitizes a portion of the first-lien residential mortgage loans it originates or purchases from third parties. Except as described in *Note 10 – Commitments and Contingencies*, the Corporation does not provide guarantees or recourse to the securitization trusts other than standard representations and warranties.

The table below summarizes select information related to first-lien mortgage securitizations for the three and nine months ended September 30, 2021 and 2020.

First-lien Mortgage Securitizations

	Residential Mortgage - Agency				Commercial Mortgage			
	Three Months Ended September 30		Nine Months Ended September 30		Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions)	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Proceeds from loan sales [1]	**$ 2,153**	$ 1,698	**$ 5,047**	$ 14,625	**$ 3,122**	$ 945	**$ 5,961**	$ 3,237
Gains on securitizations [2]	**3**	3	**8**	724	**41**	17	**105**	57
Repurchases from securitization trusts [3]	**156**	68	**512**	363	**—**	—	**—**	—

(1) The Corporation transfers residential mortgage loans to securitizations sponsored primarily by the Government-sponsored enterprise (GSEs) or Government National Mortgage Association (GNMA) in the normal course of business and primarily receives RMBS in exchange. Substantially all of these securities are classified as Level 2 within the fair value hierarchy and are typically sold shortly after receipt.

(2) A majority of the first-lien residential mortgage loans securitized are initially classified as LHFS and accounted for under the fair value option. Gains recognized on these LHFS prior to securitization, which totaled $24 million and $97 million, net of hedges, during the three and nine months ended September 30, 2021 compared to $44 million and $105 million for the same periods in 2020, are not included in the table above.

(3) The Corporation may have the option to repurchase delinquent loans out of securitization trusts, which reduces the amount of servicing advances it is required to make. The Corporation may also repurchase loans from securitization trusts to perform modifications. Repurchased loans include FHA-insured mortgages collateralizing GNMA securities.

The Corporation recognizes consumer MSRs from the sale or securitization of consumer real estate loans. The unpaid principal balance of loans serviced for investors, including residential mortgage and home equity loans, totaled $129.6 billion and $172.5 billion at September 30, 2021 and 2020. Servicing fee and ancillary fee income on serviced loans was $101 million and $318 million during the three and nine months ended September 30, 2021 compared to $101 million and $353 million for the same periods in 2020. Servicing advances on serviced loans, including loans serviced for others and loans held for investment, were $2.1 billion and $2.2 billion at September 30, 2021 and December 31, 2020. For more information on MSRs, see *Note 14 – Fair Value Measurements*.

During the nine months ended September 30, 2020, the Corporation completed the sale of $9.3 billion of consumer real estate loans through GNMA loan securitizations. As part of the securitizations, the Corporation retained $8.4 billion of mortgage-backed securities, which are classified as debt securities carried at fair value on the Consolidated Balance Sheet. Total gains on loan sales of $704 million were recorded in other income in the Consolidated Statement of Income.

The following table summarizes select information related to first-lien mortgage securitization trusts in which the Corporation held a variable interest at September 30, 2021 and December 31, 2020.

First-lien Mortgage VIEs

	Residential Mortgage									
			Non-agency							
	Agency		Prime		Subprime		Alt-A		Commercial Mortgage	
(Dollars in millions)	**Sep 30 2021**	December 31 2020	**Sep 30 2021**	December 31 2020	**Sep 30 2021**	December 31 2020	**Sep 30 2021**	December 31 2020	**Sep 30 2021**	December 31 2020
Unconsolidated VIEs										
Maximum loss exposure (1)	**$ 12,308**	$ 13,477	**$ 219**	$ 250	**$ 992**	$ 1,031	**$ 51**	$ 46	**$ 1,343**	$ 1,169
On-balance sheet assets										
Senior securities:										
Trading account assets	**$ 230**	$ 152	**$ 18**	$ 2	**$ 26**	$ 8	**$ 20**	$ 12	**$ 53**	$ 60
Debt securities carried at fair value	**5,738**	7,588	**80**	103	**638**	676	**30**	33	**—**	—
Held-to-maturity securities	**6,340**	5,737	**—**	—	**—**	—	**—**	—	**1,047**	925
All other assets	**—**	—	**6**	6	**26**	26	**1**	1	**68**	50
Total retained positions	**$ 12,308**	$ 13,477	**$ 104**	$ 111	**$ 690**	$ 710	**$ 51**	$ 46	**$ 1,168**	$ 1,035
Principal balance outstanding (2)	**$ 106,969**	$ 133,497	**$ 5,059**	$ 6,081	**$ 5,995**	$ 6,691	**$ 14,404**	$ 16,554	**$ 70,864**	$ 59,268
Consolidated VIEs										
Maximum loss exposure (1)	**$ 1,174**	$ 1,328	**$ 10**	$ 66	**$ 23**	$ 53	**$ —**	$ —	**$ —**	$ —
On-balance sheet assets										
Trading account assets	**$ 1,174**	$ 1,328	**$ 38**	$ 350	**$ 217**	$ 260	**$ —**	$ —	**$ —**	$ —
Total assets	**$ 1,174**	$ 1,328	**$ 38**	$ 350	**$ 217**	$ 260	**$ —**	$ —	**$ —**	$ —
Total liabilities	**$ —**	$ —	**$ 28**	$ 284	**$ 194**	$ 207	**$ —**	$ —	**$ —**	$ —

(1) Maximum loss exposure includes obligations under loss-sharing reinsurance and other arrangements for non-agency residential mortgage and commercial mortgage securitizations, but excludes the reserve for representations and warranties obligations and corporate guarantees and also excludes servicing advances and other servicing rights and obligations. For more information, see *Note 10 – Commitments and Contingencies* and *Note 14 – Fair Value Measurements*.
(2) Principal balance outstanding includes loans where the Corporation was the transferor to securitization VIEs with which it has continuing involvement, which may include servicing the loans.

Other Asset-backed Securitizations

The table below summarizes select information related to home equity, credit card and other asset-backed VIEs in which the Corporation held a variable interest at September 30, 2021 and December 31, 2020.

Home Equity Loan, Credit Card and Other Asset-backed VIEs

	Home Equity (1)		Credit Card (2)		Resecuritization Trusts		Municipal Bond Trusts	
(Dollars in millions)	**Sep 30 2021**	December 31 2020	**Sep 30 2021**	December 31 2020	**Sep 30 2021**	December 31 2020	**Sep 30 2021**	December 31 2020
Unconsolidated VIEs								
Maximum loss exposure	**$ 167**	$ 206	**$ —**	$ —	**$ 6,896**	$ 8,543	**$ 3,862**	$ 3,507
On-balance sheet assets								
Securities (3):								
Trading account assets	**$ —**	$ —	**$ —**	$ —	**$ 1,306**	$ 948	**$ —**	$ —
Debt securities carried at fair value	**1**	2	**—**	—	**2,087**	2,727	**—**	—
Held-to-maturity securities	**—**	—	**—**	—	**3,503**	4,868	**—**	—
Total retained positions	**$ 1**	$ 2	**$ —**	$ —	**$ 6,896**	$ 8,543	**$ —**	$ —
Total assets of VIEs	**$ 455**	$ 609	**$ —**	$ —	**$ 16,665**	$ 17,250	**$ 4,417**	$ 4,042
Consolidated VIEs								
Maximum loss exposure	**$ 48**	$ 58	**$ 9,944**	$ 14,606	**$ 211**	$ 217	**$ 301**	$ 1,030
On-balance sheet assets								
Trading account assets	**$ —**	$ —	**$ —**	$ —	**$ 219**	$ 217	**$ 261**	$ 990
Loans and leases	**168**	218	**14,139**	21,310	**—**	—	**—**	—
Allowance for loan and lease losses	**14**	14	**(1,005)**	(1,704)	**—**	—	**—**	—
All other assets	**3**	4	**67**	1,289	**—**	—	**40**	40
Total assets	**$ 185**	$ 236	**$ 13,201**	$ 20,895	**$ 219**	$ 217	**$ 301**	$ 1,030
On-balance sheet liabilities								
Short-term borrowings	**$ —**	$ —	**$ —**	$ —	**$ —**	$ —	**$ 280**	$ 432
Long-term debt	**138**	178	**3,247**	6,273	**8**	—	**—**	—
All other liabilities	**—**	—	**10**	16	**—**	—	**—**	—
Total liabilities	**$ 138**	$ 178	**$ 3,257**	$ 6,289	**$ 8**	$ —	**$ 280**	$ 432

(1) For unconsolidated home equity loan VIEs, the maximum loss exposure includes outstanding trust certificates issued by trusts in rapid amortization, net of recorded reserves. For both consolidated and unconsolidated home equity loan VIEs, the maximum loss exposure excludes the reserve for representations and warranties obligations and corporate guarantees. For more information, see *Note 10 – Commitments and Contingencies*.
(2) At September 30, 2021 and December 31, 2020, loans and leases in the consolidated credit card trust included $4.0 billion and $7.6 billion of seller's interest.
(3) The retained senior securities were valued using quoted market prices or observable market inputs (Level 2 of the fair value hierarchy).

Home Equity Loans

The Corporation retains interests, primarily senior securities, in home equity securitization trusts to which it transferred home equity loans. In addition, the Corporation may be obligated to provide subordinate funding to the trusts during a rapid amortization event. This obligation is included in the maximum loss exposure in the table above. The charges that will ultimately be recorded as a result of the rapid amortization events depend on the undrawn portion of the home equity lines of credit, performance of the loans, the amount of subsequent draws and the timing of related cash flows.

Credit Card Securitizations

The Corporation securitizes originated and purchased credit card loans. The Corporation's continuing involvement with the securitization trust includes servicing the receivables, retaining an undivided interest (seller's interest) in the receivables, and holding certain retained interests, including subordinate interests in accrued interest and fees on the securitized receivables and cash reserve accounts.

During the nine months ended September 30, 2021, there were $1.0 billion of new senior debt securities issued to third-party investors from the credit card securitization trust. No new senior debt securities were issued to third-party investors from the credit card securitization trust during the nine months ended September 30, 2020.

At September 30, 2021 and December 31, 2020, the Corporation held subordinate securities issued by the credit card securitization trust with a notional principal amount of $6.5 billion and $6.8 billion. These securities serve as a form of credit enhancement to the senior debt securities and have a stated interest rate of zero percent. There were $161 million of these subordinate securities issued by the credit card securitization trust during the nine months ended September 30, 2021. No subordinate securities were issued by the credit card securitization trust during the nine months ended September 30, 2020.

Resecuritization Trusts

The Corporation transfers securities, typically MBS, into resecuritization VIEs generally at the request of customers seeking securities with specific characteristics. Generally, there are no significant ongoing activities performed in a resecuritization trust, and no single investor has the unilateral ability to liquidate the trust.

The Corporation resecuritized $5.9 billion and $20.6 billion of securities during the three and nine months ended September 30, 2021 compared to $8.3 billion and $26.4 billion for the same periods in 2020. Securities transferred into resecuritization VIEs were measured at fair value with changes in fair value recorded in market making and similar activities prior to the resecuritization and, accordingly, no gain or loss on sale was recorded. During the three and nine months ended September 30, 2021 and 2020, resecuritization proceeds included securities with an initial fair value of $1.0 billion and $1.6 billion compared to $598 million and $5.5 billion, of which substantially all of the securities in the current-year period were classified as trading account assets. All of the securities received as resecuritization proceeds during the three months ended September 30, 2020 were classified as trading account assets. Of the securities received as resecuritization proceeds during the nine months ended September 30, 2020, $1.8 billion, $2.1 billion and $1.7 billion were classified as trading account assets, debt securities carried at fair value and HTM securities, respectively. Substantially all of the trading account securities carried at fair value were categorized as Level 2 within the fair value hierarchy.

Municipal Bond Trusts

The Corporation administers municipal bond trusts that hold highly-rated, long-term, fixed-rate municipal bonds. The trusts obtain financing by issuing floating-rate trust certificates that reprice on a weekly or other short-term basis to third-party investors.

The Corporation's liquidity commitments to unconsolidated municipal bond trusts, including those for which the Corporation was transferor, totaled $3.9 billion and $3.5 billion at September 30, 2021 and December 31, 2020. The weighted-average remaining life of bonds held in the trusts at September 30, 2021 was 6.4 years. There were no significant write-downs or downgrades of assets or issuers during the nine months ended September 30, 2021 and 2020.

Other Variable Interest Entities

The table below summarizes select information related to other VIEs in which the Corporation held a variable interest at September 30, 2021 and December 31, 2020.

Other VIEs

	Consolidated	Unconsolidated	Total	Consolidated	Unconsolidated	Total
(Dollars in millions)	September 30, 2021			December 31, 2020		
Maximum loss exposure	**$ 4,831**	**$ 25,409**	**$ 30,240**	$ 4,106	$ 23,870	$ 27,976
On-balance sheet assets						
Trading account assets	**$ 2,523**	**$ 577**	**$ 3,100**	$ 2,080	$ 623	$ 2,703
Debt securities carried at fair value	**—**	**7**	**7**	—	9	9
Loans and leases	**2,550**	**39**	**2,589**	2,108	184	2,292
Allowance for loan and lease losses	**(3)**	**(5)**	**(8)**	(3)	(3)	(6)
All other assets	**26**	**24,302**	**24,328**	54	22,553	22,607
Total	**$ 5,096**	**$ 24,920**	**$ 30,016**	$ 4,239	$ 23,366	$ 27,605
On-balance sheet liabilities						
Short-term borrowings	**$ 50**	**$ —**	**$ 50**	$ 22	$ —	$ 22
Long-term debt	**215**	**—**	**215**	111	—	111
All other liabilities	**—**	**6,109**	**6,109**	—	5,658	5,658
Total	**$ 265**	**$ 6,109**	**$ 6,374**	$ 133	$ 5,658	$ 5,791
Total assets of VIEs	**$ 5,096**	**$ 86,035**	**$ 91,131**	$ 4,239	$ 77,984	$ 82,223

Customer VIEs

Customer VIEs include credit-linked, equity-linked and commodity-linked note VIEs, repackaging VIEs and asset acquisition VIEs, which are typically created on behalf of customers who wish to obtain market or credit exposure to a specific company, index, commodity or financial instrument.

The Corporation's maximum loss exposure to consolidated and unconsolidated customer VIEs totaled $2.8 billion and $2.3 billion at September 30, 2021 and December 31, 2020, including the notional amount of derivatives to which the Corporation is a counterparty, net of losses previously recorded, and the Corporation's investment, if any, in securities issued by the VIEs.

Collateralized Debt Obligation VIEs

The Corporation receives fees for structuring CDO VIEs, which hold diversified pools of fixed-income securities, typically corporate debt or ABS, which the CDO VIEs fund by issuing multiple tranches of debt and equity securities. CDOs are generally managed by third-party portfolio managers. The Corporation typically transfers assets to these CDOs, holds securities issued by the CDOs and may be a derivative counterparty to the CDOs. The Corporation's maximum loss exposure to consolidated and unconsolidated CDOs totaled $258 million and $298 million at September 30, 2021 and December 31, 2020.

Investment VIEs

The Corporation sponsors, invests in or provides financing, which may be in connection with the sale of assets, to a variety of investment VIEs that hold loans, real estate, debt securities or other financial instruments and are designed to provide the desired investment profile to investors or the Corporation. At September 30, 2021 and December 31, 2020, the Corporation's consolidated investment VIEs had total assets of $1.0 billion and $494 million. The Corporation also held investments in unconsolidated VIEs with total assets of $6.6 billion and $5.4 billion at September 30, 2021 and December 31, 2020. The Corporation's maximum loss exposure associated with both consolidated and unconsolidated investment VIEs totaled $2.0 billion and $1.5 billion at September 30, 2021 and December 31, 2020 comprised primarily of on-balance sheet assets less non-recourse liabilities.

Leveraged Lease Trusts

The Corporation's net investment in consolidated leveraged lease trusts totaled $1.5 billion and $1.7 billion at September 30, 2021 and December 31, 2020. The trusts hold long-lived equipment such as rail cars, power generation and distribution equipment, and commercial aircraft. The Corporation structures the trusts and holds a significant residual interest. The net investment represents the Corporation's maximum loss exposure to the trusts in the unlikely event that the leveraged lease investments become worthless. Debt issued by the leveraged lease trusts is non-recourse to the Corporation.

Tax Credit VIEs

The Corporation holds investments in unconsolidated limited partnerships and similar entities that construct, own and operate affordable housing, wind and solar projects. An unrelated third party is typically the general partner or managing member and has control over the significant activities of the VIE. The Corporation earns a return primarily through the receipt of tax credits allocated to the projects. The maximum loss exposure included in the Other VIEs table was $23.5 billion and $22.0 billion at September 30, 2021 and December 31, 2020. The Corporation's risk of loss is generally mitigated by policies requiring that the project qualify for the expected tax credits prior to making its investment.

The Corporation's investments in affordable housing partnerships, which are reported in other assets on the Consolidated Balance Sheet, totaled $11.7 billion and $11.2 billion, including unfunded commitments to provide capital contributions of $5.3 billion and $5.0 billion, at September 30, 2021 and December 31, 2020. The unfunded commitments are expected to be paid over the next five years. The Corporation recognized tax credits and other tax benefits from investments in affordable housing partnerships of $350 million and $1.1 billion and reported pretax losses in other income of $282 million and $837 million for the three and nine months ended September 30, 2021. For the same periods in 2020, the Corporation recognized tax credits and other tax benefits of $376 million and $986 million and reported pretax losses in other income of $272 million and $799 million. These tax credits are recognized as part of the Corporation's annual effective tax rate used to determine tax expense in a given quarter. The Corporation may be asked to invest additional amounts to support a troubled affordable housing project. Such additional investments have not been and are not expected to be significant.

NOTE 7 Goodwill and Intangible Assets

Goodwill

The table below presents goodwill balances by business segment at September 30, 2021 and December 31, 2020. The reporting units utilized for goodwill impairment testing are the operating segments or one level below.

Goodwill

(Dollars in millions)	September 30 2021	December 31 2020
Consumer Banking	$ 30,137	$ 30,123
Global Wealth & Investment Management	9,677	9,677
Global Banking [1]	24,027	23,969
Global Markets	5,182	5,182
Total goodwill	$ 69,023	$ 68,951

[1] Prior period has been revised to conform to current-period presentation.

Intangible Assets

At both September 30, 2021 and December 31, 2020, the net carrying value of intangible assets was $2.2 billion. At both September 30, 2021 and December 31, 2020, intangible assets included $1.6 billion of intangible assets associated with trade names, substantially all of which had an indefinite life and, accordingly, are not being amortized. Amortization of intangibles expense was $19 million and $56 million for the three and nine months ended September 30, 2021 compared to $30 million and $62 million for the same periods in 2020.

NOTE 8 Leases

The Corporation enters into both lessor and lessee arrangements. For more information on lease accounting, see *Note 1 – Summary of Significant Accounting Principles* and *Note 8 – Leases* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K. For more information on lease financing receivables, see *Note 5 – Outstanding Loans and Leases and Allowance for Credit Losses*.

Lessor Arrangements

The Corporation's lessor arrangements primarily consist of operating, sales-type and direct financing leases for equipment. Lease agreements may include options to renew and for the lessee to purchase the leased equipment at the end of the lease term.

The table below presents the net investment in sales-type and direct financing leases at September 30, 2021 and December 31, 2020.

Net Investment [(1)]

(Dollars in millions)	September 30 2021	December 31 2020
Lease receivables	$ 16,458	$ 17,627
Unguaranteed residuals	2,137	2,303
Total net investment in sales-type and direct financing leases	$ 18,595	$ 19,930

(1) In certain cases, the Corporation obtains third-party residual value insurance to reduce its residual asset risk. The carrying value of residual assets with third-party residual value insurance for at least a portion of the asset value was $7.2 billion and $6.9 billion at September 30, 2021 and December 31, 2020.

The table below presents lease income for the three and nine months ended September 30, 2021 and 2020.

Lease Income

	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions)	2021	2020	2021	2020
Sales-type and direct financing leases	$ 152	$ 167	$ 468	$ 539
Operating leases	235	224	689	703
Total lease income	$ 387	$ 391	$ 1,157	$ 1,242

Lessee Arrangements

The Corporation's lessee arrangements predominantly consist of operating leases for premises and equipment; the Corporation's financing leases are not significant.

The table below provides information on the right-of-use assets and lease liabilities at September 30, 2021 and December 31, 2020.

Lessee Arrangements

(Dollars in millions)	September 30 2021	December 31 2020
Right-of-use asset	$ 10,091	$ 10,000
Lease liabilities	10,707	10,474

NOTE 9 Federal Funds Sold or Purchased, Securities Financing Agreements, Short-term Borrowings and Restricted Cash

The table below presents federal funds sold or purchased, securities financing agreements (which include securities borrowed or purchased under agreements to resell and securities loaned or sold under agreements to repurchase) and short-term borrowings. The Corporation elects to account for certain securities financing agreements and short-term borrowings under the fair value option. For more information on the fair value option, see *Note 15 – Fair Value Option*.

	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate
	Three Months Ended September 30				Nine Months Ended September 30			
(Dollars in millions)	2021		2020		2021		2020	
Federal funds sold and securities borrowed or purchased under agreements to resell								
Average during period	$ 270,094	0.01 %	$ 384,221	0.06 %	$ 263,581	(0.02)%	$ 325,356	0.37 %
Maximum month-end balance during period	278,684	n/a	420,830	n/a	278,684	n/a	451,179	n/a
Federal funds purchased and securities loaned or sold under agreements to repurchase								
Average during period	$ 220,741	0.29 %	$ 192,376	0.41 %	$ 212,214	0.26 %	$ 193,029	0.81 %
Maximum month-end balance during period	217,825	n/a	195,028	n/a	218,628	n/a	206,493	n/a
Short-term borrowings								
Average during period	20,862	(0.19)	17,770	0.08	20,714	(0.14)	23,347	0.68
Maximum month-end balance during period	21,293	n/a	19,530	n/a	23,333	n/a	30,118	n/a

n/a = not applicable

Offsetting of Securities Financing Agreements

The Corporation enters into securities financing agreements to accommodate customers (also referred to as "matched-book transactions"), obtain securities to cover short positions and finance inventory positions. For more information on the securities financing agreements and the offsetting of securities financing transactions, see *Note 10 – Federal Funds Sold or Purchased, Securities Financing Agreements, Short-term Borrowings and Restricted Cash* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

The Securities Financing Agreements table presents securities financing agreements included on the Consolidated Balance Sheet in federal funds sold and securities borrowed or purchased under agreements to resell, and in federal funds purchased and securities loaned or sold under agreements to repurchase at September 30, 2021 and December 31, 2020. Balances are presented on a gross basis, prior to the application of counterparty netting. Gross assets and liabilities are adjusted on an aggregate basis to take into consideration the effects of legally enforceable master netting agreements. For more information on the offsetting of derivatives, see *Note 3 – Derivatives*.

Securities Financing Agreements

(Dollars in millions)	Gross Assets/Liabilities [1]	Amounts Offset	Net Balance Sheet Amount	Financial Instruments [2]	Net Assets/Liabilities
	September 30, 2021				
Securities borrowed or purchased under agreements to resell [3]	**$ 533,965**	**$ (272,031)**	**$ 261,934**	**$ (240,436)**	**$ 21,498**
Securities loaned or sold under agreements to repurchase	**$ 479,459**	**$ (272,031)**	**$ 207,428**	**$ (195,260)**	**$ 12,168**
Other [4]	**10,167**	**—**	**10,167**	**(10,167)**	**—**
Total	**$ 489,626**	**$ (272,031)**	**$ 217,595**	**$ (205,427)**	**$ 12,168**
	December 31, 2020				
Securities borrowed or purchased under agreements to resell [3]	$ 492,387	$ (188,329)	$ 304,058	$ (272,351)	$ 31,707
Securities loaned or sold under agreements to repurchase	$ 358,652	$ (188,329)	$ 170,323	$ (158,867)	$ 11,456
Other [4]	16,210	—	16,210	(16,210)	—
Total	$ 374,862	$ (188,329)	$ 186,533	$ (175,077)	$ 11,456

(1) Includes activity where uncertainty exists as to the enforceability of certain master netting agreements under bankruptcy laws in some countries or industries.
(2) Includes securities collateral received or pledged under repurchase or securities lending agreements where there is a legally enforceable master netting agreement. These amounts are not offset on the Consolidated Balance Sheet, but are shown as a reduction to derive a net asset or liability. Securities collateral received or pledged where the legal enforceability of the master netting agreements is uncertain is excluded from the table.
(3) Excludes repurchase activity of $18.8 billion and $14.7 billion reported in loans and leases on the Consolidated Balance Sheet at September 30, 2021 and December 31, 2020.
(4) Balance is reported in accrued expenses and other liabilities on the Consolidated Balance Sheet and relates to transactions where the Corporation acts as the lender in a securities lending agreement and receives securities that can be pledged as collateral or sold. In these transactions, the Corporation recognizes an asset at fair value, representing the securities received, and a liability, representing the obligation to return those securities.

Repurchase Agreements and Securities Loaned Transactions Accounted for as Secured Borrowings

The following tables present securities sold under agreements to repurchase and securities loaned by remaining contractual term to maturity and class of collateral pledged. Included in "Other" are transactions where the Corporation acts as the lender in a securities lending agreement and receives securities that can be pledged as collateral or sold. Certain agreements contain a right to substitute collateral and/or terminate the agreement prior to maturity at the option of the Corporation or the counterparty. Such agreements are included in the table below based on the remaining contractual term to maturity. For more information on collateral requirements, see *Note 10 – Federal Funds Sold or Purchased, Securities Financing Agreements, Short-term Borrowings and Restricted Cash* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

Remaining Contractual Maturity

(Dollars in millions)	Overnight and Continuous	30 Days or Less	After 30 Days Through 90 Days	Greater than 90 Days [1]	Total
			September 30, 2021		
Securities sold under agreements to repurchase	**$ 211,770**	**$ 142,591**	**$ 32,455**	**$ 42,678**	**$ 429,494**
Securities loaned	**43,780**	**87**	**428**	**5,670**	**49,965**
Other	**10,167**	**—**	**—**	**—**	**10,167**
Total	**$ 265,717**	**$ 142,678**	**$ 32,883**	**$ 48,348**	**$ 489,626**
			December 31, 2020		
Securities sold under agreements to repurchase	$ 158,400	$ 122,448	$ 32,149	$ 22,684	$ 335,681
Securities loaned	19,140	271	1,029	2,531	22,971
Other	16,210	—	—	—	16,210
Total	$ 193,750	$ 122,719	$ 33,178	$ 25,215	$ 374,862

(1) No agreements have maturities greater than three years.

Class of Collateral Pledged

(Dollars in millions)	Securities Sold Under Agreements to Repurchase	Securities Loaned	Other	Total
	September 30, 2021			
U.S. government and agency securities	**$ 223,197**	**$ —**	**$ —**	**$ 223,197**
Corporate securities, trading loans and other	**13,003**	**2,809**	**1,053**	**16,865**
Equity securities	**22,221**	**47,016**	**9,060**	**78,297**
Non-U.S. sovereign debt	**166,678**	**140**	**54**	**166,872**
Mortgage trading loans and ABS	**4,395**	**—**	**—**	**4,395**
Total	**$ 429,494**	**$ 49,965**	**$ 10,167**	**$ 489,626**
	December 31, 2020			
U.S. government and agency securities	$ 195,167	$ 5	$ —	$ 195,172
Corporate securities, trading loans and other	8,633	1,628	1,217	11,478
Equity securities	14,752	21,125	14,931	50,808
Non-U.S. sovereign debt	113,142	213	62	113,417
Mortgage trading loans and ABS	3,987	—	—	3,987
Total	$ 335,681	$ 22,971	$ 16,210	$ 374,862

Restricted Cash

At September 30, 2021 and December 31, 2020, the Corporation held restricted cash included within cash and cash equivalents on the Consolidated Balance Sheet of $5.6 billion and $7.0 billion, predominantly related to cash segregated in compliance with securities regulations and cash held on deposit with central banks to meet reserve requirements.

NOTE 10 Commitments and Contingencies

In the normal course of business, the Corporation enters into a number of off-balance sheet commitments. These commitments expose the Corporation to varying degrees of credit and market risk and are subject to the same credit and market risk limitation reviews as those instruments recorded on the Consolidated Balance Sheet. For more information on commitments and contingencies, see *Note 12 – Commitments and Contingencies* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

Credit Extension Commitments

The Corporation enters into commitments to extend credit such as loan commitments, standby letters of credit (SBLCs) and commercial letters of credit to meet the financing needs of its customers. The following table includes the notional amount of unfunded legally binding lending commitments net of amounts distributed (i.e., syndicated or participated) to other financial institutions. The distributed amounts were $10.3 billion and $10.5 billion at September 30, 2021 and December 31, 2020. The carrying value of these commitments at September 30, 2021 and December 31, 2020, excluding commitments accounted for under the fair value option, was $1.5 billion and $1.9 billion, which predominantly related to the reserve for unfunded lending commitments. The carrying value of these commitments is classified in accrued expenses and other liabilities on the Consolidated Balance Sheet.

Legally binding commitments to extend credit generally have specified rates and maturities. Certain of these commitments have adverse change clauses that help to protect the Corporation against deterioration in the borrower's ability to pay.

The following table includes the notional amount of commitments of $4.9 billion and $4.0 billion at September 30, 2021 and December 31, 2020 that are accounted for under the fair value option. However, the table excludes the cumulative net fair value for these commitments of $95 million and $99 million at September 30, 2021 and December 31, 2020, which is classified in accrued expenses and other liabilities. For more information regarding the Corporation's loan commitments accounted for under the fair value option, see *Note 15 – Fair Value Option.*

Credit Extension Commitments

(Dollars in millions)	Expire in One Year or Less	Expire After One Year Through Three Years	Expire After Three Years Through Five Years	Expire After Five Years	Total
			September 30, 2021		
Notional amount of credit extension commitments					
Loan commitments [1]	**$ 105,772**	**$ 196,782**	**$ 162,919**	**$ 32,030**	**$ 497,503**
Home equity lines of credit	**841**	**4,439**	**10,237**	**25,257**	**40,774**
Standby letters of credit and financial guarantees [2]	**21,850**	**11,127**	**1,689**	**424**	**35,090**
Letters of credit	**1,574**	**162**	**32**	**43**	**1,811**
Legally binding commitments	**130,037**	**212,510**	**174,877**	**57,754**	**575,178**
Credit card lines [3]	**402,382**	**—**	**—**	**—**	**402,382**
Total credit extension commitments	**$ 532,419**	**$ 212,510**	**$ 174,877**	**$ 57,754**	**$ 977,560**
			December 31, 2020		
Notional amount of credit extension commitments					
Loan commitments [1]	$ 109,406	$ 171,887	$ 139,508	$ 16,091	$ 436,892
Home equity lines of credit	710	2,992	8,738	29,892	42,332
Standby letters of credit and financial guarantees [2]	19,962	12,038	2,397	1,257	35,654
Letters of credit	886	197	25	27	1,135
Legally binding commitments	130,964	187,114	150,668	47,267	516,013
Credit card lines [3]	384,955	—	—	—	384,955
Total credit extension commitments	$ 515,919	$ 187,114	$ 150,668	$ 47,267	$ 900,968

(1) At September 30, 2021 and December 31, 2020, $5.4 billion and $4.8 billion of these loan commitments were held in the form of a security.
(2) The notional amounts of SBLCs and financial guarantees classified as investment grade and non-investment grade based on the credit quality of the underlying reference name within the instrument were $25.7 billion and $8.9 billion at September 30, 2021, and $25.0 billion and $10.2 billion at December 31, 2020. Amounts in the table include consumer SBLCs of $495 million and $500 million at September 30, 2021 and December 31, 2020.
(3) Includes business card unused lines of credit.

Other Commitments

At September 30, 2021 and December 31, 2020, the Corporation had commitments to purchase loans (e.g., residential mortgage and commercial real estate) of $102 million and $93 million, which upon settlement will be included in trading account assets, loans or LHFS, and commitments to purchase commercial loans of $484 million and $645 million, which upon settlement will be included in trading account assets.

At September 30, 2021 and December 31, 2020, the Corporation had commitments to purchase commodities, primarily liquefied natural gas, of $1.1 billion and $582 million, which upon settlement will be included in trading account assets.

At September 30, 2021 and December 31, 2020, the Corporation had commitments to enter into resale and forward-dated resale and securities borrowing agreements of $129.9 billion and $66.5 billion, and commitments to enter into forward-dated repurchase and securities lending agreements of $68.9 billion and $32.1 billion. These commitments generally expire within the next 12 months.

At September 30, 2021 and December 31, 2020, the Corporation had a commitment to originate or purchase up to $4.0 billion and $3.9 billion on a rolling 12-month basis, of auto loans and leases from a strategic partner. This commitment extends through November 2022 and can be terminated with 12 months prior notice.

At September 30, 2021 and December 31, 2020, the Corporation had unfunded equity investment commitments of $392 million and $213 million.

Other Guarantees

Bank-owned Life Insurance Book Value Protection

The Corporation sells products that offer book value protection to insurance carriers who offer group life insurance policies to corporations, primarily banks. At September 30, 2021 and December 31, 2020, the notional amount of these guarantees totaled $6.3 billion and $7.1 billion. At September 30, 2021 and December 31, 2020, the Corporation's maximum exposure related to these guarantees totaled $927 million and $1.1 billion, with estimated maturity dates between 2033 and 2039.

Merchant Services

The Corporation in its role as merchant acquirer or as a sponsor of other merchant acquirers may be held liable for any reversed charges that cannot be collected from the merchants, due to, among other things, merchant fraud or insolvency. If charges are properly reversed after a purchase and cannot be collected from either the merchants or merchant acquirers, the Corporation may be held liable for these reversed charges. The ability to reverse a charge is primarily governed by the applicable regulatory and card network rules, which include, but are not limited to, the type of charge, type of payment used and time limits. The total amount of transactions processed for the preceding six-month period, which was $450.7 billion, is an estimate of the Corporation's maximum potential exposure as of September 30, 2021. The Corporation's risk in this area primarily relates to circumstances where a cardholder has purchased goods or services for future delivery. The Corporation mitigates this risk by requiring cash deposits, guarantees, letters of credit or other types of collateral from certain merchants. The Corporation's reserves for contingent losses and the losses incurred related to the merchant processing activity were not significant. The Corporation continues to monitor its exposure in this area due to the potential economic impacts of the pandemic.

Representations and Warranties Obligations and Corporate Guarantees

For more information on representations and warranties obligations and corporate guarantees, see *Note 12 – Commitments and Contingencies* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

The reserve for representations and warranties obligations and corporate guarantees was $1.2 billion and $1.3 billion at September 30, 2021 and December 31, 2020 and is included in accrued expenses and other liabilities on the Consolidated Balance Sheet, and the related provision is included in other income in the Consolidated Statement of Income. The representations and warranties reserve represents the Corporation's best estimate of probable incurred losses, is based on its experience in previous negotiations, and is subject to judgment, a variety of assumptions, and known or unknown uncertainties. Future representations and warranties losses may occur in excess of the amounts recorded for these exposures; however, the Corporation does not expect such amounts to be material to the Corporation's financial condition and liquidity. See Litigation and Regulatory Matters below for the Corporation's combined range of possible loss in excess of the reserve for representations and warranties and the accrued liability for litigation.

Fixed Income Clearing Corporation Sponsored Member Repo Program

The Corporation acts as a sponsoring member in a repo program whereby the Corporation clears certain eligible resale and repurchase agreements through the Government Securities Division of the Fixed Income Clearing Corporation on behalf of clients that are sponsored members in accordance with the Fixed Income Clearing Corporation's rules. As part of this program, the Corporation guarantees the payment and performance of its sponsored members to the Fixed Income Clearing Corporation. The Corporation's guarantee obligation is secured by a security interest in cash or high-quality securities collateral placed by clients with the clearinghouse and therefore, the potential for the Corporation to incur significant losses under this arrangement is remote. The Corporation's maximum potential exposure, without taking into consideration the related collateral, was $34.7 billion and $22.5 billion at September 30, 2021 and December 31, 2020.

Other Guarantees

The Corporation has entered into additional guarantee agreements and commitments, including sold risk participation swaps, liquidity facilities, lease-end obligation agreements, partial credit guarantees on certain leases, real estate joint venture guarantees, divested business commitments and sold put options that require gross settlement. The maximum potential future payments under these agreements are approximately $10.5 billion and $8.8 billion at September 30, 2021 and December 31, 2020. The estimated maturity dates of these obligations extend up to 2049. The Corporation has made no material payments under these guarantees. For more information on maximum potential future payments under VIE-related liquidity commitments, see *Note 6 – Securitizations and Other Variable Interest Entities*.

In the normal course of business, the Corporation periodically guarantees the obligations of its affiliates in a variety of transactions including ISDA-related transactions and non-ISDA related transactions such as commodities trading, repurchase agreements, prime brokerage agreements and other transactions.

Guarantees of Certain Long-term Debt

The Corporation, as the parent company, fully and unconditionally guarantees the securities issued by BofA Finance LLC, a consolidated finance subsidiary of the Corporation, and effectively provides for the full and unconditional guarantee of trust securities issued by certain statutory trust companies that are 100 percent owned finance subsidiaries of the Corporation.

Litigation and Regulatory Matters

The following disclosures supplement the disclosure in *Note 12 – Commitments and Contingencies* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K (the prior commitments and contingencies disclosure).

In the ordinary course of business, the Corporation and its subsidiaries are routinely defendants in or parties to many pending and threatened legal, regulatory and governmental actions and proceedings. In view of the inherent difficulty of predicting the outcome of such matters, particularly where the claimants seek very large or indeterminate damages or where the matters present novel legal theories or involve a large number of parties, the Corporation generally cannot predict the eventual outcome of the pending matters, timing of the ultimate resolution of these matters, or eventual loss, fines or penalties related to each pending matter.

As a matter develops, the Corporation, in conjunction with any outside counsel handling the matter, evaluates whether such matter presents a loss contingency that is probable and estimable, and, for the matters described below and the matters disclosed in the prior commitments and contingencies disclosure, whether a loss in excess of any accrued liability is reasonably possible in future periods. Once the loss contingency is deemed to be both probable and estimable, the Corporation will establish an accrued liability and record a corresponding amount of litigation-related expense. The Corporation continues to monitor the matter for further developments that could affect the amount of the accrued liability that has been previously established. Excluding expenses of internal and external legal service providers, litigation-related expense of $66 million and $155 million was recognized for the three and nine months ended September 30, 2021 compared to $636 million and $717 million for the same periods in 2020.

For any matter disclosed in this Note and in the prior commitments and contingencies disclosure, for which a loss in future periods is reasonably possible and estimable (whether in excess of an accrued liability or where there is no accrued liability) and for representations and warranties exposures, the Corporation's estimated range of possible loss is $0 to $1.1 billion in excess of the accrued liability, if any, as of September 30, 2021.

The accrued liability and estimated range of possible loss are based upon currently available information and subject to significant judgment, a variety of assumptions and known and unknown uncertainties. The matters underlying the accrued liability and estimated range of possible loss are unpredictable and may change from time to time, and actual losses may vary significantly from the current estimate and accrual. The estimated range of possible loss does not represent the Corporation's maximum loss exposure.

Information is provided below, or in the prior commitments and contingencies disclosure regarding the nature of the litigation and, where specified, associated claimed damages. Based on current knowledge, and taking into account accrued liabilities, management does not believe that loss contingencies arising from pending matters, including the matters described below, and in the prior commitments and contingencies disclosure, will have a material adverse effect on the consolidated financial condition or liquidity of the Corporation. However, in light of the significant judgment, variety of assumptions and uncertainties involved in those matters, some of which are beyond the Corporation's control, and the very large or indeterminate damages sought in some of those matters, an adverse outcome in one or more of these matters could be material to the Corporation's business or results of operations for any particular reporting period, or cause significant reputational harm.

Ambac Bond Insurance Litigation

Ambac v. Countrywide I

On May 11, 2021, the First Department, a New York State appellate court, affirmed the dismissal of Ambac's fraudulent inducement claim.

LIBOR, Other Reference Rates, Foreign Exchange and Bond Trading Matters

On April 28, 2021, the European Commission concluded its investigation regarding trading by various financial institutions in sovereign, supranational, and agency bonds by issuing a fine in an amount not material to the Corporation.

On May 20, 2021, the European Commission concluded its investigation regarding trading by various financial institutions in European government bonds. Although it found that the respondent financial institutions violated European competition rules, it did not fine the Corporation because the conduct at issue occurred beyond the statute of limitations. On August 2, 2021, the Corporation filed an appeal seeking an annulment of the European Commission's decision as it relates to the Corporation.

NOTE 11 Shareholders' Equity

Common Stock

Declared Quarterly Cash Dividends on Common Stock [1]

Declaration Date	Record Date	Payment Date	Dividend Per Share
October 20, 2021	December 3, 2021	December 31, 2021	$ 0.21
July 21, 2021	September 3, 2021	September 24, 2021	0.21
April 22, 2021	June 4, 2021	June 25, 2021	0.18
January 19, 2021	March 5, 2021	March 26, 2021	0.18

(1) In 2021, and through October 29, 2021

During the three and nine months ended September 30, 2021, the Corporation repurchased and retired 248 million and 452 million shares of common stock, which reduced shareholders' equity by $9.9 billion and $17.6 billion.

During the nine months ended September 30, 2021, in connection with employee stock plans, the Corporation issued 66 million shares of its common stock and, to satisfy tax withholding obligations, repurchased 26 million shares of its common stock. At September 30, 2021, the Corporation had reserved 562 million unissued shares of common stock for future issuances under employee stock plans, convertible notes and preferred stock.

On October 20, 2021, the Board of Directors declared a quarterly common stock dividend of $0.21 per share.

Preferred Stock

During the three months ended March 31, 2021, June 30, 2021 and September 30, 2021, the Corporation declared $490 million, $260 million and $431 million of cash dividends on preferred stock, or a total of $1.2 billion for the nine months ended September 30, 2021. For more information on the Corporation's preferred stock, including liquidation preference, dividend requirements and redemption period, see *Note 13 – Shareholders' Equity* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

On October 26, 2021, the Corporation issued 52,000 shares of 4.250% Non-Cumulative Preferred Stock, Series QQ for $1.3 billion, with quarterly dividends commencing in February 2022. The Series QQ preferred stock has a liquidation preference of $25,000 per share and is subject to certain restrictions in the event the Corporation fails to declare and pay full dividends.

NOTE 12 Accumulated Other Comprehensive Income (Loss)

The table below presents the changes in accumulated OCI after-tax for the nine months ended September 30, 2021 and 2020.

(Dollars in millions)	Debt Securities	Debit Valuation Adjustments	Derivatives	Employee Benefit Plans	Foreign Currency	Total
Balance, December 31, 2019	$ 323	$ (1,494)	$ (400)	$ (4,168)	$ (894)	$ (6,633)
Net change	4,794	(5)	808	144	(86)	5,655
Balance, September 30, 2020	$ 5,117	$ (1,499)	$ 408	$ (4,024)	$ (980)	$ (978)
Balance, December 31, 2020	$ 5,122	$ (1,992)	$ 426	$ (4,266)	$ (946)	$ (1,656)
Net change	**(1,243)**	**292**	**(1,130)**	**170**	**(29)**	**(1,940)**
Balance, September 30, 2021	**$ 3,879**	**$ (1,700)**	**$ (704)**	**$ (4,096)**	**$ (975)**	**$ (3,596)**

The following table presents the net change in fair value recorded in accumulated OCI, net realized gains and losses reclassified into earnings and other changes for each component of OCI pre- and after-tax for the nine months ended September 30, 2021 and 2020.

(Dollars in millions)	Pretax	Tax effect	After-tax	Pretax	Tax effect	After-tax
	Nine Months Ended September 30					
	2021			2020		
Debt securities:						
Net increase (decrease) in fair value	**$ (1,650)**	**$ 410**	**$ (1,240)**	$ 6,763	$ (1,685)	$ 5,078
Net realized gains reclassified into earnings [1]	**(4)**	**1**	**(3)**	(379)	95	(284)
Net change	**(1,654)**	**411**	**(1,243)**	6,384	(1,590)	4,794
Debit valuation adjustments:						
Net increase (decrease) in fair value	**365**	**(82)**	**283**	(13)	5	(8)
Net realized losses reclassified into earnings [1]	**12**	**(3)**	**9**	4	(1)	3
Net change	**377**	**(85)**	**292**	(9)	4	(5)
Derivatives:						
Net increase (decrease) in fair value	**(1,339)**	**334**	**(1,005)**	977	(238)	739
Reclassifications into earnings:						
Net interest income	**(125)**	**30**	**(95)**	96	(23)	73
Compensation and benefits expense	**(40)**	**10**	**(30)**	(5)	1	(4)
Net realized (gains) losses reclassified into earnings	**(165)**	**40**	**(125)**	91	(22)	69
Net change	**(1,504)**	**374**	**(1,130)**	1,068	(260)	808
Employee benefit plans:						
Net actuarial losses and other reclassified into earnings [2]	**209**	**(39)**	**170**	191	(47)	144
Net change	**209**	**(39)**	**170**	191	(47)	144
Foreign currency:						
Net decrease in fair value	**240**	**(269)**	**(29)**	(29)	(57)	(86)
Net change	**240**	**(269)**	**(29)**	(29)	(57)	(86)
Total other comprehensive income (loss)	**$ (2,332)**	**$ 392**	**$ (1,940)**	$ 7,605	$ (1,950)	$ 5,655

(1) Reclassifications of pretax debt securities, DVA and foreign currency (gains) losses are recorded in other income in the Consolidated Statement of Income.
(2) Reclassifications of pretax employee benefit plan costs are recorded in other general operating expense in the Consolidated Statement of Income.

NOTE 13 Earnings Per Common Share

The calculation of earnings per common share (EPS) and diluted EPS for the three and nine months ended September 30, 2021 and 2020 is presented below. For more information on the calculation of EPS, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

(In millions, except per share information)	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Earnings per common share				
Net income	**$ 7,691**	$ 4,881	**$ 24,965**	$ 12,424
Preferred stock dividends	**(431)**	(441)	**(1,181)**	(1,159)
Net income applicable to common shareholders	**$ 7,260**	$ 4,440	**$ 23,784**	$ 11,265
Average common shares issued and outstanding	**8,430.7**	8,732.9	**8,583.1**	8,762.6
Earnings per common share	**$ 0.86**	$ 0.51	**$ 2.77**	$ 1.29
Diluted earnings per common share				
Net income applicable to common shareholders	**$ 7,260**	$ 4,440	**$ 23,784**	$ 11,265
Add preferred stock dividends due to assumed conversions	**—**	—	**168**	—
Net income allocated to common shareholders	**$ 7,260**	$ 4,440	**$ 23,952**	$ 11,265
Average common shares issued and outstanding	**8,430.7**	8,732.9	**8,583.1**	8,762.6
Dilutive potential common shares [1]	**62.1**	44.6	**119.1**	37.9
Total diluted average common shares issued and outstanding	**8,492.8**	8,777.5	**8,702.2**	8,800.5
Diluted earnings per common share	**$ 0.85**	$ 0.51	**$ 2.75**	$ 1.28

(1) Includes incremental dilutive shares from preferred stock, restricted stock units, restricted stock and warrants.

For the nine months ended September 30, 2021, 62 million average dilutive potential common shares associated with the Series L preferred stock were included in the diluted share count under the "if-converted" method, whereas they were antidilutive for the three months ended September 30, 2021 and the three and nine months ended September 30, 2020.

NOTE 14 Fair Value Measurements

Under applicable accounting standards, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Corporation determines the fair values of its financial instruments under applicable accounting standards and conducts a review of fair value hierarchy classifications on a quarterly basis. Transfers into or out of fair value hierarchy classifications are made if the significant inputs used in the financial models measuring the fair values of the assets and liabilities become unobservable or observable in the current marketplace. During the nine months ended September 30, 2021, there were no changes to valuation approaches or techniques that had, or are expected to have, a material impact on the Corporation's consolidated financial position or results of operations.

For more information regarding the fair value hierarchy, how the Corporation measures fair value and valuation techniques, see *Note 1 – Summary of Significant Accounting Principles* and *Note 20 – Fair Value Measurements* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K. The Corporation accounts for certain financial instruments under the fair value option. For more information, see *Note 15 – Fair Value Option*.

Recurring Fair Value

Assets and liabilities carried at fair value on a recurring basis at September 30, 2021 and December 31, 2020, including financial instruments that the Corporation accounts for under the fair value option, are summarized in the following tables.

	September 30, 2021				
	Fair Value Measurements				
(Dollars in millions)	Level 1	Level 2	Level 3	Netting Adjustments [1]	Assets/Liabilities at Fair Value
Assets					
Time deposits placed and other short-term investments	$ 336	$ —	$ —	$ —	$ 336
Federal funds sold and securities borrowed or purchased under agreements to resell	—	154,137	—	—	154,137
Trading account assets:					
U.S. Treasury and government agencies	46,195	668	—	—	46,863
Corporate securities, trading loans and other	—	36,895	1,634	—	38,529
Equity securities	96,266	39,577	209	—	136,052
Non-U.S. sovereign debt	9,763	23,176	399	—	33,338
Mortgage trading loans, MBS and ABS:					
U.S. government-sponsored agency guaranteed	—	21,825	84	—	21,909
Mortgage trading loans, ABS and other MBS	—	10,385	1,490	—	11,875
Total trading account assets [2]	152,224	132,526	3,816	—	288,566
Derivative assets	17,376	330,477	3,827	(310,851)	40,829
AFS debt securities:					
U.S. Treasury and government agencies	168,030	1,095	—	—	169,125
Mortgage-backed securities:					
Agency	—	52,297	—	—	52,297
Agency-collateralized mortgage obligations	—	3,776	—	—	3,776
Non-agency residential	—	405	398	—	803
Commercial	—	18,819	—	—	18,819
Non-U.S. securities	—	12,283	10	—	12,293
Other taxable securities	—	2,560	73	—	2,633
Tax-exempt securities	—	15,559	53	—	15,612
Total AFS debt securities	168,030	106,794	534	—	275,358
Other debt securities carried at fair value:					
U.S. Treasury and government agencies	276	—	—	—	276
Non-agency residential MBS	—	411	296	—	707
Non-U.S. and other securities	3,851	5,185	—	—	9,036
Total other debt securities carried at fair value	4,127	5,596	296	—	10,019
Loans and leases	—	6,848	718	—	7,566
Loans held-for-sale	—	3,642	340	—	3,982
Other assets [3]	6,659	2,628	1,744	—	11,031
Total assets [4]	$ 348,752	$ 742,648	$ 11,275	$ (310,851)	$ 791,824
Liabilities					
Interest-bearing deposits in U.S. offices	$ —	$ 542	$ —	$ —	$ 542
Federal funds purchased and securities loaned or sold under agreements to repurchase	—	155,151	—	—	155,151
Trading account liabilities:					
U.S. Treasury and government agencies	20,967	1,105	—	—	22,072
Equity securities	47,035	5,472	—	—	52,507
Non-U.S. sovereign debt	17,766	10,511	—	—	28,277
Corporate securities and other	—	9,350	11	—	9,361
Total trading account liabilities	85,768	26,438	11	—	112,217
Derivative liabilities	18,341	328,506	6,152	(314,937)	38,062
Short-term borrowings	—	4,128	—	—	4,128
Accrued expenses and other liabilities	7,471	2,790	—	—	10,261
Long-term debt	—	27,570	1,126	—	28,696
Total liabilities [4]	$ 111,580	$ 545,125	$ 7,289	$ (314,937)	$ 349,057

(1) Amounts represent the impact of legally enforceable master netting agreements and also cash collateral held or placed with the same counterparties.
(2) Includes securities with a fair value of $10.8 billion that were segregated in compliance with securities regulations or deposited with clearing organizations. This amount is included in the parenthetical disclosure on the Consolidated Balance Sheet. Trading account assets also includes certain commodities inventory of $1.6 billion that is accounted for at the lower of cost or net realizable value, which is the current selling price less any costs to sell.
(3) Includes MSRs of $940 million which are classified as Level 3 assets.
(4) Total recurring Level 3 assets were 0.37 percent of total consolidated assets, and total recurring Level 3 liabilities were 0.26 percent of total consolidated liabilities.

(Dollars in millions)	December 31, 2020 Fair Value Measurements Level 1	Level 2	Level 3	Netting Adjustments [1]	Assets/Liabilities at Fair Value
Assets					
Time deposits placed and other short-term investments	$ 1,649	$ —	$ —	$ —	$ 1,649
Federal funds sold and securities borrowed or purchased under agreements to resell	—	108,856	—	—	108,856
Trading account assets:					
U.S. Treasury and government agencies	45,219	3,051	—	—	48,270
Corporate securities, trading loans and other	—	22,817	1,359	—	24,176
Equity securities	36,372	31,372	227	—	67,971
Non-U.S. sovereign debt	5,753	20,884	354	—	26,991
Mortgage trading loans, MBS and ABS:					
U.S. government-sponsored agency guaranteed	—	21,566	75	—	21,641
Mortgage trading loans, ABS and other MBS	—	8,440	1,365	—	9,805
Total trading account assets [2]	87,344	108,130	3,380	—	198,854
Derivative assets	15,624	416,175	2,751	(387,371)	47,179
AFS debt securities:					
U.S. Treasury and government agencies	115,266	1,114	—	—	116,380
Mortgage-backed securities:					
Agency	—	61,849	—	—	61,849
Agency-collateralized mortgage obligations	—	5,260	—	—	5,260
Non-agency residential	—	631	378	—	1,009
Commercial	—	16,491	—	—	16,491
Non-U.S. securities	—	13,999	18	—	14,017
Other taxable securities	—	2,640	71	—	2,711
Tax-exempt securities	—	16,598	176	—	16,774
Total AFS debt securities	115,266	118,582	643	—	234,491
Other debt securities carried at fair value:					
U.S. Treasury and government agencies	93	—	—	—	93
Non-agency residential MBS	—	506	267	—	773
Non-U.S. and other securities	2,619	8,625	—	—	11,244
Total other debt securities carried at fair value	2,712	9,131	267	—	12,110
Loans and leases	—	5,964	717	—	6,681
Loans held-for-sale	—	1,349	236	—	1,585
Other assets [3]	9,898	3,850	1,970	—	15,718
Total assets [4]	$ 232,493	$ 772,037	$ 9,964	$ (387,371)	$ 627,123
Liabilities					
Interest-bearing deposits in U.S. offices	$ —	$ 481	$ —	$ —	$ 481
Federal funds purchased and securities loaned or sold under agreements to repurchase	—	135,391	—	—	135,391
Trading account liabilities:					
U.S. Treasury and government agencies	9,425	139	—	—	9,564
Equity securities	38,189	4,235	—	—	42,424
Non-U.S. sovereign debt	5,853	8,043	—	—	13,896
Corporate securities and other	—	5,420	16	—	5,436
Total trading account liabilities	53,467	17,837	16	—	71,320
Derivative liabilities	14,907	412,881	6,219	(388,481)	45,526
Short-term borrowings	—	5,874	—	—	5,874
Accrued expenses and other liabilities	12,297	4,014	—	—	16,311
Long-term debt	—	31,036	1,164	—	32,200
Total liabilities [5]	$ 80,671	$ 607,514	$ 7,399	$ (388,481)	$ 307,103

(1) Amounts represent the impact of legally enforceable master netting agreements and also cash collateral held or placed with the same counterparties.
(2) Includes securities with a fair value of $16.8 billion that were segregated in compliance with securities regulations or deposited with clearing organizations. This amount is included in the parenthetical disclosure on the Consolidated Balance Sheet. Trading account assets also includes certain commodities inventory of $576 million that is accounted for at the lower of cost or net realizable value, which is the current selling price less any costs to sell.
(3) Includes MSRs of $1.0 billion which are classified as Level 3 assets.
(4) Total recurring Level 3 assets were 0.35 percent of total consolidated assets, and total recurring Level 3 liabilities were 0.29 percent of total consolidated liabilities.

The following tables present a reconciliation of all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the three and nine months ended September 30, 2021 and 2020, including net realized and unrealized gains (losses) included in earnings and accumulated OCI. Transfers into Level 3 occur primarily due to decreased price observability, and transfers out of Level 3 occur primarily due to increased price observability. Transfers occur on a regular basis for long-term debt instruments due to changes in the impact of unobservable inputs on the value of the embedded derivative in relation to the instrument as a whole.

Level 3 – Fair Value Measurements [1]

(Dollars in millions)	Balance July 1	Total Realized/Unrealized Gains (Losses) in Net Income [2]	Gains (Losses) in OCI [3]	Gross Purchases	Gross Sales	Gross Issuances	Gross Settlements	Gross Transfers into Level 3	Gross Transfers out of Level 3	Balance September 30	Change in Unrealized Gains (Losses) in Net Income Related to Financial Instruments Still Held [2]
Three Months Ended September 30, 2021											
Trading account assets:											
Corporate securities, trading loans and other	**$ 1,764**	**$ (2)**	**$ —**	**$ 89**	**$ (43)**	**$ —**	**$ (118)**	**$ 239**	**$ (295)**	**$ 1,634**	**$ (20)**
Equity securities	**260**	**(2)**	**—**	**18**	**(11)**	**—**	**—**	**20**	**(76)**	**209**	**(2)**
Non-U.S. sovereign debt	**414**	**4**	**(26)**	**16**	**—**	**—**	**(9)**	**—**	**—**	**399**	**4**
Mortgage trading loans, MBS and ABS	**1,498**	**(43)**	**—**	**97**	**(89)**	**—**	**(61)**	**180**	**(8)**	**1,574**	**(41)**
Total trading account assets	**3,936**	**(43)**	**(26)**	**220**	**(143)**	**—**	**(188)**	**439**	**(379)**	**3,816**	**(59)**
Net derivative assets (liabilities) [4]	**(2,884)**	**564**	**—**	**124**	**(168)**	**—**	**23**	**173**	**(157)**	**(2,325)**	**512**
AFS debt securities:											
Non-agency residential MBS	**205**	**(1)**	**(2)**	**—**	**—**	**—**	**(12)**	**208**	**—**	**398**	**(4)**
Non-U.S. securities	**11**	**(3)**	**—**	**—**	**—**	**—**	**2**	**—**	**—**	**10**	**—**
Other taxable securities	**74**	**—**	**(1)**	**—**	**—**	**—**	**—**	**—**	**—**	**73**	**—**
Tax-exempt securities	**51**	**2**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**53**	**2**
Total AFS debt securities	**341**	**(2)**	**(3)**	**—**	**—**	**—**	**(10)**	**208**	**—**	**534**	**(2)**
Other debt securities carried at fair value – Non-agency residential MBS	**281**	**(2)**	**—**	**—**	**—**	**—**	**(9)**	**26**	**—**	**296**	**(2)**
Loans and leases [5,6]	**857**	**(59)**	**—**	**—**	**—**	**—**	**(67)**	**—**	**(13)**	**718**	**(59)**
Loans held-for-sale [5,6]	**263**	**13**	**(7)**	**94**	**(1)**	**—**	**(22)**	**—**	**—**	**340**	**10**
Other assets [6,7]	**1,775**	**15**	**(6)**	**1**	**1**	**51**	**(95)**	**2**	**—**	**1,744**	**49**
Trading account liabilities – Corporate securities and other	**(17)**	**6**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(11)**	**(1)**
Long-term debt [5]	**(1,060)**	**(65)**	**2**	**—**	**—**	**(9)**	**30**	**(25)**	**1**	**(1,126)**	**(65)**
Three Months Ended September 30, 2020											
Trading account assets:											
Corporate securities, trading loans and other	$ 1,548	$ (20)	$ —	$ —	$ (49)	$ —	$ (91)	$ 136	$ (54)	$ 1,470	$ (34)
Equity securities	194	8	—	4	(3)	—	—	7	(3)	207	3
Non-U.S. sovereign debt	248	7	(6)	1	(2)	—	(1)	83	(40)	290	6
Mortgage trading loans, MBS and ABS	1,736	2	—	36	(108)	11	(12)	167	(62)	1,770	10
Total trading account assets	3,726	(3)	(6)	41	(162)	11	(104)	393	(159)	3,737	(15)
Net derivative assets (liabilities) [4]	(3,343)	228	—	39	(177)	—	(58)	3	(223)	(3,531)	196
AFS debt securities:											
Non-agency residential MBS	462	—	5	—	—	—	(10)	25	(42)	440	—
Non-U.S. securities	5	—	—	—	—	—	(1)	10	—	14	—
Other taxable securities	65	—	—	3	—	—	—	—	—	68	—
Tax-exempt securities	337	15	—	—	—	—	(167)	—	(5)	180	15
Total AFS debt securities	869	15	5	3	—	—	(178)	35	(47)	702	15
Other debt securities carried at fair value – Non-agency residential MBS	449	18	—	—	—	—	(11)	2	—	458	17
Loans and leases [5,6]	741	(2)	—	—	(25)	—	(89)	—	—	625	(5)
Loans held-for-sale [5,6]	970	(7)	(2)	—	(25)	—	(14)	—	—	922	(10)
Other assets [6,7]	1,911	25	6	—	1	53	(121)	—	—	1,875	4
Trading account liabilities – Equity securities	(1)	—	—	—	—	—	—	—	—	(1)	—
Trading account liabilities – Corporate securities and other	(16)	2	—	—	(2)	—	—	—	—	(16)	—
Long-term debt [5]	(956)	(50)	(10)	—	—	—	46	—	—	(970)	(50)

(1) Assets (liabilities). For assets, increase (decrease) to Level 3 and for liabilities, (increase) decrease to Level 3.
(2) Includes gains (losses) reported in earnings in the following income statement line items: Trading account assets/liabilities - predominantly market making and similar activities; Net derivative assets (liabilities) - market making and similar activities and other income; AFS debt securities - other income; Other debt securities carried at fair value - other income; Loans and leases - market making and similar activities and other income; Loans held-for-sale - other income; Other assets - primarily market making and similar activities and other income related to MSRs; Long-term debt - market making and similar activities.
(3) Includes unrealized gains (losses) in OCI on AFS debt securities, foreign currency translation adjustments and the impact of changes in the Corporation's credit spreads on long-term debt accounted for under the fair value option. Amounts include net unrealized losses of $38 million and $8 million related to financial instruments still held at September 30, 2021 and 2020.
(4) Net derivative assets (liabilities) include derivative assets of $3.8 billion and $2.5 billion and derivative liabilities of $6.2 billion and $6.0 billion at September 30, 2021 and 2020.
(5) Amounts represent instruments that are accounted for under the fair value option.
(6) Issuances represent loan originations and MSRs recognized following securitizations or whole-loan sales.
(7) Settlements primarily represent the net change in fair value of the MSR asset due to the recognition of modeled cash flows and the passage of time.

Level 3 – Fair Value Measurements (1)

(Dollars in millions)	Balance January 1	Total Realized/Unrealized Gains (Losses) in Net Income (2)	Gains (Losses) in OCI (3)	Gross				Gross Transfers into Level 3	Gross Transfers out of Level 3	Balance September 30	Change in Unrealized Gains (Losses) in Net Income Related to Financial Instruments Still Held (2)
				Purchases	Sales	Issuances	Settlements				
Nine Months Ended September 30, 2021											
Trading account assets:											
Corporate securities, trading loans and other	**$ 1,359**	**$ 23**	**$ —**	**$ 515**	**$ (300)**	**$ —**	**$ (251)**	**$ 697**	**$ (409)**	**$ 1,634**	**$ (42)**
Equity securities	**227**	**20**	**—**	**71**	**(60)**	**—**	**—**	**98**	**(147)**	**209**	**(17)**
Non-U.S. sovereign debt	**354**	**24**	**(14)**	**18**	**—**	**—**	**(9)**	**26**	**—**	**399**	**27**
Mortgage trading loans, ABS and other MBS	**1,440**	**(4)**	**—**	**344**	**(584)**	**1**	**(125)**	**624**	**(122)**	**1,574**	**(65)**
Total trading account assets	**3,380**	**63**	**(14)**	**948**	**(944)**	**1**	**(385)**	**1,445**	**(678)**	**3,816**	**(97)**
Net derivative assets (liabilities) (4)	**(3,468)**	**855**	**—**	**473**	**(517)**	**—**	**206**	**(18)**	**144**	**(2,325)**	**579**
AFS debt securities:											
Non-agency residential MBS	**378**	**(16)**	**(96)**	**—**	**—**	**—**	**(37)**	**244**	**(75)**	**398**	**(7)**
Non-U.S. securities	**18**	**(4)**	**—**	**—**	**—**	**—**	**(4)**	**—**	**—**	**10**	**—**
Other taxable securities	**71**	**—**	**(6)**	**8**	**—**	**—**	**—**	**—**	**—**	**73**	**—**
Tax-exempt securities	**176**	**19**	**—**	**—**	**—**	**—**	**—**	**—**	**(142)**	**53**	**18**
Total AFS debt securities	**643**	**(1)**	**(102)**	**8**	**—**	**—**	**(41)**	**244**	**(217)**	**534**	**11**
Other debt securities carried at fair value – Non-agency residential MBS	**267**	**—**	**—**	**—**	**—**	**—**	**(29)**	**58**	**—**	**296**	**—**
Loans and leases (5,6)	**717**	**45**	**—**	**—**	**—**	**70**	**(147)**	**46**	**(13)**	**718**	**52**
Loans held-for-sale (5,6)	**236**	**17**	**(4)**	**132**	**(1)**	**—**	**(62)**	**26**	**(4)**	**340**	**40**
Other assets (6,7)	**1,970**	**36**	**2**	**56**	**(144)**	**115**	**(300)**	**9**	**—**	**1,744**	**92**
Trading account liabilities – Corporate securities and other	**(16)**	**6**	**—**	**—**	**—**	**(1)**	**—**	**—**	**—**	**(11)**	**—**
Long-term debt (5)	**(1,164)**	**(83)**	**4**	**2**	**—**	**(11)**	**67**	**(57)**	**116**	**(1,126)**	**(54)**
Nine Months Ended September 30, 2020											
Trading account assets:											
Corporate securities, trading loans and other	$ 1,507	$ (150)	$ (1)	$ 280	$ (181)	$ 8	$ (165)	$ 520	$ (348)	$ 1,470	$ (128)
Equity securities	239	(17)	—	33	(37)	—	—	32	(43)	207	(20)
Non-U.S. sovereign debt	482	35	(69)	76	(61)	—	(20)	100	(253)	290	33
Mortgage trading loans, ABS and other MBS	1,553	(145)	(3)	502	(582)	11	(52)	659	(173)	1,770	(135)
Total trading account assets	3,781	(277)	(73)	891	(861)	19	(237)	1,311	(817)	3,737	(250)
Net derivative assets (liabilities) (4)	(2,538)	111	—	216	(558)	—	(224)	(273)	(265)	(3,531)	(356)
AFS debt securities:											
Non-agency residential MBS	424	(5)	(4)	23	—	—	(32)	158	(124)	440	(5)
Non-U.S. securities	2	—	—	—	(1)	—	(1)	14	—	14	—
Other taxable securities	65	—	—	6	(4)	—	—	1	—	68	—
Tax-exempt securities	108	(19)	3	—	—	—	(167)	265	(10)	180	(18)
Total AFS debt securities	599	(24)	(1)	29	(5)	—	(200)	438	(134)	702	(23)
Other debt securities carried at fair value – Non-agency residential MBS	299	12	—	—	—	—	(19)	178	(12)	458	(12)
Loans and leases (5,6)	693	(74)	—	32	(26)	22	(120)	98	—	625	(61)
Loans held-for-sale (5,6)	375	(7)	(35)	—	(106)	691	(89)	93	—	922	(19)
Other assets (6,7)	2,360	(294)	(11)	—	2	206	(391)	5	(2)	1,875	(373)
Trading account liabilities – Equity securities	(2)	1	—	—	—	—	—	—	—	(1)	1
Trading account liabilities – Corporate securities and other	(15)	7	—	(7)	(2)	—	1	—	—	(16)	—
Long-term debt (5)	(1,149)	5	50	8	—	(45)	201	(52)	12	(970)	(10)

(1) Assets (liabilities). For assets, increase (decrease) to Level 3 and for liabilities, (increase) decrease to Level 3.
(2) Includes gains (losses) reported in earnings in the following income statement line items: Trading account assets/liabilities - predominantly market making and similar activities; Net derivative assets (liabilities) - market making and similar activities and other income; AFS debt securities - other income; Other debt securities carried at fair value - other income; Loans and leases - market making and similar activities and other income; Loans held-for-sale - other income; Other assets - primarily market making and similar activities and other income related to MSRs; Long-term debt - market making and similar activities.
(3) Includes unrealized gains (losses) in OCI on AFS debt securities, foreign currency translation adjustments and the impact of changes in the Corporation's credit spreads on long-term debt accounted for under the fair value option. Amounts include net unrealized losses of $45 million and $47 million related to financial instruments still held at September 30, 2021 and 2020.
(4) Net derivative assets (liabilities) include derivative assets of $3.8 billion and $2.5 billion and derivative liabilities of $6.2 billion and $6.0 billion at September 30, 2021 and 2020.
(5) Amounts represent instruments that are accounted for under the fair value option.
(6) Issuances represent loan originations and MSRs recognized following securitizations or whole-loan sales.
(7) Settlements primarily represent the net change in fair value of the MSR asset due to the recognition of modeled cash flows and the passage of time.

The following tables present information about significant unobservable inputs related to the Corporation's material categories of Level 3 financial assets and liabilities at September 30, 2021 and December 31, 2020.

Quantitative Information about Level 3 Fair Value Measurements at September 30, 2021

(Dollars in millions)

Financial Instrument	Fair Value	Valuation Technique	Inputs: Significant Unobservable Inputs	Inputs: Ranges of Inputs	Inputs: Weighted Average [(1)]
Loans and Securities [(2)]					
Instruments backed by residential real estate assets	**$ 1,359**	Discounted cash flow, Market comparables	Yield	0% to 25%	6 %
Trading account assets – Mortgage trading loans, ABS and other MBS	306		Prepayment speed	1% to 42% CPR	19% CPR
Loans and leases	359		Default rate	0% to 3% CDR	1% CDR
AFS debt securities – Non-agency residential	398		Price	$0 to $160	$91
Other debt securities carried at fair value – Non-agency residential	296		Loss severity	0% to 44%	14 %
Instruments backed by commercial real estate assets	**$ 458**	Discounted cash flow	Yield	0% to 25%	4 %
Trading account assets – Corporate securities, trading loans and other	286		Price	$0 to $100	$62
Trading account assets – Mortgage trading loans, ABS and other MBS	81				
AFS debt securities, primarily other taxable securities	83				
Loans held-for-sale	8				
Commercial loans, debt securities and other	**$ 3,678**	Discounted cash flow, Market comparables	Yield	0% to 20%	10 %
Trading account assets – Corporate securities, trading loans and other	1,348		Prepayment speed	10% to 20%	15 %
Trading account assets – Non-U.S. sovereign debt	399		Default rate	3% to 4%	4 %
Trading account assets – Mortgage trading loans, ABS and other MBS	1,187		Loss severity	35% to 40%	38 %
AFS debt securities – Tax-exempt securities	53		Price	$0 to $186	$67
Loans and leases	359		Long-dated equity volatilities	45%	n/a
Loans held-for-sale	332				
Other assets, primarily auction rate securities	**$ 804**	Discounted cash flow, Market comparables	Price	$10 to $96	$92
			Discount rate	9 %	n/a
MSRs	**$ 940**	Discounted cash flow	Weighted-average life, fixed rate [(5)]	0 to 14 years	4 years
			Weighted-average life, variable rate [(5)]	0 to 11 years	3 years
			Option-adjusted spread, fixed rate	7% to 14%	9 %
			Option-adjusted spread, variable rate	9% to 15%	12 %
Structured liabilities					
Long-term debt	**$ (1,126)**	Discounted cash flow, Market comparables, Industry standard derivative pricing [(3)]	Yield	0% to 16%	14 %
			Equity correlation	3% to 99%	80 %
			Long-dated equity volatilities	4% to 67%	36 %
			Price	$0 to $121	$85
			Natural gas forward price	$2/MMBtu to $12/MMBtu	$4 /MMBtu
Net derivative assets (liabilities)					
Credit derivatives	**$ (109)**	Discounted cash flow, Stochastic recovery correlation model	Credit spreads	1 to 611 bps	62 bps
			Upfront points	16 to 100 points	68 points
			Prepayment speed	15% CPR	n/a
			Default rate	2% CDR	n/a
			Credit correlation	24% to 60%	55 %
			Price	$0 to $122	$66
Equity derivatives	**$ (1,442)**	Industry standard derivative pricing [(3)]	Equity correlation	3% to 99%	80 %
			Long-dated equity volatilities	4% to 67%	36 %
Commodity derivatives	**$ (942)**	Discounted cash flow, Industry standard derivative pricing [(3)]	Natural gas forward price	$2/MMBtu to $12/MMBtu	$4 /MMBtu
			Correlation	64% to 82%	75 %
			Power forward price	$12 to $74	$28
			Volatilities	41% to 113%	80 %
Interest rate derivatives	**$ 168**	Industry standard derivative pricing [(4)]	Correlation (IR/IR)	(1)% to 90%	53 %
			Correlation (FX/IR)	0% to 58%	44 %
			Long-dated inflation rates	(7)% to 12%	5 %
			Long-dated inflation volatilities	0% to 2%	2 %
			Interest rate volatilities	0% to 3%	1 %
Total net derivative assets (liabilities)	**$ (2,325)**				

(1) For loans and securities, structured liabilities and net derivative assets (liabilities), the weighted average is calculated based upon the absolute fair value of the instruments.

(2) The categories are aggregated based upon product type which differs from financial statement classification. The following is a reconciliation to the line items in the table on page 88: Trading account assets – Corporate securities, trading loans and other of $1.6 billion, Trading account assets – Non-U.S. sovereign debt of $399 million, Trading account assets – Mortgage trading loans, MBS and ABS of $1.6 billion, AFS debt securities of $534 million, Other debt securities carried at fair value - Non-agency residential of $296 million, Other assets, including MSRs, of $1.7 billion, Loans and leases of $718 million and LHFS of $340 million.

(3) Includes models such as Monte Carlo simulation and Black-Scholes.

(4) Includes models such as Monte Carlo simulation, Black-Scholes and other methods that model the joint dynamics of interest, inflation and foreign exchange rates.

(5) The weighted-average life is a product of changes in market rates of interest, prepayment rates and other model and cash flow assumptions.

CPR = Constant Prepayment Rate
CDR = Constant Default Rate
MMBtu = Million British thermal units
IR = Interest Rate
FX = Foreign Exchange
n/a = not applicable

Quantitative Information about Level 3 Fair Value Measurements at December 31, 2020

(Dollars in millions)

Financial Instrument	Fair Value	Valuation Technique	Inputs: Significant Unobservable Inputs	Inputs: Ranges of Inputs	Inputs: Weighted Average [1]
Loans and Securities [2]					
Instruments backed by residential real estate assets	$ 1,543	Discounted cash flow, Market comparables	Yield	(3)% to 25%	6 %
Trading account assets – Mortgage trading loans, ABS and other MBS	467		Prepayment speed	1% to 56% CPR	20% CPR
Loans and leases	431		Default rate	0% to 3% CDR	1% CDR
AFS debt securities - Non-agency residential	378		Price	$0 to $168	$110
Other debt securities carried at fair value - Non-agency residential	267		Loss severity	0% to 47%	18 %
Instruments backed by commercial real estate assets	$ 407	Discounted cash flow	Yield	0% to 25%	4 %
Trading account assets – Corporate securities, trading loans and other	262		Price	$0 to $100	$52
Trading account assets – Mortgage trading loans, ABS and other MBS	43				
AFS debt securities, primarily other taxable securities	89				
Loans held-for-sale	13				
Commercial loans, debt securities and other	$ 3,066	Discounted cash flow, Market comparables	Yield	0% to 26%	9 %
Trading account assets – Corporate securities, trading loans and other	1,097		Prepayment speed	10% to 20%	14 %
Trading account assets – Non-U.S. sovereign debt	354		Default rate	3% to 4%	4 %
Trading account assets – Mortgage trading loans, ABS and other MBS	930		Loss severity	35% to 40%	38 %
AFS debt securities – Tax-exempt securities	176		Price	$0 to $142	$66
Loans and leases	286		Long-dated equity volatilities	77%	n/a
Loans held-for-sale	223				
Other assets, primarily auction rate securities	$ 937	Discounted cash flow, Market comparables	Price	$10 to $97	$91
			Discount rate	8%	n/a
MSRs	$ 1,033	Discounted cash flow	Weighted-average life, fixed rate [5]	0 to 13 years	4 years
			Weighted-average life, variable rate [5]	0 to 10 years	3 years
			Option-adjusted spread, fixed rate	7% to 14%	9 %
			Option-adjusted spread, variable rate	9% to 15%	12 %
Structured liabilities					
Long-term debt	$ (1,164)	Discounted cash flow, Market comparables, Industry standard derivative pricing [3]	Yield	0% to 11%	9 %
			Equity correlation	2% to 100%	64 %
			Long-dated equity volatilities	7% to 64%	32 %
			Price	$0 to $124	$86
			Natural gas forward price	$1/MMBtu to $4/MMBtu	$3/MMBtu
Net derivative assets (liabilities)					
Credit derivatives	$ (112)	Discounted cash flow, Stochastic recovery correlation model	Yield	5%	n/a
			Upfront points	0 to 100 points	75 points
			Prepayment speed	15% to 100% CPR	22% CPR
			Default rate	2% CDR	n/a
			Credit correlation	21% to 64%	57 %
			Price	$0 to $122	$69
Equity derivatives	$ (1,904)	Industry standard derivative pricing [3]	Equity correlation	2% to 100%	64 %
			Long-dated equity volatilities	7% to 64%	32 %
Commodity derivatives	$ (1,426)	Discounted cash flow, Industry standard derivative pricing [3]	Natural gas forward price	$1/MMBtu to $4/MMBtu	$3/MMBtu
			Correlation	39% to 85%	73 %
			Volatilities	23% to 70%	39 %
Interest rate derivatives	$ (26)	Industry standard derivative pricing [4]	Correlation (IR/IR)	15% to 96%	34 %
			Correlation (FX/IR)	0% to 46%	3 %
			Long-dated inflation rates	(7)% to 84%	14 %
			Long-dated inflation volatilities	0% to 1%	1 %
			Interest rates volatilities	0% to 2%	1 %
Total net derivative assets (liabilities)	$ (3,468)				

[1] For loans and securities, structured liabilities and net derivative assets (liabilities), the weighted average is calculated based upon the absolute fair value of the instruments.
[2] The categories are aggregated based upon product type which differs from financial statement classification. The following is a reconciliation to the line items in the table on page 89: Trading account assets – Corporate securities, trading loans and other of $1.4 billion, Trading account assets – Non-U.S. sovereign debt of $354 million, Trading account assets – Mortgage trading loans, MBS and ABS of $1.4 billion, AFS debt securities of $643 million, Other debt securities carried at fair value - Non-agency residential of $267 million, Other assets, including MSRs, of $2.0 billion, Loans and leases of $717 million and LHFS of $236 million.
[3] Includes models such as Monte Carlo simulation and Black-Scholes.
[4] Includes models such as Monte Carlo simulation, Black-Scholes and other methods that model the joint dynamics of interest, inflation and foreign exchange rates.
[5] The weighted-average life is a product of changes in market rates of interest, prepayment rates and other model and cash flow assumptions.
CPR = Constant Prepayment Rate
CDR = Constant Default Rate
MMBtu = Million British thermal units
IR = Interest Rate
FX = Foreign Exchange
n/a = not applicable

Uncertainty of Fair Value Measurements from Unobservable Inputs

For information on the types of instruments, valuation approaches and the impact of changes in unobservable inputs used in Level 3 measurements, see *Note 20 – Fair Value Measurements* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

Nonrecurring Fair Value

The Corporation holds certain assets that are measured at fair value only in certain situations (e.g., the impairment of an asset), and these measurements are referred to herein as nonrecurring. The amounts below represent assets still held as of the reporting date for which a nonrecurring fair value adjustment was recorded during the three and nine months ended September 30, 2021 and 2020.

Assets Measured at Fair Value on a Nonrecurring Basis

(Dollars in millions)	September 30, 2021 Level 2	September 30, 2021 Level 3	Three Months Ended September 30, 2021 Gains (Losses)	Nine Months Ended September 30, 2021 Gains (Losses)
Assets				
Loans held-for-sale	**$ 124**	**$ 20**	**$ (2)**	**$ 4**
Loans and leases [1]	**—**	**182**	**(16)**	**(47)**
Foreclosed properties [2, 3]	**—**	**17**	**(3)**	**(4)**
Other assets	**354**	**2,101**	**(35)**	**(494)**

	September 30, 2020 Level 2	September 30, 2020 Level 3	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2020
Assets				
Loans held-for-sale	$ 630	$ 903	$ (14)	$ (121)
Loans and leases [1]	—	226	(19)	(59)
Foreclosed properties [2, 3]	—	27	(7)	(11)
Other assets	209	576	(32)	(58)

[1] Includes $7 million and $18 million of losses on loans that were written down to a collateral value of zero during the three and nine months ended September 30, 2021 compared to losses of $9 million and $26 million for the same periods in 2020.
[2] Amounts are included in other assets on the Consolidated Balance Sheet and represent the carrying value of foreclosed properties that were written down subsequent to their initial classification as foreclosed properties. Losses on foreclosed properties include losses recorded during the first 90 days after transfer of a loan to foreclosed properties.
[3] Excludes $55 million and $131 million of properties acquired upon foreclosure of certain government-guaranteed loans (principally FHA-insured loans) at September 30, 2021 and 2020.

The table below presents information about significant unobservable inputs utilized in the Corporation's nonrecurring Level 3 fair value measurements at September 30, 2021 and December 31, 2020.

Quantitative Information about Nonrecurring Level 3 Fair Value Measurements

Financial Instrument (Dollars in millions)	Fair Value	Valuation Technique	Inputs: Significant Unobservable Inputs	Inputs: Ranges of Inputs	Inputs: Weighted Average [1]
			Nine Months Ended September 30, 2021		
Loans and leases [2]	**$ 182**	Market comparables	OREO discount	13% to 59%	24 %
			Costs to sell	8% to 26%	9 %
Other assets [3]	**1,926**	Discounted cash flow	Discount rate	7 %	n/a
	170	Market comparables	Estimated appraisal value	n/a	n/a
			Year Ended December 31, 2020		
Loans held-for-sale	$ 792	Discounted cash flow	Price	$8 to $99	$95
Loans and leases [2]	301	Market comparables	OREO discount	13% to 59%	24 %
			Costs to sell	8% to 26%	9 %
Other assets [4]	576	Discounted cash flow	Revenue attrition	2% to 19%	7 %
			Discount rate	11% to 14%	12 %

[1] The weighted average is calculated based upon the fair value of the loans.
[2] Represents residential mortgages where the loan has been written down to the fair value of the underlying collateral.
[3] Represents the fair value of certain impaired renewable energy investments and impaired assets related to the Corporation's real estate rationalization.
[4] Represents the fair value of the intangible asset related to the merchant contracts received from the dissolution of the Corporation's merchant services joint venture.
n/a = not applicable

NOTE 15 Fair Value Option

The Corporation elects to account for certain financial instruments under the fair value option. For more information on the primary financial instruments for which the fair value option elections have been made, see *Note 21 – Fair Value Option* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K. The following tables provide information about the fair value carrying amount and the contractual principal outstanding of assets and liabilities accounted for under the fair value option at September 30, 2021 and December 31, 2020, and information about where changes in the fair value of assets and liabilities accounted for under the fair value option are included in the Consolidated Statement of Income for the three and nine months ended September 30, 2021 and 2020.

Fair Value Option Elections

(Dollars in millions)	September 30, 2021 Fair Value Carrying Amount	Contractual Principal Outstanding	Fair Value Carrying Amount Less Unpaid Principal	December 31, 2020 Fair Value Carrying Amount	Contractual Principal Outstanding	Fair Value Carrying Amount Less Unpaid Principal
Federal funds sold and securities borrowed or purchased under agreements to resell	**$ 154,137**	**$ 154,135**	**$ 2**	$ 108,856	$ 108,811	$ 45
Loans reported as trading account assets [1]	**9,410**	**17,534**	**(8,124)**	7,967	17,372	(9,405)
Trading inventory – other	**22,962**	**n/a**	**n/a**	22,790	n/a	n/a
Consumer and commercial loans	**7,566**	**7,628**	**(62)**	6,681	6,778	(97)
Loans held-for-sale [1]	**3,982**	**4,884**	**(902)**	1,585	2,521	(936)
Other assets	**194**	**n/a**	**n/a**	200	n/a	n/a
Long-term deposits	**542**	**530**	**12**	481	448	33
Federal funds purchased and securities loaned or sold under agreements to repurchase	**155,151**	**155,187**	**(36)**	135,391	135,390	1
Short-term borrowings	**4,128**	**4,341**	**(213)**	5,874	5,178	696
Unfunded loan commitments	**95**	**n/a**	**n/a**	99	n/a	n/a
Long-term debt	**28,696**	**29,783**	**(1,087)**	32,200	33,470	(1,270)

(1) A significant portion of the loans reported as trading account assets and LHFS are distressed loans that were purchased at a deep discount to par, and the remainder are loans with a fair value near contractual principal outstanding.
n/a = not applicable

Gains (Losses) Related to Assets and Liabilities Accounted for Under the Fair Value Option

(Dollars in millions)	Three Months Ended September 30 2021 Market making and similar activities	Other Income	Total	2020 Market making and similar activities	Other Income	Total
Loans reported as trading account assets	**$ 5**	**$ —**	**$ 5**	$ 58	$ —	$ 58
Trading inventory – other [1]	**(1,155)**	**—**	**(1,155)**	709	—	709
Consumer and commercial loans	**(56)**	**(11)**	**(67)**	(2)	102	100
Loans held-for-sale [2]	**—**	**53**	**53**	—	22	22
Short-term borrowings	**548**	**—**	**548**	(38)	—	(38)
Unfunded loan commitments	**—**	**8**	**8**	—	(18)	(18)
Long-term debt [3]	**225**	**(9)**	**216**	(347)	(6)	(353)
Other [4]	**7**	**—**	**7**	19	7	26
Total	**$ (426)**	**$ 41**	**$ (385)**	$ 399	$ 107	$ 506
	Nine Months Ended September 30 2021			2020		
Loans reported as trading account assets	**$ 288**	**$ —**	**$ 288**	$ (15)	$ —	$ (15)
Trading inventory – other [1]	**419**	**—**	**419**	1,259	—	1,259
Consumer and commercial loans	**58**	**34**	**92**	(49)	(85)	(134)
Loans held-for-sale [2]	**—**	**64**	**64**	—	67	67
Short-term borrowings	**1,022**	**—**	**1,022**	196	—	196
Unfunded loan commitments	**—**	**2**	**2**	—	(88)	(88)
Long-term debt [3]	**(436)**	**(33)**	**(469)**	(1,300)	(31)	(1,331)
Other [4]	**18**	**(24)**	**(6)**	28	(31)	(3)
Total	**$ 1,369**	**$ 43**	**$ 1,412**	$ 119	$ (168)	$ (49)

(1) The gains (losses) in market making and similar activities are primarily offset by (losses) gains on trading liabilities that hedge these assets.
(2) Includes the value of IRLCs on funded loans, including those sold during the period.
(3) The net gains (losses) in market making and similar activities relate to the embedded derivatives in structured liabilities and are typically offset by (losses) gains on derivatives and securities that hedge these liabilities. For the cumulative impact of changes in the Corporation's own credit spreads and the amount recognized in accumulated OCI, see *Note 12 – Accumulated Other Comprehensive Income (Loss)*. For more information on how the Corporation's own credit spread is determined, see *Note 20 – Fair Value Measurements* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.
(4) Includes gains (losses) on federal funds sold and securities borrowed or purchased under agreements to resell, other assets, long-term deposits and federal funds purchased and securities loaned or sold under agreements to repurchase.

Gains (Losses) Related to Borrower-specific Credit Risk for Assets and Liabilities Accounted for Under the Fair Value Option

(Dollars in millions)	Three Months Ended September 30 2021	2020	Nine Months Ended September 30 2021	2020
Loans reported as trading account assets	**$ (21)**	$ 11	**$ 166**	$ (225)
Consumer and commercial loans	**(22)**	100	**10**	(96)
Loans held-for-sale	**37**	(24)	**35**	(117)
Unfunded loan commitments	**8**	(18)	**2**	(88)

NOTE 16 Fair Value of Financial Instruments

The following disclosures include financial instruments that are not carried at fair value or only a portion of the ending balance is carried at fair value on the Consolidated Balance Sheet. Certain loans, deposits, long-term debt, unfunded lending commitments and other financial instruments are accounted for under the fair value option. For more information, see *Note 21 – Fair Value Option* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

Fair Value of Financial Instruments

The carrying values and fair values by fair value hierarchy of certain financial instruments where only a portion of the ending balance was carried at fair value at September 30, 2021 and December 31, 2020 are presented in the table below.

Fair Value of Financial Instruments

		Fair Value		
	Carrying Value	**Level 2**	**Level 3**	**Total**
(Dollars in millions)	**September 30, 2021**			
Financial assets				
Loans	**$ 894,158**	**$ 52,330**	**$ 880,083**	**$ 932,413**
Loans held-for-sale	**9,415**	**8,601**	**823**	**9,424**
Financial liabilities				
Deposits [1]	**1,964,804**	**1,964,794**	**—**	**1,964,794**
Long-term debt	**278,621**	**286,414**	**1,293**	**287,707**
Commercial unfunded lending commitments [2]	**1,633**	**95**	**6,542**	**6,637**
	December 31, 2020			
Financial assets				
Loans	$ 887,289	$ 49,372	$ 877,682	$ 927,054
Loans held-for-sale	9,243	7,864	1,379	9,243
Financial liabilities				
Deposits [1]	1,795,480	1,795,545	—	1,795,545
Long-term debt	262,934	271,315	1,164	272,479
Commercial unfunded lending commitments [2]	1,977	99	5,159	5,258

(1) Includes demand deposits of $962.9 billion and $799.0 billion with no stated maturities at September 30, 2021 and December 31, 2020.
(2) The carrying value of commercial unfunded lending commitments is included in accrued expenses and other liabilities on the Consolidated Balance Sheet. The Corporation does not estimate the fair value of consumer unfunded lending commitments because, in many instances, the Corporation can reduce or cancel these commitments by providing notice to the borrower. For more information on commitments, see *Note 10 – Commitments and Contingencies*.

NOTE 17 Business Segment Information

The Corporation reports its results of operations through the following four business segments: *Consumer Banking*, *Global Wealth & Investment Management*, *Global Banking* and *Global Markets*, with the remaining operations recorded in *All Other*. For more information, see *Note 23 – Business Segment Information* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K. The following tables present net income and the components thereto (with net interest income on an FTE basis for the business segments, *All Other* and the total Corporation) for the three and nine months ended September 30, 2021 and 2020, and total assets at September 30, 2021 and 2020 for each business segment, as well as *All Other*.

Results of Business Segments and All Other

At and for the three months ended September 30	Total Corporation [1]		Consumer Banking		Global Wealth & Investment Management	
(Dollars in millions)	**2021**	2020	**2021**	2020	**2021**	2020
Net interest income	**$ 11,195**	$ 10,243	**$ 6,493**	$ 5,890	**$ 1,451**	$ 1,237
Noninterest income	**11,672**	10,207	**2,345**	2,149	**3,859**	3,309
Total revenue, net of interest expense	**22,867**	20,450	**8,838**	8,039	**5,310**	4,546
Provision for credit losses	**(624)**	1,389	**247**	479	**(58)**	24
Noninterest expense	**14,440**	14,401	**4,558**	4,842	**3,745**	3,533
Income before income taxes	**9,051**	4,660	**4,033**	2,718	**1,623**	989
Income tax expense	**1,360**	(221)	**988**	666	**398**	242
Net income	**$ 7,691**	$ 4,881	**$ 3,045**	$ 2,052	**$ 1,225**	$ 747
Period-end total assets	**$ 3,085,446**	$ 2,738,452	**$ 1,091,431**	$ 947,513	**$ 393,708**	$ 337,576

	Global Banking		Global Markets		All Other	
	2021	2020	**2021**	2020	**2021**	2020
Net interest income	**$ 2,186**	$ 2,028	**$ 1,000**	$ 1,108	**$ 65**	$ (20)
Noninterest income	**3,058**	2,489	**3,519**	3,175	**(1,109)**	(915)
Total revenue, net of interest expense	**5,244**	4,517	**4,519**	4,283	**(1,044)**	(935)
Provision for credit losses	**(781)**	883	**16**	21	**(48)**	(18)
Noninterest expense	**2,534**	2,365	**3,252**	3,102	**351**	559
Income before income taxes	**3,491**	1,269	**1,251**	1,160	**(1,347)**	(1,476)
Income tax expense	**942**	343	**325**	302	**(1,293)**	(1,774)
Net income	**$ 2,549**	$ 926	**$ 926**	$ 858	**$ (54)**	$ 298
Period-end total assets	**$ 623,640**	$ 553,776	**$ 776,929**	$ 676,242	**$ 199,738**	$ 223,345

(1) There were no material intersegment revenues.

Results of Business Segments and All Other

At and for the nine months ended September 30	Total Corporation [1]		Consumer Banking		Global Wealth & Investment Management	
(Dollars in millions)	**2021**	2020	**2021**	2020	**2021**	2020
Net interest income	**$ 31,846**	$ 33,493	**$ 18,386**	$ 18,743	**$ 4,137**	$ 4,186
Noninterest income	**35,529**	32,322	**6,707**	6,277	**11,209**	9,721
Total revenue, net of interest expense	**67,375**	65,815	**25,093**	25,020	**15,346**	13,907
Provision for credit losses	**(4,105)**	11,267	**(1,067)**	5,761	**(185)**	349
Noninterest expense	**45,000**	41,286	**14,548**	14,074	**11,425**	10,596
Income before income taxes	**26,480**	13,262	**11,612**	5,185	**4,106**	2,962
Income tax expense	**1,515**	838	**2,845**	1,270	**1,006**	726
Net income	**$ 24,965**	$ 12,424	**$ 8,767**	$ 3,915	**$ 3,100**	$ 2,236
Period-end total assets	**$ 3,085,446**	$ 2,738,452	**$ 1,091,431**	$ 947,513	**$ 393,708**	$ 337,576

	Global Banking		Global Markets		All Other	
	2021	2020	**2021**	2020	**2021**	2020
Net interest income	**$ 6,150**	$ 7,003	**$ 2,980**	$ 3,558	**$ 193**	$ 3
Noninterest income	**8,817**	7,205	**12,457**	11,301	**(3,661)**	(2,182)
Total revenue, net of interest expense	**14,967**	14,208	**15,437**	14,859	**(3,468)**	(2,179)
Provision for credit losses	**(2,738)**	4,849	**33**	233	**(148)**	75
Noninterest expense	**7,915**	6,910	**10,150**	8,598	**962**	1,108
Income before income taxes	**9,790**	2,449	**5,254**	6,028	**(4,282)**	(3,362)
Income tax expense	**2,643**	661	**1,366**	1,567	**(6,345)**	(3,386)
Net income	**$ 7,147**	$ 1,788	**$ 3,888**	$ 4,461	**$ 2,063**	$ 24
Period-end total assets	**$ 623,640**	$ 553,776	**$ 776,929**	$ 676,242	**$ 199,738**	$ 223,345

(1) There were no material intersegment revenues

The tables below present noninterest income and the associated components for the three and nine months ended September 30, 2021 and 2020 for each business segment, *All Other* and the total Corporation. For more information, see *Note 2 – Net Interest Income and Noninterest Income.*

Noninterest Income by Business Segment and All Other

	Total Corporation		Consumer Banking		Global Wealth & Investment Management	
	Three Months Ended September 30					
(Dollars in millions)	**2021**	2020	**2021**	2020	**2021**	2020
Fees and commissions:						
Card income						
Interchange fees	**$ 1,154**	$ 1,172	**$ 905**	$ 840	**$ 11**	$ 10
Other card income	**429**	396	**412**	380	**11**	11
Total card income	**1,583**	1,568	**1,317**	1,220	**22**	21
Service charges						
Deposit-related fees	**1,619**	1,515	**935**	837	**18**	17
Lending-related fees	**309**	302	**—**	—	**—**	—
Total service charges	**1,928**	1,817	**935**	837	**18**	17
Investment and brokerage services						
Asset management fees	**3,276**	2,740	**49**	36	**3,228**	2,706
Brokerage fees	**960**	883	**32**	32	**455**	399
Total investment and brokerage services	**4,236**	3,623	**81**	68	**3,683**	3,105
Investment banking fees						
Underwriting income	**1,168**	1,239	**—**	—	**82**	93
Syndication fees	**346**	133	**—**	—	**—**	—
Financial advisory services	**654**	397	**—**	—	**—**	—
Total investment banking fees	**2,168**	1,769	**—**	—	**82**	93
Total fees and commissions	**9,915**	8,777	**2,333**	2,125	**3,805**	3,236
Market making and similar activities	**2,005**	1,689	**1**	—	**9**	14
Other income (loss)	**(248)**	(259)	**11**	24	**45**	59
Total noninterest income	**$ 11,672**	$ 10,207	**$ 2,345**	$ 2,149	**$ 3,859**	$ 3,309

	Global Banking		Global Markets		All Other [1]	
	Three Months Ended September 30					
	2021	2020	**2021**	2020	**2021**	2020
Fees and commissions:						
Card income						
Interchange fees	**$ 180**	$ 153	**$ 59**	$ 170	**$ (1)**	$ (1)
Other card income	**5**	3	**—**	—	**1**	2
Total card income	**185**	156	**59**	170	**—**	1
Service charges						
Deposit-related fees	**633**	597	**30**	54	**3**	10
Lending-related fees	**257**	249	**53**	54	**(1)**	(1)
Total service charges	**890**	846	**83**	108	**2**	9
Investment and brokerage services						
Asset management fees	**—**	—	**—**	—	**(1)**	(2)
Brokerage fees	**9**	14	**470**	439	**(6)**	(1)
Total investment and brokerage services	**9**	14	**470**	439	**(7)**	(3)
Investment banking fees						
Underwriting income	**512**	536	**629**	643	**(55)**	(33)
Syndication fees	**177**	78	**170**	55	**(1)**	—
Financial advisory services	**608**	356	**45**	40	**1**	1
Total investment banking fees	**1,297**	970	**844**	738	**(55)**	(32)
Total fees and commissions	**2,381**	1,986	**1,456**	1,455	**(60)**	(25)
Market making and similar activities	**40**	16	**2,014**	1,725	**(59)**	(66)
Other income (loss)	**637**	487	**49**	(5)	**(990)**	(824)
Total noninterest income	**$ 3,058**	$ 2,489	**$ 3,519**	$ 3,175	**$ (1,109)**	$ (915)

[1] *All Other* includes eliminations of intercompany transactions.

Noninterest Income by Business Segment and All Other

(Dollars in millions)	Total Corporation		Consumer Banking		Global Wealth & Investment Management	
	Nine Months Ended September 30					
	2021	2020	**2021**	2020	**2021**	2020
Fees and commissions:						
Card income						
Interchange fees	**$ 3,431**	$ 2,794	**$ 2,687**	$ 2,129	**$ 33**	$ 26
Other card income	**1,173**	1,295	**1,131**	1,255	**29**	30
Total card income	**4,604**	4,089	**3,818**	3,384	**62**	56
Service charges						
Deposit-related fees	**4,671**	4,441	**2,617**	2,538	**54**	49
Lending-related fees	**923**	841	**—**	—	**—**	—
Total service charges	**5,594**	5,282	**2,617**	2,538	**54**	49
Investment and brokerage services						
Asset management fees	**9,434**	7,905	**136**	108	**9,298**	7,811
Brokerage fees	**2,988**	2,898	**100**	96	**1,312**	1,270
Total investment and brokerage services	**12,422**	10,803	**236**	204	**10,610**	9,081
Investment banking fees						
Underwriting income	**4,028**	3,610	**—**	—	**305**	292
Syndication fees	**1,047**	634	**—**	—	**—**	—
Financial advisory services	**1,461**	1,072	**—**	—	**—**	—
Total investment banking fees	**6,536**	5,316	**—**	—	**305**	292
Total fees and commissions	**29,156**	25,490	**6,671**	6,126	**11,031**	9,478
Market making and similar activities	**7,360**	6,983	**1**	2	**31**	52
Other income (loss)	**(987)**	(151)	**35**	149	**147**	191
Total noninterest income	**$ 35,529**	$ 32,322	**$ 6,707**	$ 6,277	**$ 11,209**	$ 9,721

	Global Banking		Global Markets		All Other [1]	
	Nine Months Ended September 30					
	2021	2020	**2021**	2020	**2021**	2020
Fees and commissions:						
Card income						
Interchange fees	**$ 503**	$ 337	**$ 208**	$ 301	**$ —**	$ 1
Other card income	**12**	10	**—**	—	**1**	—
Total card income	**515**	347	**208**	301	**1**	1
Service charges						
Deposit-related fees	**1,877**	1,693	**117**	134	**6**	27
Lending-related fees	**760**	686	**163**	156	**—**	(1)
Total service charges	**2,637**	2,379	**280**	290	**6**	26
Investment and brokerage services						
Asset management fees	**—**	—	**—**	—	**—**	(14)
Brokerage fees	**90**	45	**1,504**	1,487	**(18)**	—
Total investment and brokerage services	**90**	45	**1,504**	1,487	**(18)**	(14)
Investment banking fees						
Underwriting income	**1,754**	1,607	**2,165**	1,879	**(196)**	(168)
Syndication fees	**547**	357	**500**	278	**—**	(1)
Financial advisory services	**1,341**	948	**119**	123	**1**	1
Total investment banking fees	**3,642**	2,912	**2,784**	2,280	**(195)**	(168)
Total fees and commissions	**6,884**	5,683	**4,776**	4,358	**(206)**	(155)
Market making and similar activities	**99**	88	**7,448**	7,059	**(219)**	(218)
Other income (loss)	**1,834**	1,434	**233**	(116)	**(3,236)**	(1,809)
Total noninterest income	**$ 8,817**	$ 7,205	**$ 12,457**	$ 11,301	**$ (3,661)**	$ (2,182)

(1) *All Other* includes eliminations of intercompany transactions.

The table below presents a reconciliation of the four business segments' total revenue, net of interest expense, on an FTE basis, and net income to the Consolidated Statement of Income, and total assets to the Consolidated Balance Sheet.

Business Segment Reconciliations

	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions)	**2021**	2020	**2021**	2020
Segments' total revenue, net of interest expense	**$ 23,911**	$ 21,385	**$ 70,843**	$ 67,994
Adjustments [1]:				
Asset and liability management activities	**3**	(168)	**(41)**	425
Liquidating businesses, eliminations and other	**(1,047)**	(767)	**(3,427)**	(2,604)
FTE basis adjustment	**(101)**	(114)	**(322)**	(386)
Consolidated revenue, net of interest expense	**$ 22,766**	$ 20,336	**$ 67,053**	$ 65,429
Segments' total net income	**7,745**	4,583	**22,902**	12,400
Adjustments, net-of-tax [1]:				
Asset and liability management activities	**10**	(127)	**(20)**	316
Liquidating businesses, eliminations and other	**(64)**	425	**2,083**	(292)
Consolidated net income	**$ 7,691**	$ 4,881	**$ 24,965**	$ 12,424

	September 30	
	2021	2020
Segments' total assets	**$ 2,885,708**	$ 2,515,107
Adjustments [1]:		
Asset and liability management activities, including securities portfolio	**1,296,026**	1,018,385
Elimination of segment asset allocations to match liabilities	**(1,162,175)**	(857,788)
Other	**65,887**	62,748
Consolidated total assets	**$ 3,085,446**	$ 2,738,452

(1) Adjustments include consolidated income, expense and asset amounts not specifically allocated to individual business segments.

Glossary

Alt-A Mortgage – A type of U.S. mortgage that is considered riskier than A-paper, or "prime," and less risky than "subprime," the riskiest category. Typically, Alt-A mortgages are characterized by borrowers with less than full documentation, lower credit scores and higher LTVs.

Assets Under Management (AUM) – The total market value of assets under the investment advisory and/or discretion of *GWIM* which generate asset management fees based on a percentage of the assets' market values. AUM reflects assets that are generally managed for institutional, high net worth and retail clients, and are distributed through various investment products including mutual funds, other commingled vehicles and separate accounts.

Banking Book – All on- and off-balance sheet financial instruments of the Corporation except for those positions that are held for trading purposes.

Brokerage and Other Assets – Non-discretionary client assets which are held in brokerage accounts or held for safekeeping.

Committed Credit Exposure – Any funded portion of a facility plus the unfunded portion of a facility on which the lender is legally bound to advance funds during a specified period under prescribed conditions.

Credit Derivatives – Contractual agreements that provide protection against a specified credit event on one or more referenced obligations.

Credit Valuation Adjustment (CVA) – A portfolio adjustment required to properly reflect the counterparty credit risk exposure as part of the fair value of derivative instruments.

Debit Valuation Adjustment (DVA) – A portfolio adjustment required to properly reflect the Corporation's own credit risk exposure as part of the fair value of derivative instruments and/or structured liabilities.

Funding Valuation Adjustment (FVA) – A portfolio adjustment required to include funding costs on uncollateralized derivatives and derivatives where the Corporation is not permitted to use the collateral it receives.

Interest Rate Lock Commitment (IRLC) – Commitment with a loan applicant in which the loan terms are guaranteed for a designated period of time subject to credit approval.

Letter of Credit – A document issued on behalf of a customer to a third party promising to pay the third party upon presentation of specified documents. A letter of credit effectively substitutes the issuer's credit for that of the customer.

Loan-to-value (LTV) – A commonly used credit quality metric. LTV is calculated as the outstanding carrying value of the loan divided by the estimated value of the property securing the loan.

Margin Receivable – An extension of credit secured by eligible securities in certain brokerage accounts.

Matched Book – Repurchase and resale agreements or securities borrowed and loaned transactions where the overall asset and liability position is similar in size and/or maturity. Generally, these are entered into to accommodate customers where the Corporation earns the interest rate spread.

Mortgage Servicing Rights (MSR) – The right to service a mortgage loan when the underlying loan is sold or securitized. Servicing includes collections for principal, interest and escrow payments from borrowers and accounting for and remitting principal and interest payments to investors.

Nonperforming Loans and Leases – Includes loans and leases that have been placed on nonaccrual status, including nonaccruing loans whose contractual terms have been restructured in a manner that grants a concession to a borrower experiencing financial difficulties.

Prompt Corrective Action (PCA) – A framework established by the U.S. banking regulators requiring banks to maintain certain levels of regulatory capital ratios, comprised of five categories of capitalization: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" and "critically undercapitalized." Insured depository institutions that fail to meet certain of these capital levels are subject to increasingly strict limits on their activities, including their ability to make capital distributions, pay management compensation, grow assets and take other actions.

Subprime Loans – Although a standard industry definition for subprime loans (including subprime mortgage loans) does not exist, the Corporation defines subprime loans as specific product offerings for higher risk borrowers.

Troubled Debt Restructurings (TDRs) – Loans whose contractual terms have been restructured in a manner that grants a concession to a borrower experiencing financial difficulties. Certain consumer loans for which a binding offer to restructure has been extended are also classified as TDRs.

Value-at-Risk (VaR) – VaR is a model that simulates the value of a portfolio under a range of hypothetical scenarios in order to generate a distribution of potential gains and losses. VaR represents the loss the portfolio is expected to experience with a given confidence level based on historical data. A VaR model is an effective tool in estimating ranges of potential gains and losses on our trading portfolios.

Key Metrics

Active Digital Banking Users – Mobile and/or online users with activity at period end.

Active Mobile Banking Users – Mobile users with activity at period end.

Book Value – Ending common shareholders' equity divided by ending common shares outstanding.

Deposit Spread – Annualized net interest income divided by average deposits.

Efficiency Ratio – Noninterest expense divided by total revenue, net of interest expense.

Gross Interest Yield – Effective annual percentage rate divided by average loans.

Net Interest Yield – Net interest income divided by average total interest-earning assets.

Operating Margin – Income before income taxes divided by total revenue, net of interest expense.

Return on Average Allocated Capital – Adjusted net income divided by allocated capital.

Return on Average Assets – Net income divided by total average assets.

Return on Average Common Shareholders' Equity – Net income applicable to common shareholders divided by average common shareholders' equity.

Return on Average Shareholders' Equity – Net income divided by average shareholders' equity.

Risk-adjusted Margin – Difference between total revenue, net of interest expense, and net credit losses divided by average loans.

Acronyms

ABS	Asset-backed securities
AFS	Available-for-sale
ALM	Asset and liability management
ARR	Alternative reference rates
AUM	Assets under management
BANA	Bank of America, National Association
BHC	Bank holding company
BofAS	BofA Securities, Inc.
BofASE	BofA Securities Europe SA
bps	Basis points
CCAR	Comprehensive Capital Analysis and Review
CDO	Collateralized debt obligation
CECL	Current expected credit losses
CET1	Common equity tier 1
CFTC	Commodity Futures Trading Commission
CLTV	Combined loan-to-value
CVA	Credit valuation adjustment
DVA	Debit valuation adjustment
EPS	Earnings per common share
ESG	Environmental, social and governance
FCA	Financial Conduct Authority
FHA	Federal Housing Administration
FHLB	Federal Home Loan Bank
FHLMC	Freddie Mac
FICC	Fixed income, currencies and commodities
FICO	Fair Isaac Corporation (credit score)
FINRA	Financial Industry Regulatory Authority, Inc.
FNMA	Fannie Mae
FTE	Fully taxable-equivalent
FVA	Funding valuation adjustment
GAAP	Accounting principles generally accepted in the United States of America
GLS	Global Liquidity Sources
GNMA	Government National Mortgage Association
GSE	Government-sponsored enterprise
G-SIB	Global systemically important bank
GWIM	Global Wealth & Investment Management
HELOC	Home equity line of credit
HQLA	High Quality Liquid Assets
HTM	Held-to-maturity
IBOR	Interbank Offered Rates
IRLC	Interest rate lock commitment
ISDA	International Swaps and Derivatives Association, Inc.
LCR	Liquidity Coverage Ratio
LHFS	Loans held-for-sale
LIBOR	London Interbank Offered Rate
LTV	Loan-to-value
MBS	Mortgage-backed securities
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MLGWM	Merrill Lynch Global Wealth Management
MLI	Merrill Lynch International
MLPCC	Merrill Lynch Professional Clearing Corp
MLPF&S	Merrill Lynch, Pierce, Fenner & Smith Incorporated
MSA	Metropolitan Statistical Area
MSR	Mortgage servicing right
NSFR	Net Stable Funding Ratio
OCI	Other comprehensive income
OREO	Other real estate owned
PCA	Prompt Corrective Action
PPP	Paycheck Protection Program
RWA	Risk-weighted assets
SBLC	Standby letter of credit
SCB	Stress capital buffer
SEC	Securities and Exchange Commission
SLR	Supplementary leverage ratio
SOFR	Secured Overnight Financing Rate
TDR	Troubled debt restructurings
TLAC	Total loss-absorbing capacity
VaR	Value-at-Risk
VIE	Variable interest entity

Item 1. Legal Proceedings

See Litigation and Regulatory Matters in *Note 10 – Commitments and Contingencies* to the Consolidated Financial Statements, which is incorporated by reference in this Item 1, for litigation and regulatory disclosure that supplements the disclosure in *Note 12 – Commitments and Contingencies* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

Item 1A. Risk Factors

There are no material changes from the risk factors set forth under Part 1, Item 1A. Risk Factors of the Corporation's 2020 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below presents share repurchase activity for the three months ended September 30, 2021. The primary source of funds for cash distributions by the Corporation to its shareholders is dividends received from its banking subsidiaries. Each of the banking subsidiaries is subject to various regulatory policies and requirements relating to the payment of dividends, including requirements to maintain capital above regulatory minimums. All of the Corporation's preferred stock outstanding has preference over the Corporation's common stock with respect to payment of dividends.

(Dollars in millions, except per share information; shares in thousands)	Total Common Shares Repurchased [1,2]	Weighted-Average Per Share Price	Total Shares Purchased as Part of Publicly Announced Programs [2]	Remaining Buyback Authority Amounts [3]
July 1 - 31, 2021	77,529	$ 38.66	77,529	$ 17,892
August 1 - 31, 2021	133,677	40.55	131,990	12,709
September 1 - 30, 2021	38,045	41.18	38,043	11,191
Three months ended September 30, 2021	**249,251**	**40.06**	**247,562**	

(1) Includes 1.7 million shares of the Corporation's common stock acquired by the Corporation in connection with satisfaction of tax withholding obligations on vested restricted stock or restricted stock units and certain forfeitures and terminations of employment-related awards and for potential re-issuance to certain employees under equity incentive plans.
(2) On April 15, 2021, the Corporation announced the Board has authorized the repurchase of up to $25 billion of common stock over time. The Board also authorized repurchases to offset shares awarded under equity-based compensation plans. During the three months ended September 30, 2021, the Corporation repurchased 248 million shares, or $9.9 billion, of its common stock, including to offset shares awarded under the equity-based compensation plans. For more information, see Capital Management - CCAR and Capital Planning in the MD&A on page 22 and *Note 11 – Shareholders' Equity* to the Consolidated Financial Statements.
(3) Excludes repurchases to offset shares awarded under equity-based compensation plans. On October 20, 2021, the Board renewed the Corporation's $25 billion common stock repurchase program previously announced in April 2021. The Board's authorization replaces the previous program.

The Corporation did not have any unregistered sales of equity securities during the three months ended September 30, 2021.

Item 5. Other Information

Pursuant to Section 13(r) of the Securities Exchange Act of 1934, as amended (Exchange Act), an issuer is required to disclose in its annual or quarterly reports, as applicable, whether it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with individuals or entities designated pursuant to certain Executive Orders. Disclosure may be required even where the activities, transactions or dealings were conducted in compliance with applicable law. Except as set forth below, as of the date of this Quarterly Report on Form 10-Q, the Corporation is not aware of any other activity, transaction or dealing by any of its affiliates during the quarter ended September 30, 2021 that requires disclosure under Section 13(r) of the Exchange Act.

Pursuant to a specific license from the U.S. Treasury Department's Office of Foreign Assets Control issued on May 28, 2021, during the third quarter of 2021, Bank of America, National Association (BANA), a U.S. subsidiary of Bank of America Corporation, processed four authorized wire deposits totaling $1.2 million on behalf of a U.S. client into its account at BANA. The wire deposits settled invoices owed to the U.S. client and were unblocked funds belonging to Jammal Trust Bank, which at the time of the deposits was designated pursuant to Executive Order 13224. There was no measurable gross revenue or net profit to the Corporation relating to these transactions. The Corporation may in the future engage in similar transactions for its clients to the extent permitted by U.S. law.

Item 6. Exhibits

Exhibit No.	Description	Notes	Form	Exhibit	Filing Date	File No.
3.1	Restated Certificate of Incorporation, as amended and in effect on the date hereof	1				
3.2	Amended and Restated Bylaws of the Corporation as in effect on the date hereof		10-Q	3.2	10/30/20	1-6523
22	Subsidiary Issuers of Guaranteed Securities	1				
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	1				
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	1				
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	1				
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	1				
101.INS	Inline XBRL Instance Document	2				
101.SCH	Inline XBRL Taxonomy Extension Schema Document	1				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	1				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	1				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	1				
101.DEF	Inline XBRL Taxonomy Extension Definitions Linkbase Document	1				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					

(1) Filed herewith.
(2) The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Bank of America Corporation
Registrant

Date: October 29, 2021

/s/ Rudolf A. Bless
Rudolf A. Bless
Chief Accounting Officer