

**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 June 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
Depository 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
Depository 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
Depository 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
Depository 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
Depository 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
Depository 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
Depository 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
Depository 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
Depository 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
Depository 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
Depository 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

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 July 29, 2021, there were 8,414,903,881 shares of Bank of America Corporation Common Stock outstanding.

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

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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 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 in economic assumptions, customer behavior, adverse

developments with respect to U.S. or global economic conditions and other uncertainties; 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 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 June 30, 2021, the Corporation had \$3.0 trillion in assets and a headcount of approximately 212,000 employees.

As of June 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 4,300 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.

Recent Developments

Capital Management

On June 24, 2021, the Board of Governors of the Federal Reserve System (Federal Reserve) announced the results of our 2021 Comprehensive Capital Analysis and Review (CCAR) capital plan and related supervisory stress tests. Based on our results, we will be subject to a preliminary 2.5 percent stress capital buffer (SCB) beginning October 1, 2021, unchanged from the current level, and our minimum Basel 3 Common equity tier 1 (CET1) capital ratio requirement will also remain unchanged at 9.5 percent.

On July 21, 2021, the Corporation’s Board of Directors (the Board) declared a quarterly common stock dividend of \$0.21 per share, an increase of 17 percent compared to the prior

dividend rate, payable on September 24, 2021 to shareholders of record as of September 3, 2021.

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

U.K. Tax Law Change

On June 10, 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. As a result, during the second quarter of 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. For more information, see Financial Highlights – Income Tax Expense on page 6.

COVID-19 Pandemic

The Corporation has been, and may continue to be, impacted by the Coronavirus Disease 2019 (COVID-19) pandemic (the pandemic). During the first half of 2021, the macroeconomic outlook improved in the U.S. and several regions of the world, as COVID-19 cases decreased and vaccinations became more widely available. However, uncertainty still remains about the duration of the pandemic and the timing and strength of the global economic recovery. As the pandemic evolves, we continue to review 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 \$15.7 billion and \$21.1 billion at June 30, 2021 and March 31, 2021. For more information on PPP loans, see Commercial Portfolio Credit Risk Management on page 35.

Although the macroeconomic and public health outlooks improved in the U.S. and globally during the first half of 2021, 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, including as the result of the spread of COVID-19 variants that are more easily communicable or resistant to currently available vaccines, 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 that reference these alternative reference rates (ARRs). Additionally, as previously disclosed, the FCA announced the dates for the cessation of all LIBOR benchmark settings currently published by the ICE Benchmark Administration. In connection with the transition, in April 2021, the State of New York approved legislation for contracts that are governed by New York law by providing a statutory framework to replace LIBOR with a benchmark rate based on the Secured

Overnight Financing Rate (SOFR), which is anticipated to help the Corporation reduce legal and economic uncertainty with regard to certain LIBOR-based products and contracts that are governed by New York law and have no fallback provisions or have fallback provisions that are based on LIBOR.

The Corporation continues to execute its enterprise-wide IBOR transition program. As part of this transition program, the Corporation continues to decrease initiation of new U.S. dollar LIBOR-linked commercial loans that mature after June 30, 2023, subject to certain exceptions, and continues to increase the usage of ARRs in its U.S. dollar commercial lending products and contracts. Additionally, the Corporation has ceased initiation of most GBP LIBOR-linked derivatives, subject to certain exceptions, and is prioritizing interdealer trading in SOFR rather than LIBOR for certain U.S. dollar 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.

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

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
(Dollars in millions, except per share information)				
Income statement				
Net interest income	\$ 10,233	\$ 10,848	\$ 20,430	\$ 22,978
Noninterest income	11,233	11,478	23,857	22,115
Total revenue, net of interest expense	21,466	22,326	44,287	45,093
Provision for credit losses	(1,621)	5,117	(3,481)	9,878
Noninterest expense	15,045	13,410	30,560	26,885
Income before income taxes	8,042	3,799	17,208	8,330
Income tax expense	(1,182)	266	(66)	787
Net income	9,224	3,533	17,274	7,543
Preferred stock dividends	260	249	750	718
Net income applicable to common shareholders	\$ 8,964	\$ 3,284	\$ 16,524	\$ 6,825
Per common share information				
Earnings	\$ 1.04	\$ 0.38	\$ 1.91	\$ 0.78
Diluted earnings	1.03	0.37	1.90	0.77
Dividends paid	0.18	0.18	0.36	0.36
Performance ratios				
Return on average assets ⁽¹⁾	1.23%	0.53%	1.18%	0.58%
Return on average common shareholders' equity ⁽¹⁾	14.33	5.44	13.31	5.67
Return on average tangible common shareholders' equity ⁽²⁾	19.90	7.63	18.51	7.97
Efficiency ratio ⁽¹⁾	70.09	60.06	69.00	59.62
Balance sheet				
Total loans and leases			\$ 918,928	\$ 927,861
Total assets			3,029,894	2,819,627
Total deposits			1,909,142	1,795,480
Total liabilities			2,752,775	2,546,703
Total common shareholders' equity			253,678	248,414
Total shareholders' equity			277,119	272,924

⁽¹⁾ For definitions, see Key Metrics on page 101.

⁽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 47.

Net income was \$9.2 billion and \$17.3 billion, or \$1.03 and \$1.90 per diluted share, for the three and six months ended June 30, 2021 compared to \$3.5 billion and \$7.5 billion, or \$0.37 and \$0.77 per diluted share, for the same periods in 2020. The increase in net income was primarily due to improvement in the provision for credit losses and a positive income tax adjustment related to the revaluation of U.K. net deferred tax assets, partially offset by higher noninterest expense.

Total assets increased \$210.3 billion from December 31, 2020 to \$3.0 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 \$206.1 billion from December 31, 2020 to \$2.8 trillion primarily driven by an increase in deposits due to additional government stimulus measures as well as seasonally higher deposits, higher federal funds purchased and securities loaned or sold under agreements to repurchase due to client activity in *Global Markets* and an increase in trading account liabilities resulting from higher levels of short positions in *Global Markets*.

Noninterest Income

Table 2 Noninterest Income

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
(Dollars in millions)				
Fees and commissions:				
Card income	\$ 1,586	\$ 1,249	\$ 3,021	\$ 2,521
Service charges	1,874	1,562	3,666	3,465
Investment and brokerage services	4,123	3,422	8,186	7,180
Investment banking fees	2,122	2,159	4,368	3,547
Total fees and commissions	9,705	8,392	19,241	16,713
Market making and similar activities	1,826	2,487	5,355	5,294
Other income	(298)	599	(739)	108
Total noninterest income	\$ 11,233	\$ 11,478	\$ 23,857	\$ 22,115

Noninterest income decreased \$245 million to \$11.2 billion and increased \$1.7 billion to \$23.9 billion for the three and six months ended June 30, 2021 compared to the same periods in 2020. The following highlights the significant changes.

- Card income increased \$337 million and \$500 million primarily driven by increased client activity and merchant services revenue.
- Service charges increased \$312 million and \$201 million primarily due to higher treasury fees and increased client activity in the three-month period.
- Investment and brokerage services income increased \$701 million and \$1.0 billion primarily driven by higher market valuations and assets under management (AUM) flows, partially offset by declines in AUM pricing.
- Investment banking fees increased \$821 million for the six-month period primarily driven by higher equity issuance fees as well as advisory and debt issuance fees.

Shareholders' equity increased \$4.2 billion from December 31, 2020 primarily due to net income, partially offset by 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.

Net Interest Income

Net interest income decreased \$615 million to \$10.2 billion, and \$2.5 billion to \$20.4 billion for the three and six months ended June 30, 2021 compared to the same periods in 2020. Net interest yield on a fully taxable-equivalent (FTE) basis decreased 26 basis points (bps) to 1.61 percent, and 45 bps to 1.64 percent for the same periods. The decrease in net interest income 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 45.

- Market making and similar activities decreased \$661 million for the three-month period primarily driven by higher market-related gains in the prior-year period due to a more robust trading environment for macro products and market recoveries from the end of the first quarter of 2020.
- Other income decreased \$897 million and \$847 million 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 \$6.7 billion to a benefit of \$1.6 billion and \$13.4 billion to a benefit of \$3.5 billion for the three and six months ended June 30, 2021 compared to the same periods in 2020, primarily driven by improvement in the macroeconomic outlook. For more information on the provision for credit losses, see Allowance for Credit Losses on page 41.

Noninterest Expense

Table 3 Noninterest Expense

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
(Dollars in millions)				
Compensation and benefits	\$ 8,653	\$ 7,994	\$ 18,389	\$ 16,335
Occupancy and equipment	1,759	1,802	3,589	3,504
Information processing and communications	1,448	1,265	2,873	2,474
Product delivery and transaction related	976	811	1,953	1,588
Marketing	810	492	1,181	930
Professional fees	426	381	829	756
Other general operating	973	665	1,746	1,298
Total noninterest expense	\$ 15,045	\$ 13,410	\$ 30,560	\$ 26,885

Noninterest expense increased \$1.6 billion to \$15.0 billion, and \$3.7 billion to \$30.6 billion for the three and six months ended June 30, 2021 compared to the same periods in 2020. The increase in the three-month period was primarily due to higher compensation and benefits expense, a \$500 million contribution to the Bank of America Foundation and approximately \$300 million associated with processing

transactional card claims related to state unemployment benefits. The increase in the six-month period was primarily driven by the same factors as the three-month period as well as elevated net COVID-19 related costs, acceleration of expenses due to incentive compensation award changes, an impairment charge for real estate rationalization, higher revenue-related expenses and higher severance costs.

Income Tax Expense

Table 4 Income Tax Expense

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
(Dollars in millions)				
Income before income taxes	\$ 8,042	\$ 3,799	\$ 17,208	\$ 8,330
Income tax expense	(1,182)	266	(66)	787
Effective tax rate	(14.7)%	7.0%	(0.4)%	9.4%

Changes in the effective tax rates for the three and six months ended June 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 U.K. tax law change further discussed in this section. Our recurring tax preference benefits primarily consist of tax credits from 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 change, the effective tax rate would have been approximately 25 percent.

On June 10, 2021, the U.K. enacted the 2021 Finance Act, which increases 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, 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.

For more information on the reconciliation of these non-GAAP financial measures to the corresponding GAAP financial measures, see Non-GAAP Reconciliations on page 47.

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 101.

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

	2021 Quarters		2020 Quarters			Six Months Ended June 30	
	Second	First	Fourth	Third	Second	2021	2020
Income statement							
Net interest income	\$ 10,233	\$ 10,197	\$ 10,253	\$ 10,129	\$ 10,848	\$ 20,430	22,978
Noninterest income	11,233	12,624	9,846	10,207	11,478	23,857	22,115
Total revenue, net of interest expense	21,466	22,821	20,099	20,336	22,326	44,287	45,093
Provision for credit losses	(1,621)	(1,860)	53	1,389	5,117	(3,481)	9,878
Noninterest expense	15,045	15,515	13,927	14,401	13,410	30,560	26,885
Income before income taxes	8,042	9,166	6,119	4,546	3,799	17,208	8,330
Income tax expense	(1,182)	1,116	649	(335)	266	(66)	787
Net income	9,224	8,050	5,470	4,881	3,533	17,274	7,543
Net income applicable to common shareholders	8,964	7,560	5,208	4,440	3,284	16,524	6,825
Average common shares issued and outstanding	8,620.8	8,700.1	8,724.9	8,732.9	8,739.9	8,660.4	8,777.6
Average diluted common shares issued and outstanding	8,735.5	8,755.6	8,785.0	8,777.5	8,768.1	8,776.2	8,813.3
Performance ratios							
Return on average assets ⁽¹⁾	1.23%	1.13%	0.78%	0.71%	0.53%	1.18%	0.58%
Four-quarter trailing return on average assets ⁽²⁾	0.97	0.79	0.67	0.75	0.81	n/a	n/a
Return on average common shareholders' equity ⁽¹⁾	14.33	12.28	8.39	7.24	5.44	13.31	5.67
Return on average tangible common shareholders' equity ⁽¹⁾	19.90	17.08	11.73	10.16	7.63	18.51	7.97
Return on average shareholders' equity ⁽¹⁾	13.47	11.91	8.03	7.26	5.34	12.70	5.71
Return on average tangible shareholders' equity ⁽¹⁾	18.11	16.01	10.84	9.84	7.23	17.07	7.76
Total ending equity to total ending assets	9.15	9.23	9.68	9.82	9.69	9.15	9.69
Total average equity to total average assets	9.11	9.52	9.71	9.76	9.85	9.31	10.21
Dividend payout	17.25	20.68	30.11	35.36	47.87	18.82	46.16
Per common share data							
Earnings	\$ 1.04	\$ 0.87	\$ 0.60	\$ 0.51	\$ 0.38	\$ 1.91	0.78
Diluted earnings	1.03	0.86	0.59	0.51	0.37	1.90	0.77
Dividends paid	0.18	0.18	0.18	0.18	0.18	0.36	0.36
Book value ⁽¹⁾	29.89	29.07	28.72	28.33	27.96	29.89	27.96
Tangible book value ⁽²⁾	21.61	20.90	20.60	20.23	19.90	21.61	19.90
Market capitalization	\$ 349,925	\$ 332,337	\$ 262,206	\$ 208,656	\$ 205,772	\$ 349,925	\$ 205,772
Average balance sheet							
Total loans and leases	\$ 907,900	\$ 907,723	\$ 934,798	\$ 974,018	\$ 1,031,387		
Total assets	3,015,113	2,879,221	2,791,874	2,739,684	2,704,186		
Total deposits	1,888,834	1,805,747	1,737,139	1,695,488	1,658,197		
Long-term debt	232,034	220,836	225,423	224,254	221,167		
Common shareholders' equity	250,948	249,648	246,840	243,896	242,889		
Total shareholders' equity	274,632	274,047	271,020	267,323	266,316		
Asset quality							
Allowance for credit losses ⁽⁴⁾	\$ 15,782	\$ 17,997	\$ 20,680	\$ 21,506	\$ 21,091		
Nonperforming loans, leases and foreclosed properties ⁽⁵⁾	5,031	5,299	5,116	4,730	4,611		
Allowance for loan and lease losses as a percentage of total loans and leases outstanding ⁽⁶⁾	1.55%	1.80%	2.04%	2.07%	1.96%		
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases ⁽⁶⁾	287	313	380	431	441		
Net charge-offs	\$ 595	\$ 823	\$ 881	\$ 972	\$ 1,146		
Annualized net charge-offs as a percentage of average loans and leases outstanding ⁽⁶⁾	0.27%	0.37%	0.38%	0.46%	0.45%		
Capital ratios at period end ⁽⁶⁾							
Common equity tier 1 capital	11.5%	11.8%	11.9%	11.9%	11.4%		
Tier 1 capital	13.0	13.3	13.5	13.5	12.9		
Total capital	15.1	15.6	16.1	16.1	14.8		
Tier 1 leverage	6.9	7.2	7.4	7.4	7.4		
Supplementary leverage ratio	5.9	7.0	7.2	6.9	7.1		
Tangible equity ⁽³⁾	7.0	7.0	7.4	7.4	7.3		
Tangible common equity ⁽³⁾	6.2	6.2	6.5	6.6	6.5		
Total loss-absorbing capacity and long-term debt metrics							
Total loss-absorbing capacity to risk-weighted assets	27.7%	26.8%	27.4%	26.9%	26.0%		
Total loss-absorbing capacity to supplementary leverage exposure	12.5	14.1	14.5	13.7	14.2		
Eligible long-term debt to risk-weighted assets	14.1	13.0	13.3	12.9	12.4		
Eligible long-term debt to supplementary leverage exposure	6.3	6.8	7.1	6.6	6.7		

⁽¹⁾ For definitions, see Key Metrics on page 101.⁽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 47.⁽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 38 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

	Average Balance	Interest Income/ Expense ⁽¹⁾	Yield/ Rate	Average Balance	Interest Income/ Expense ⁽¹⁾	Yield/ Rate
(Dollars in millions)	Second Quarter 2021			Second Quarter 2020		
Earning assets						
Interest-bearing deposits with the Federal Reserve, non-U.S. central banks and other banks	\$ 247,673	\$ 27	0.04 %	\$ 314,661	\$ 33	0.04 %
Time deposits placed and other short-term investments	8,079	—	0.02	8,644	5	0.25
Federal funds sold and securities borrowed or purchased under agreements to resell	270,443	(42)	(0.06)	312,404	26	0.03
Trading account assets	152,307	967	2.55	143,370	1,021	2.86
Debt securities	895,902	2,834	1.27	476,060	2,462	2.10
Loans and leases ⁽²⁾						
Residential mortgage	214,096	1,498	2.80	241,486	1,880	3.11
Home equity	31,621	267	3.39	39,308	308	3.15
Credit card	73,399	1,876	10.25	86,191	2,140	9.99
Direct/Indirect and other consumer ⁽³⁾	94,321	561	2.38	88,962	623	2.81
Total consumer	413,437	4,202	4.07	455,947	4,951	4.36
U.S. commercial ⁽⁴⁾	322,633	2,049	2.55	374,965	2,526	2.71
Non-U.S. commercial ⁽⁴⁾	96,343	429	1.78	116,040	578	2.00
Commercial real estate ⁽⁵⁾	59,276	371	2.51	65,515	430	2.64
Commercial lease financing	16,211	108	2.67	18,920	128	2.71
Total commercial	494,463	2,957	2.40	575,440	3,662	2.56
Total loans and leases	907,900	7,159	3.16	1,031,387	8,613	3.35
Other earning assets	96,364	552	2.30	72,256	508	2.82
Total earning assets	2,578,668	11,497	1.79	2,358,782	12,668	2.16
Cash and due from banks	31,675			31,256		
Other assets, less allowance for loan and lease losses	404,770			314,148		
Total assets	\$ 3,015,113			\$ 2,704,186		
Interest-bearing liabilities						
U.S. interest-bearing deposits						
Savings	\$ 72,798	\$ 1	0.01 %	\$ 56,931	\$ 2	0.01 %
Demand and money market deposit accounts	915,420	78	0.03	850,274	152	0.07
Consumer CDs and IRAs	36,181	16	0.17	50,882	123	0.97
Negotiable CDs, public funds and other deposits	53,537	23	0.17	81,532	56	0.29
Total U.S. interest-bearing deposits	1,077,936	118	0.04	1,039,619	333	0.13
Non-U.S. interest-bearing deposits						
Banks located in non-U.S. countries	1,191	—	—	1,807	—	0.04
Governments and official institutions	204	—	—	183	—	—
Time, savings and other	80,747	10	0.05	74,158	40	0.21
Total non-U.S. interest-bearing deposits	82,142	10	0.05	76,148	40	0.21
Total interest-bearing deposits	1,160,078	128	0.04	1,115,767	373	0.13
Federal funds purchased, securities loaned or sold under agreements to repurchase, short-term borrowings and other interest-bearing liabilities	320,314	(85)	(0.11)	295,465	(72)	(0.10)
Trading account liabilities	58,823	293	2.01	40,717	223	2.20
Long-term debt	232,034	818	1.42	221,167	1,168	2.12
Total interest-bearing liabilities	1,771,249	1,154	0.26	1,673,116	1,692	0.41
Noninterest-bearing sources						
Noninterest-bearing deposits	728,756			542,430		
Other liabilities ⁽⁶⁾	240,476			222,324		
Shareholders' equity	274,632			266,316		
Total liabilities and shareholders' equity	\$ 3,015,113			\$ 2,704,186		
Net interest spread			1.53 %			1.75 %
Impact of noninterest-bearing sources			0.08			0.12
Net interest income/yield on earning assets ⁽⁷⁾	\$ 10,343		1.61 %	\$ 10,976		1.87 %

⁽¹⁾ Includes the impact of interest rate risk management contracts. For more information, see Interest Rate Risk Management for the Banking Book on page 45.

⁽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 \$2.8 billion for the second quarter of 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 \$56.0 billion and \$61.8 billion, and non-U.S. commercial real estate loans of \$3.3 billion and \$3.7 billion for the second quarter of 2021 and 2020.

⁽⁶⁾ Includes \$30.5 billion and \$35.5 billion of structured notes and liabilities for the second quarter of 2021 and 2020.

⁽⁷⁾ Net interest income includes FTE adjustments of \$1.10 million and \$128 million for the second quarter of 2021 and 2020.

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

	Average Balance	Interest Income/ Expense ⁽¹⁾	Yield/ Rate	Average Balance	Interest Income/ Expense ⁽¹⁾	Yield/ Rate
	Six Months Ended June 30					
	2021			2020		
(Dollars in millions)						
Earning assets						
Interest-bearing deposits with the Federal Reserve, non-U.S. central banks and other banks	\$ 262,802	\$ 56	0.04 %	\$ 222,472	\$ 301	0.27 %
Time deposits placed and other short-term investments	8,409	4	0.10	9,769	35	0.73
Federal funds sold and securities borrowed or purchased under agreements to resell	260,271	(49)	(0.04)	295,599	845	0.57
Trading account assets	148,718	1,852	2.51	150,028	2,287	3.06
Debt securities	842,566	5,579	1.33	470,638	5,330	2.29
Loans and leases ⁽²⁾						
Residential mortgage	216,537	3,027	2.80	240,740	3,867	3.21
Home equity	32,622	548	3.39	39,674	729	3.69
Credit card	73,780	3,823	10.45	90,331	4,604	10.25
Direct/Indirect and other consumer ⁽³⁾	92,883	1,120	2.43	89,958	1,369	3.06
Total consumer	415,822	8,518	4.12	460,703	10,569	4.60
U.S. commercial ⁽⁴⁾	322,323	4,100	2.56	352,692	5,436	3.10
Non-U.S. commercial ⁽⁴⁾	93,639	838	1.80	113,714	1,316	2.33
Commercial real estate ⁽⁵⁾	59,505	736	2.49	64,467	1,013	3.16
Commercial lease financing	16,523	240	2.91	19,259	289	3.00
Total commercial	491,990	5,914	2.42	550,132	8,054	2.94
Total loans and leases	907,812	14,432	3.20	1,010,835	18,623	3.70
Other earning assets	99,985	1,129	2.28	80,065	1,489	3.74
Total earning assets	2,530,563	23,003	1.83	2,239,406	28,910	2.59
Cash and due from banks	32,794			29,626		
Other assets, less allowance for loan and lease losses	384,185			330,525		
Total assets	\$ 2,947,542			\$ 2,599,557		
Interest-bearing liabilities						
U.S. interest-bearing deposits						
Savings	\$ 70,207	\$ 3	0.01 %	\$ 53,765	\$ 3	0.01 %
Demand and money market deposit accounts	902,677	155	0.03	810,374	805	0.20
Consumer CDs and IRAs	37,188	42	0.23	52,123	274	1.06
Negotiable CDs, public funds and other deposits	53,162	46	0.18	74,759	265	0.72
Total U.S. interest-bearing deposits	1,063,234	246	0.05	991,021	1,347	0.27
Non-U.S. interest-bearing deposits						
Banks located in non-U.S. countries	1,111	—	0.06	1,855	3	0.33
Governments and official institutions	201	—	—	172	—	0.02
Time, savings and other	80,742	15	0.04	74,891	207	0.55
Total non-U.S. interest-bearing deposits	82,054	15	0.04	76,918	210	0.55
Total interest-bearing deposits	1,145,288	261	0.05	1,067,939	1,557	0.29
Federal funds purchased, securities loaned or sold under agreements to repurchase, short-term borrowings and other interest-bearing liabilities	306,850	(164)	(0.11)	299,984	1,048	0.70
Trading account liabilities	50,917	539	2.14	44,430	552	2.50
Long-term debt	226,466	1,716	1.53	215,992	2,503	2.33
Total interest-bearing liabilities	1,729,521	2,352	0.27	1,628,345	5,660	0.70
Noninterest-bearing sources						
Noninterest-bearing deposits	702,232			480,827		
Other liabilities ⁽⁶⁾	241,448			224,960		
Shareholders' equity	274,341			265,425		
Total liabilities and shareholders' equity	\$ 2,947,542			\$ 2,599,557		
Net interest spread			1.56 %			1.89 %
Impact of noninterest-bearing sources			0.08			0.20
Net interest income/yield on earning assets ⁽⁷⁾	\$ 20,651		1.64 %	\$ 23,250		2.09 %

⁽¹⁾ Includes the impact of interest rate risk management contracts. For more information, see Interest Rate Risk Management for the Banking Book on page 45.

⁽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 six months ended June 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 \$56.3 billion and \$60.7 billion, and non-U.S. commercial real estate loans of \$3.2 billion and \$3.7 billion for the six months ended June 30, 2021 and 2020.

⁽⁶⁾ Includes \$30.9 billion and \$35.6 billion of structured notes and liabilities for the six months ended June 30, 2021 and 2020.

⁽⁷⁾ Net interest income includes FTE adjustments of \$221 million and \$272 million for the six months ended June 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*, *GVIM*, *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 Complex Accounting Estimates on page 46 and 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 June 30						
(Dollars in millions)	2021	2020	2021	2020	2021	2020	% Change
Net interest income	\$ 3,480	\$ 3,299	\$ 2,493	\$ 2,692	\$ 5,973	\$ 5,991	—%
Noninterest income:							
Card income	(7)	(4)	1,319	1,057	1,312	1,053	25
Service charges	851	706	—	—	851	706	21
All other income	21	62	29	40	50	102	(51)
Total noninterest income	865	764	1,348	1,097	2,213	1,861	19
Total revenue, net of interest expense	4,345	4,063	3,841	3,789	8,186	7,852	4
Provision for credit losses	47	154	(744)	2,870	(697)	3,024	(123)
Noninterest expense	2,856	2,869	2,003	1,866	4,859	4,735	3
Income (loss) before income taxes	1,442	1,040	2,582	(947)	4,024	93	n/m
Income tax expense (benefit)	353	255	633	(232)	986	23	n/m
Net income (loss)	\$ 1,089	\$ 785	\$ 1,949	\$ (715)	\$ 3,038	\$ 70	n/m
Effective tax rate ⁽¹⁾					24.5%	24.7%	
Net interest yield	1.44%	1.66%	3.60%	3.42%	2.37	2.85	
Return on average allocated capital	36	26	30	(11)	32	1	
Efficiency ratio	65.73	70.62	52.16	49.25	59.36	60.31	

Balance Sheet

Average	Three Months Ended June 30								% Change
	2021	2020	2021	2020	2021	2020			
Total loans and leases	\$ 4,447	\$ 5,314	\$ 277,320	\$ 316,244	\$ 281,767	\$ 321,558		(12) %	
Total earning assets ⁽²⁾	968,491	801,391	277,742	316,622	1,012,364	845,236		20	
Total assets ⁽²⁾	1,005,237	837,367	283,148	320,978	1,054,516	885,568		19	
Total deposits	972,016	804,418	7,056	6,282	979,072	810,700		21	
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.

n/m - not meaningful

	Deposits		Consumer Lending		Total Consumer Banking		
	Six Months Ended June 30		Six Months Ended June 30		Six Months Ended June 30		
	2021	2020	2021	2020	2021	2020	% Change
(Dollars in millions)							
Net interest income	\$ 6,758	\$ 7,247	\$ 5,135	\$ 5,606	\$ 11,893	\$ 12,853	(7) %
Noninterest income:							
Card income	(12)	(12)	2,513	2,175	2,501	2,163	16
Service charges	1,681	1,700	1	1	1,682	1,701	(1)
All other income	94	159	85	104	179	263	(32)
Total noninterest income	1,763	1,847	2,599	2,280	4,362	4,127	6
Total revenue, net of interest expense	8,521	9,094	7,734	7,886	16,255	16,980	(4)
Provision for credit losses	121	269	(1,435)	5,013	(1,314)	5,282	(125)
Noninterest expense	6,065	5,593	3,925	3,637	9,990	9,230	8
Income (loss) before income taxes	2,335	3,232	5,244	(764)	7,579	2,468	n/m
Income tax expense (benefit)	572	792	1,285	(187)	1,857	605	n/m
Net income (loss)	\$ 1,763	\$ 2,440	\$ 3,959	\$ (577)	\$ 5,722	\$ 1,863	n/m
Effective tax rate ⁽¹⁾					24.5 %	24.5 %	
Net interest yield	1.45 %	1.90 %	3.67 %	3.59 %	2.44	3.19	
Return on average allocated capital	30	41	30	(4)	30	10	
Efficiency ratio	71.19	61.50	50.74	46.12	61.46	54.36	

Balance Sheet

	Six Months Ended June 30		Six Months Ended June 30		Six Months Ended June 30		
	2021	2020	2021	2020	2021	2020	% Change
Average							
Total loans and leases	\$ 4,527	\$ 5,374	\$ 281,777	\$ 313,878	\$ 286,304	\$ 319,252	(10) %
Total earning assets ⁽²⁾	940,469	766,660	282,206	314,375	984,891	809,436	22
Total assets ⁽²⁾	978,170	800,742	286,908	319,279	1,027,294	848,422	21
Total deposits	944,819	767,848	6,938	5,837	951,757	773,685	23
Allocated capital	12,000	12,000	26,500	26,500	38,500	38,500	—
Period end							
	June 30 2021	December 31 2020	June 30 2021	December 31 2020	June 30 2021	December 31 2020	% Change
Total loans and leases	\$ 4,410	\$ 4,673	\$ 278,490	\$ 295,261	\$ 282,900	\$ 299,934	(6) %
Total earning assets ⁽²⁾	978,402	899,951	278,850	295,627	1,022,092	945,343	8
Total assets ⁽²⁾	1,013,887	939,629	284,923	299,185	1,063,650	988,580	8
Total deposits	980,486	906,092	7,169	6,560	987,655	912,652	8

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 was \$3.0 billion compared to \$70 million for the same period in 2020. The increase in net income was primarily due to improvement in the provision for credit losses and higher revenue, partially offset by higher noninterest expense. Noninterest income increased \$352 million to \$2.2 billion driven by higher card income due to increased client activity and higher service charges, partially offset by lower other income due to the allocation of asset and liability management (ALM) results.

The provision for credit losses improved \$3.7 billion to a benefit of \$697 million primarily due to a reserve release, as the macroeconomic outlook improved and our credit quality remained strong. Noninterest expense increased \$124 million to \$4.9 billion primarily driven by 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 to support customers and employees.

The return on average allocated capital was 32 percent, up from one percent, driven by higher net income. For more information on capital allocated to the business segments, see Business Segment Operations on page 11.

Six-Month Comparison

Net income for Consumer Banking increased \$3.9 billion to \$5.7 billion primarily due to improvement in the provision for credit losses, partially offset by lower revenue and higher noninterest expense. Net interest income decreased \$960 million to \$11.9 billion primarily due to lower interest rates and loan balances, partially offset by the benefit of higher deposit balances. Noninterest income increased \$235 million to \$4.4 billion driven by higher card income due to increased client activity, partially offset by lower other income due to the allocation of ALM results.

The provision for credit losses improved \$6.6 billion to a benefit of \$1.3 billion primarily driven by the same factors as described in the three-month discussion. Noninterest expense increased \$760 million to \$10.0 billion primarily driven by an impairment charge of \$240 million 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 to support customers and employees.

The return on average allocated capital was 30 percent, up from 10 percent, driven by higher net income.

Deposits

Three-Month Comparison

Net income for Deposits increased \$304 million to \$1.1 billion primarily driven by higher revenue. Net interest income increased \$181 million to \$3.5 billion primarily due to the benefit of higher deposit balances. Noninterest income increased \$101 million to \$865 million primarily driven by higher service charges, partially offset by other income due to the allocation of ALM results.

The provision for credit losses decreased \$107 million to \$47 million due to an improved macroeconomic outlook.

Average deposits increased \$167.6 billion to \$972.0 billion primarily due to net inflows of \$94.4 billion in checking and time deposits and \$72.1 billion in traditional savings and money market savings driven by strong organic growth and additional government stimulus measures.

Six-Month Comparison

Net income for Deposits decreased \$677 million to \$1.8 billion primarily driven by lower revenue and higher noninterest expense. Net interest income declined \$489 million to \$6.8 billion primarily due to lower interest rates, partially offset by the

benefit of growth in deposits. Noninterest income decreased \$84 million to \$1.8 billion primarily driven by lower other income due to the allocation of ALM results, as well as lower service charges due to higher deposit balances.

The provision for credit losses decreased \$148 million to \$121 million due to an improved macroeconomic outlook. Noninterest expense increased \$472 million to \$6.1 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 to support customers and employees.

Average deposits increased \$177.0 billion to \$944.8 billion primarily due to net inflows of \$103.4 billion in checking and time deposits and \$72.7 billion in traditional savings and money market savings driven by strong organic growth and additional 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 June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Total deposit spreads (excludes noninterest costs) ⁽¹⁾	1.71%	1.94%	1.72%	2.05%
Period End				
Consumer investment assets (in millions) ⁽²⁾			\$ 345,809	\$ 246,146
Active digital banking users (units in thousands) ⁽³⁾			40,512	39,294
Active mobile banking users (units in thousands) ⁽⁴⁾			31,796	30,307
Financial centers			4,296	4,296
ATMs			16,795	16,862

⁽¹⁾ Includes deposits held in Consumer Lending.

⁽²⁾ Includes client brokerage assets, deposit sweep balances and AUM in Consumer Banking.

⁽³⁾ Active digital banking users represents mobile and/or online active users over the past three months.

⁽⁴⁾ Active mobile banking users represents mobile active users over the past three months.

Consumer investment assets increased \$99.7 billion to \$345.8 billion driven by market performance and client flows. Active mobile banking users increased approximately one million reflecting continuing changes in our customers' banking preferences. We had a net decrease of two financial centers as we continue to optimize our consumer banking network.

Consumer Lending

Three-Month Comparison

Net income for Consumer Lending was \$1.9 billion, an increase of \$2.7 billion, primarily due to improvement in the provision for credit losses. Net interest income decreased \$199 million to \$2.5 billion primarily due to lower loan balances. Noninterest income increased \$251 million to \$1.3 billion primarily driven by higher card income due to increased client activity.

The provision for credit losses improved \$3.6 billion to a benefit of \$744 million primarily due to a reserve release, as the macroeconomic outlook improved and our credit quality remained strong. Noninterest expense increased \$137 million to \$2.0 billion primarily driven by investments in the business.

Average loans decreased \$38.9 billion to \$277.3 billion primarily driven by a decline in residential mortgage and credit cards.

Six-Month Comparison

Net income for Consumer Lending was \$4.0 billion, an increase of \$4.5 billion, primarily due to improvement in the provision for credit losses. Net interest income declined \$471 million to \$5.1 billion primarily due to lower interest rates and loan balances. Noninterest income increased \$319 million to \$2.6 billion primarily driven by higher card income due to increased client activity.

The provision for credit losses improved \$6.4 billion to a benefit of \$1.4 billion primarily driven by the same factors as described in the three-month discussion. Noninterest expense increased \$288 million to \$3.9 billion primarily driven by the same factors as described in the three-month discussion.

Average loans decreased \$32.1 billion to \$281.8 billion primarily driven by the same factors as described in the three-month discussion.

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.

Key Statistics – Consumer Lending

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
(Dollars in millions)				
Total credit card ⁽¹⁾				
Gross interest yield ⁽²⁾	10.1%	9.9%	10.3%	10.2%
Risk-adjusted margin ⁽³⁾	9.7%	8.4%	9.5%	8.2%
New accounts (in thousands)	931	449	1,605	1,504
Purchase volumes	\$ 78,384	\$ 53,694	\$ 142,975	\$ 118,073
Debit card purchase volumes	\$ 121,905	\$ 89,631	\$ 229,812	\$ 178,219

⁽¹⁾ Includes GMM'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 six months ended June 30, 2021, the total risk-adjusted margin increased 127 bps and 133 bps primarily driven by higher net interest margin, higher fee income and lower net credit losses. During the three and six months ended June 30, 2021, total credit card purchase volumes increased \$24.7 billion to \$78.4 billion, and \$24.9 billion to \$143.0 billion as spending continued to recover, with

improvements across categories with growth primarily in retail and travel. During the three and six months ended June 30, 2021, debit card purchase volumes increased \$32.3 billion to \$121.9 billion, and \$51.6 billion to \$229.8 billion due to the impacts of government stimulus measures, tax refunds and continued retail growth from the pandemic recovery.

Key Statistics – Residential Mortgage Loan Production ⁽¹⁾

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
(Dollars in millions)				
Consumer Banking:				
First mortgage	\$ 11,502	\$ 15,049	\$ 20,684	\$ 27,930
Home equity	907	3,176	1,317	5,817
Total ⁽²⁾:				
First mortgage	\$ 20,266	\$ 23,124	\$ 35,499	\$ 42,062
Home equity	1,166	3,683	1,669	6,707

⁽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 GMM.

First mortgage loan originations for Consumer Banking and the total Corporation decreased \$3.5 billion and \$2.9 billion during the three months ended June 30, 2021 and \$7.2 billion and \$6.6 billion during the six months ended June 30, 2021, primarily driven by lower demand.

Home equity production in Consumer Banking and for the total Corporation decreased \$2.3 billion and \$2.5 billion during the three months ended June 30, 2021 and \$4.5 billion and \$5.0 billion during the six months ended June 30, 2021, driven by lower demand.

Global Wealth & Investment Management

	Three Months Ended June 30			Six Months Ended June 30		
	2021	2020	%Change	2021	2020	%Change
(Dollars in millions)						
Net interest income	\$ 1,354	\$ 1,378	(2)%	\$ 2,685	\$ 2,949	(9)%
Noninterest income:						
Investment and brokerage services	3,537	2,854	24	6,928	5,976	16
All other income	174	193	(10)	423	436	(3)
Total noninterest income	3,711	3,047	22	7,351	6,412	15
Total revenue, net of interest expense	5,065	4,425	14	10,036	9,361	7
Provision for credit losses	(62)	136	(146)	(127)	325	(139)
Noninterest expense	3,814	3,464	10	7,682	7,064	9
Income before income taxes	1,313	825	59	2,481	1,972	26
Income tax expense	322	202	59	608	483	26
Net income	\$ 991	\$ 623	59	\$ 1,873	\$ 1,489	26
Effective tax rate	24.5 %	24.5 %		24.5 %	24.5 %	
Net interest yield	1.48	1.76		1.49	1.96	
Return on average allocated capital	24	17		23	20	
Efficiency ratio	75.29	78.26		76.54	75.46	
Balance Sheet						
	Three Months Ended June 30			Six Months Ended June 30		
	2021	2020	%Change	2021	2020	%Change
Average						
Total loans and leases	\$ 193,988	\$ 182,150	6 %	\$ 191,257	\$ 180,395	6 %
Total earning assets	367,778	315,258	17	363,960	303,089	20
Total assets	380,315	327,594	16	376,476	315,383	19
Total deposits	333,487	287,109	16	329,948	275,260	20
Allocated capital	16,500	15,000	10	16,500	15,000	10
Period end						
	June 30			December 31		
	2021	2020		2020		
Total loans and leases	\$ 198,361	\$ 188,562				5 %
Total earning assets	365,496	356,873				2
Total assets	378,220	369,736				2
Total deposits	330,624	322,157				3

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 \$368 million to \$991 million primarily driven by higher revenue and improvement in the provision for credit losses, partially offset by higher noninterest expense. The operating margin was 26 percent compared to 19 percent a year ago.

Net interest income decreased \$24 million to \$1.4 billion due to lower interest rates, partially offset by the benefit of strong deposit and loan growth.

Noninterest income, which primarily includes investment and brokerage services income, increased \$664 million to \$3.7 billion primarily due to higher market valuations and positive AUM flows, partially offset by declines in AUM pricing.

The provision for credit losses improved \$198 million to a benefit of \$62 million primarily due to an improved macroeconomic outlook. Noninterest expense increased \$350 million to \$3.8 billion primarily driven by higher revenue-related incentives.

The return on average allocated capital was 24 percent, up from 17 percent, due to an increase in 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 \$11.8 billion to \$194.0 billion primarily driven by securities-based lending and custom lending. Average deposits increased \$46.4 billion to \$333.5 billion primarily driven by inflows from new accounts and client responses to market volatility.

MLGWM revenue of \$4.3 billion increased 18 percent primarily driven by the benefits of higher market valuations and positive AUM flows.

Bank of America Private Bank revenue of \$805 million increased one percent primarily driven by the benefits of higher market valuations and AUM flows, partially offset by the realignment of certain business results to MLGWM.

Six-Month Comparison

Net income for GWIM increased \$384 million to \$1.9 billion due to the same factors as described in the three-month discussion. The operating margin was 25 percent compared to 21 percent a year ago.

Net interest income decreased \$264 million to \$2.7 billion due to the same factors as described in the three-month discussion.

Noninterest income, which primarily includes investment and brokerage services income, increased \$939 million to \$7.4 billion due to the same factors as described in the three-month discussion.

The provision for credit losses improved \$452 million to a benefit of \$127 million primarily due to an improved macroeconomic outlook. Noninterest expense increased \$618 million to \$7.7 billion, primarily due to the same factor as described in the three-month discussion.

The return on average allocated capital was 23 percent, up from 20 percent, due to higher net income, partially offset by an increase in allocated capital.

Average loans increased \$10.9 billion to \$191.3 billion primarily due to the same factors as described in the three-month discussion. Average deposits increased \$54.7 billion to

\$329.9 billion primarily due to the same factors as described in the three-month discussion.

MLGWM revenue of \$8.4 billion increased 10 percent primarily driven by higher market valuations and positive AUM flows, partially offset by the impact of lower interest rates.

Bank of America Private Bank revenue of \$1.6 billion decreased four 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

(Dollars in millions)

Revenue by Business

Merrill Lynch Global Wealth Management
Bank of America Private Bank

Total revenue, net of interest expense

Client Balances by Business, at period end

Merrill Lynch Global Wealth Management
Bank of America Private Bank

Total client balances

Client Balances by Type, at period end

Assets under management
Brokerage and other assets
Deposits
Loans and leases ⁽¹⁾
Less: Managed deposits in assets under management

Total client balances

Assets Under Management Rollforward

Assets under management, beginning of period
Net client flows
Market valuation/other

Total assets under management, end of period

Total wealth advisors, at period end ⁽²⁾

Three Months Ended June 30		Six Months Ended June 30	
2021	2020	2021	2020
\$ 4,260	\$ 3,625	\$ 8,445	\$ 7,698
805	800	1,591	1,663
\$ 5,065	\$ 4,425	\$ 10,036	\$ 9,361
		\$ 3,073,252	\$ 2,449,305
		579,562	478,521
		\$ 3,652,814	\$ 2,927,826
		\$ 1,549,069	\$ 1,219,748
		1,619,246	1,282,044
		330,624	291,740
		201,154	187,004
		(47,279)	(52,710)
		\$ 3,652,814	\$ 2,927,826
\$ 1,467,487	\$ 1,092,482	\$ 1,408,465	\$ 1,275,555
11,714	3,573	29,922	10,608
69,868	123,693	110,682	(66,415)
\$ 1,549,069	\$ 1,219,748	\$ 1,549,069	\$ 1,219,748
		19,385	20,622

⁽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 GWM and Consumer Banking. Prior period has been revised to conform to current period presentation.

Client Balances

Client balances increased \$725.0 billion, or 25 percent, to \$3.7 trillion at June 30, 2021 compared to June 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 June 30			Six Months Ended June 30		
	2021	2020	% Change	2021	2020	% Change
Net interest income	\$ 1,984	\$ 2,363	(16)%	\$ 3,964	\$ 4,975	(20)%
Noninterest income:						
Service charges	900	738	22	1,747	1,533	14
Investment banking fees	1,173	1,181	(1)	2,345	1,942	21
All other income	1,032	809	28	1,666	1,241	34
Total noninterest income	3,105	2,728	14	5,758	4,716	22
Total revenue, net of interest expense	5,089	5,091	—	9,722	9,691	—
Provision for credit losses	(831)	1,873	(144)	(1,957)	3,966	(149)
Noninterest expense	2,599	2,222	17	5,380	4,540	19
Income before income taxes	3,321	996	n/m	6,299	1,185	n/m
Income tax expense	897	269	n/m	1,701	320	n/m
Net income	\$ 2,424	\$ 727	n/m	\$ 4,598	\$ 865	n/m
Effective tax rate	27.0%	27.0%		27.0%	27.0%	
Net interest yield	1.49	1.82		1.52	2.15	
Return on average allocated capital	23	7		22	4	
Efficiency ratio	51.07	43.65		55.34	46.86	

Balance Sheet

Average	Three Months Ended June 30			Six Months Ended June 30		
	2021	2020	% Change	2021	2020	% Change
Total loans and leases	\$ 325,110	\$ 423,625	(23)%	\$ 327,595	\$ 405,054	(19)%
Total earning assets	534,680	521,930	2	525,332	465,491	13
Total assets	595,498	578,106	3	585,875	522,016	12
Total deposits	506,618	493,918	3	496,880	438,145	13
Allocated capital	42,500	42,500	—	42,500	42,500	—
Period end	June 30		% Change	December 31		% Change
	2021	2020		2021	2020	
Total loans and leases	\$ 323,256	\$ 339,649	(5)%			
Total earning assets	547,278	522,650	5			
Total assets	607,969	580,561	5			
Total deposits	520,026	493,748	5			

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 \$1.7 billion to \$2.4 billion primarily driven by improvement in the provision for credit losses, partially offset by higher noninterest expense.

Net interest income decreased \$379 million to \$2.0 billion primarily driven by the impact of lower loan balances and lower deposit spreads, partially offset by higher credit spreads and the impact of higher deposit balances.

Noninterest income increased \$377 million to \$3.1 billion driven by higher leasing-related revenue and treasury and credit service charges as well as the addition of merchant services revenue, partially offset by lower valuation-driven adjustments on the fair value loan portfolio and leveraged loans.

The provision for credit losses improved \$2.7 billion to a benefit of \$831 million primarily driven by a reserve release due to an improved macroeconomic outlook.

Noninterest expense increased \$377 million primarily due to higher operating costs and compensation and benefits expense, as well as the addition of merchant services costs.

The return on average allocated capital was 23 percent, up from seven percent, due to higher net income. For more information on capital allocated to the business segments, see Business Segment Operations on page 11.

Six-Month Comparison

Net income for *Global Banking* increased \$3.7 billion to \$4.6 billion primarily due to the same factors as described in the three-month discussion.

Net interest income decreased \$1.0 billion to \$4.0 billion primarily due to the same factors as described in the three-month discussion.

Noninterest income increased \$1.0 billion to \$5.8 billion driven by higher investment banking fees, treasury and credit service charges and higher valuation-driven adjustments on the fair value loan portfolio, debt securities and leveraged loans, as well as the addition of merchant services revenue.

The provision for credit losses improved \$5.9 billion to a benefit of \$2.0 billion primarily driven by a reserve release due to an improved macroeconomic outlook.

Noninterest expense increased \$840 million to \$5.4 billion, primarily due to higher revenue-related incentives and an acceleration in expenses from incentive compensation award changes, as well as higher operating costs, including the addition of merchant services costs.

The return on average allocated capital was 22 percent, up from four 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 June 30							
(Dollars in millions)	2021	2020	2021	2020	2021	2020	2021	2020
Revenue								
Business Lending	\$ 989	\$ 916	\$ 867	\$ 881	\$ 56	\$ 66	\$ 1,912	\$ 1,863
Global Transaction Services	734	785	771	809	215	217	1,720	1,811
Total revenue, net of interest expense	\$ 1,723	\$ 1,701	\$ 1,638	\$ 1,690	\$ 271	\$ 283	\$ 3,632	\$ 3,674
Balance Sheet								
Average								
Total loans and leases	\$ 148,163	\$ 201,852	\$ 156,526	\$ 200,463	\$ 12,703	\$ 15,018	\$ 317,392	\$ 417,333
Total deposits	244,552	236,421	205,491	209,263	55,769	48,231	505,812	493,915
	Global Corporate Banking		Global Commercial Banking		Business Banking		Total	
	Six Months Ended June 30							
(Dollars in millions)	2021	2020	2021	2020	2021	2020	2021	2020
Revenue								
Business Lending	\$ 1,643	\$ 1,867	\$ 1,765	\$ 1,862	\$ 111	\$ 148	\$ 3,519	\$ 3,877
Global Transaction Services	1,424	1,656	1,515	1,687	426	473	3,365	3,816
Total revenue, net of interest expense	\$ 3,067	\$ 3,523	\$ 3,280	\$ 3,549	\$ 537	\$ 621	\$ 6,884	\$ 7,693
Balance Sheet								
Average								
Total loans and leases	\$ 148,200	\$ 192,278	\$ 158,407	\$ 194,522	\$ 12,851	\$ 15,100	\$ 319,458	\$ 401,900
Total deposits	237,112	212,170	204,573	181,572	54,538	44,401	496,223	438,143
Period end								
Total loans and leases	\$ 148,210	\$ 182,374	\$ 157,248	\$ 183,869	\$ 12,678	\$ 14,378	\$ 318,136	\$ 380,621
Total deposits	255,710	238,862	207,003	210,853	56,285	51,195	518,998	500,910

Business Lending revenue increased \$49 million for the three months ended June 30, 2021 compared to the same period in 2020 primarily due to higher credit spreads and leasing equity investment income, partially offset by the impact of lower loan balances. Business Lending revenue decreased \$358 million for the six months ended June 30, 2021 primarily due to the impact of lower loan balances and interest rates, partially offset by higher credit spreads.

Global Transaction Services revenue decreased \$91 million and \$451 million for the three and six months ended June 30, 2021 driven by lower interest rates, partially offset by the impact of higher deposit balances.

Average loans and leases decreased 24 percent and 21 percent for the three and six months ended June 30, 2021 driven by client paydowns.

Average deposits increased two percent and 13 percent for the three and six months ended June 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				Total Corporation				Global Banking				Total Corporation			
	Three Months Ended June 30				Six Months Ended June 30				Six Months Ended June 30				Six Months Ended June 30			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020		
Products																
Advisory	\$ 376	\$ 345	\$ 407	\$ 406	\$ 733	\$ 592	\$ 807	\$ 675								
Debt issuance	482	503	1,110	1,058	905	927	2,098	1,985								
Equity issuance	315	333	702	740	707	423	1,602	1,023								
Gross investment banking fees	1,173	1,181	2,219	2,204	2,345	1,942	4,507	3,683								
Self-led deals	(44)	(18)	(97)	(45)	(61)	(61)	(139)	(136)								
Total investment banking fees	\$ 1,129	\$ 1,163	\$ 2,122	\$ 2,159	\$ 2,284	\$ 1,881	\$ 4,368	\$ 3,547								

Total Corporation investment banking fees, excluding self-led deals, which are primarily included within *Global Banking* and *Global Markets*, were \$2.1 billion and \$4.4 billion for the three and six months ended June 30, 2021. The three-month period decreased two percent compared to the same period in 2020. The six-month period increased 23 percent primarily driven by higher equity issuance fees as well as advisory and debt issuance fees.

Global Markets

	Three Months Ended June 30			%Change	Six Months Ended June 30			%Change
	2021	2020			2021	2020		
(Dollars in millions)								
Net interest income	\$ 991	\$ 1,297	(24) %		\$ 1,981	\$ 2,449	(19) %	
Noninterest income:								
Investment and brokerage services	473	480	(1)		1,033	1,048	(1)	
Investment banking fees	959	939	2		1,940	1,542	26	
Market making and similar activities	1,964	2,360	(17)		5,434	5,334	2	
All other income	333	274	22		530	202	n/m	
Total noninterest income	3,729	4,053	(8)		8,937	8,126	10	
Total revenue, net of interest expense	4,720	5,350	(12)		10,918	10,575	3	
Provision for credit losses	22	105	(79)		17	212	(92)	
Noninterest expense	3,471	2,684	29		6,898	5,498	25	
Income before income taxes	1,227	2,561	(52)		4,003	4,865	(18)	
Income tax expense	319	666	(52)		1,041	1,265	(18)	
Net income	\$ 908	\$ 1,895	(52)		\$ 2,962	\$ 3,600	(18)	
Effective tax rate	26.0 %	26.0 %			26.0 %	26.0 %		
Return on average allocated capital	10	21			16	20		
Efficiency ratio	73.55	50.17			63.19	51.99		

Balance Sheet

	Three Months Ended June 30			%Change	Six Months Ended June 30			%Change
	2021	2020			2021	2020		
Average								
Trading-related assets:								
Trading account securities	\$ 304,760	\$ 216,157	41 %		\$ 285,081	\$ 236,704	20 %	
Reverse repurchases	116,424	104,883	11		108,201	110,291	(2)	
Securities borrowed	101,144	96,448	5		95,231	89,860	6	
Derivative assets	44,514	49,502	(10)		45,983	48,199	(5)	
Total trading-related assets	566,842	466,990	21		534,496	485,054	10	
Total loans and leases	87,826	74,131	18		82,649	72,896	13	
Total earning assets	531,000	478,648	11		513,261	490,132	5	
Total assets	797,558	663,072	20		760,616	688,062	11	
Total deposits	55,584	45,083	23		54,723	39,203	40	
Allocated capital	38,000	36,000	6		38,000	36,000	6	

Period end

	June 30 2021	December 31 2020	%Change
Total trading-related assets	\$ 542,614	\$ 421,698	29 %
Total loans and leases	96,105	78,415	23
Total earning assets	527,983	447,350	18
Total assets	773,714	616,609	25
Total deposits	57,297	53,925	6

n/m = not meaningful

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* decreased \$987 million to \$908 million. Net DVA losses were \$34 million compared to losses of \$261 million in the prior-year period. Excluding net DVA, net income decreased \$1.2 billion to \$934 million. These decreases were primarily driven by higher noninterest expense and lower revenue, partially offset by lower provision for credit losses.

Revenue decreased \$630 million to \$4.7 billion primarily driven by lower sales and trading revenue. Sales and trading revenue decreased \$590 million, and excluding net DVA, decreased \$817 million. These decreases were driven by lower revenue in Fixed Income, Currencies and Commodities (FICC), partially offset by higher revenue in Equities.

The provision for credit losses decreased \$83 million primarily due to an improved macroeconomic outlook.

Noninterest expense increased \$787 million to \$3.5 billion driven by higher costs associated with processing transactional card claims related to state unemployment benefits and activity-related expenses for sales and trading.

Average total assets increased \$134.5 billion to \$797.6 billion driven by higher client balances in Global Equities, and higher levels of inventory and loan growth in FICC.

The return on average allocated capital was 10 percent, down from 21 percent, reflecting lower net income and an increase in allocated capital. For more information on capital allocated to the business segments, see Business Segment Operations on page 11.

Six-Month Comparison

Net income for *Global Markets* decreased \$638 million to \$3.0 billion. Net DVA losses were \$36 million compared to gains of \$39 million in the prior-year period. Excluding net DVA, net income decreased \$581 million to \$3.0 billion. These decreases were primarily driven by higher noninterest expense.

Revenue increased \$343 million to \$10.9 billion primarily driven by higher investment banking income. Sales and trading revenue decreased \$147 million, and excluding net DVA, decreased \$72 million driven by a decline in FICC revenue, partially offset by higher revenue in Equities. Noninterest expense increased \$1.4 billion to \$6.9 billion, primarily driven by the same factors as described in the three-month discussion, as well as an acceleration in expenses from incentive compensation award changes.

The provision for credit losses decreased \$195 million primarily due to an improved macroeconomic outlook.

Average total assets increased \$72.6 billion to \$760.6 billion, primarily due to higher client balances in Global Equities. Period-end total assets increased \$157.1 billion since December 31, 2020 to \$773.7 billion driven by higher client balances and increased hedging of client activity with stock positions relative to derivatives in Global Equities, and higher levels of inventory and loan growth in FICC.

The return on average allocated capital was 16 percent, down from 20 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)

(Dollars in millions)

Sales and trading revenue

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Fixed income, currencies and commodities	\$ 1,937	\$ 2,941	\$ 5,179	\$ 5,886
Equities	1,624	1,210	3,460	2,900
Total sales and trading revenue	\$ 3,561	\$ 4,151	\$ 8,639	\$ 8,786

Sales and trading revenue, excluding net DVA ⁽⁴⁾

Fixed income, currencies and commodities	\$ 1,965	\$ 3,186	\$ 5,216	\$ 5,857
Equities	1,630	1,226	3,459	2,890
Total sales and trading revenue, excluding net DVA	\$ 3,595	\$ 4,412	\$ 8,675	\$ 8,747

⁽¹⁾ For more information on sales and trading revenue, see Note 3 – Derivatives to the Consolidated Financial Statements.

⁽²⁾ Includes FTE adjustments of \$59 million and \$132 million for the three and six months ended June 30, 2021 compared to \$38 million and \$100 million for the same periods in 2020.

⁽³⁾ Includes *Global Banking* sales and trading revenue of \$170 million and \$274 million for the three and six months ended June 30, 2021 compared to \$65 million and \$294 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 \$28 million and \$37 million for the three and six months ended June 30, 2021 compared to losses of \$245 million and gains of \$29 million for the same periods in 2020. Equities net DVA losses were \$6 million and gains of \$1 million for the three and six months ended June 30, 2021 compared to losses of \$16 million and gains of \$10 million for the same periods in 2020.

Three-Month Comparison

FICC revenue decreased \$1.2 billion as the prior year benefited from a robust trading environment for macro products and market recoveries from the end of the first quarter of 2020, whereas markets were more benign in the current-year period and weak for agency mortgages. Equities revenue increased \$404 million driven by stronger trading performance and increased client activity in derivatives and Asia.

Six-Month Comparison

FICC revenue decreased \$641 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 \$569 million driven by stronger trading performance and increased client activity.

All Other

(Dollars in millions)	Three Months Ended June 30			% Change	Six Months Ended June 30			% Change
	2021	2020			2021	2020		
Net interest income	\$ 41	\$ (53)		n/m	\$ 128	\$ 24		n/m
Noninterest income (loss)	(1,525)	(211)		n/m	(2,551)	(1,266)		102 %
Total revenue, net of interest expense	(1,484)	(264)		n/m	(2,423)	(1,242)		95
Provision for credit losses	(53)	(21)		n/m	(100)	93		n/m
Noninterest expense	302	305		(1) %	610	553		10
Loss before income taxes	(1,733)	(548)		n/m	(2,933)	(1,888)		55
Income tax benefit	(3,596)	(766)		n/m	(5,052)	(1,614)		n/m
Net income (loss)	\$ 1,863	\$ 218		n/m	\$ 2,119	\$ (274)		n/m

Balance Sheet

Average	Three Months Ended June 30			% Change	Six Months Ended June 30			% Change
	2021	2020			2021	2020		
Total loans and leases	\$ 19,209	\$ 29,923		(36) %	\$ 20,007	\$ 33,238		(40) %
Total assets ⁽¹⁾	187,226	249,846		(25)	197,281	225,674		(13)
Total deposits	14,073	21,387		(34)	14,212	22,473		(37)

Period end

	June 30 2021	December 31 2020	% Change
Total loans and leases	\$ 18,306	\$ 21,301	(14) %
Total assets ⁽¹⁾	206,341	264,141	(22)
Total deposits	13,540	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 and \$1.0 trillion for the three and six months ended June 30, 2021, compared to \$740.7 billion and \$656.5 billion for the same periods in 2020, and period-end allocated assets were \$1.1 trillion and \$977.7 billion at June 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 increased \$1.6 billion to \$1.9 billion primarily driven by an increase in the income tax benefit, partially offset by lower revenue.

Revenue decreased \$1.2 billion primarily due to a \$704 million gain on sales of certain mortgage loans in the prior-year period and lower market making and similar activities.

The income tax benefit increased \$2.8 billion primarily due to the impact of the U.K. tax law change and a higher level of income tax credits associated with increased ESG investment

activities. For more information on the U.K. tax law change, see Financial Highlights on page 4. Both periods included income tax benefit adjustments to eliminate the FTE treatment of certain tax credits recorded in Global Banking.

Six-Month Comparison

Net income increased \$2.4 billion to \$2.1 billion primarily due to an increase in the income tax benefit, partially offset by lower revenue.

Revenue decreased \$1.2 billion primarily due to the same factors as described in the three-month discussion.

The provision for credit losses improved \$193 million to a benefit of \$100 million primarily due to an improved macroeconomic outlook.

The income tax benefit increased \$3.4 billion primarily due to the same factors as described in the three-month discussion. 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. We submitted our 2021 CCAR capital plan and related supervisory stress tests in April 2021 and received our results on June 24, 2021. Based on our results, we will be subject to a preliminary 2.5 percent SCB, unchanged from the current 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.

On April 15, 2021, the Corporation announced that the Board 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 second quarter of 2021, we repurchased \$4.2 billion of common stock, including repurchases to offset shares awarded under equity-based compensation plans during the period.

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 June 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 June 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

	Standardized Approach ⁽¹⁾	Advanced Approaches ⁽¹⁾	Regulatory Minimum ⁽²⁾
	June 30, 2021		
(Dollars in millions, except as noted)			
Risk-based capital metrics:			
Common equity tier 1 capital	\$ 178,818	\$ 178,818	
Tier 1 capital	202,245	202,245	
Total capital ⁽³⁾	234,486	227,736	
Risk-weighted assets (in billions)	1,552	1,380	
Common equity tier 1 capital ratio	11.5 %	13.0 %	9.5 %
Tier 1 capital ratio	13.0	14.7	11.0
Total capital ratio	15.1	16.5	13.0
Leverage-based metrics:			
Adjusted quarterly average assets (in billions) ⁽⁴⁾	\$ 2,938	\$ 2,938	
Tier 1 leverage ratio	6.9 %	6.9 %	4.0
Supplementary leverage exposure (in billions) ⁽⁵⁾		\$ 3,444	
Supplementary leverage ratio		5.9 %	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 June 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 June 30, 2021 and December 31, 2020. At June 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 June 30, 2021.

At June 30, 2021, CET1 capital was \$178.8 billion, an increase of \$2.2 billion from December 31, 2020, driven by earnings, partially offset by common stock repurchases, dividends, the increase in deferred tax assets due to the change in U.K. tax law and lower net unrealized gains on available-for-sale (AFS) debt securities included in accumulated other comprehensive income (OCI). Tier 1 capital increased \$2.1 billion primarily driven by the same factors as CET1 capital. Total capital under the Standardized approach decreased \$3.5 billion primarily driven by a decrease in the adjusted allowance for credit losses included in Tier 2 capital, partially offset by

the same factors driving the increase in CET1 capital. RWA under the Standardized approach, which yielded the lower CET1 capital ratio at June 30, 2021, increased \$71.9 billion during the six months ended June 30, 2021 to \$1,552 billion primarily due to strong client activity in *Global Markets* and investments of excess liquidity. Supplementary leverage exposure at June 30, 2021 increased \$658.1 billion during the six months ended June 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.

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

Table 9 Capital Composition under Basel 3

	June 30 2021	December 31 2020
(Dollars in millions)		
Total common shareholders' equity	\$ 253,678	\$ 248,414
CECL transitional amount ⁽¹⁾	2,994	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	(7,641)	(5,773)
Intangibles, other than mortgage servicing rights, net of related deferred tax liabilities	(1,662)	(1,617)
Defined benefit pension plan net assets	(1,196)	(1,164)
Cumulative unrealized net (gain) loss related to changes in fair value of financial liabilities attributable to own creditworthiness, net-of-tax	1,499	1,753
Other	(216)	(601)
Common equity tier 1 capital	178,818	176,660
Qualifying preferred stock, net of issuance cost	23,440	23,437
Other	(13)	(1)
Tier 1 capital	202,245	200,096
Tier 2 capital instruments	20,674	22,213
Qualifying allowance for credit losses ⁽²⁾	11,993	15,649
Other	(426)	(22)
Total capital under the Standardized approach	234,486	237,936
Adjustment in qualifying allowance for credit losses under the Advanced approaches ⁽²⁾	(6,750)	(10,251)
Total capital under the Advanced approaches	\$ 227,736	\$ 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 June 30, 2021 and December 31, 2020.

Table 10 Risk-weighted Assets under Basel 3

	Standardized Approach	Advanced Approaches	Standardized Approach	Advanced Approaches
	June 30, 2021		December 31, 2020	
(Dollars in billions)				
Credit risk	\$ 1,486	\$ 898	\$ 1,420	\$ 896
Market risk	66	65	60	60
Operational risk	n/a	373	n/a	372
Risks related to credit valuation adjustments	n/a	44	n/a	43
Total risk-weighted assets	\$ 1,552	\$ 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 June 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

	Standardized Approach ⁽¹⁾	Advanced Approaches ⁽¹⁾	Regulatory Minimum ⁽²⁾
June 30, 2021			
(Dollars in millions, except as noted)			
Risk-based capital metrics:			
Common equity tier 1 capital	\$ 170,512	\$ 170,512	
Tier 1 capital	170,512	170,512	
Total capital ⁽³⁾	184,226	176,693	
Risk-weighted assets (in billions)	1,270	1,009	
Common equity tier 1 capital ratio	13.4 %	16.9 %	7.0 %
Tier 1 capital ratio	13.4	16.9	8.5
Total capital ratio	14.5	17.5	10.5
Leverage-based metrics:			
Adjusted quarterly average assets (in billions) ⁽⁴⁾	\$ 2,269	\$ 2,269	
Tier 1 leverage ratio	7.5 %	7.5 %	5.0
Supplementary leverage exposure (in billions)		\$ 2,664	
Supplementary leverage ratio		6.4 %	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	170,992	
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 June 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 June 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 June 30, 2021 and December 31, 2020.

Table 12 Bank of America Corporation Total Loss-Absorbing Capacity and Long-Term Debt

	TLAC ⁽¹⁾	Regulatory Minimum ⁽²⁾	Long-term Debt	Regulatory Minimum ⁽³⁾
	June 30, 2021			
(Dollars in millions)				
Total eligible balance	\$ 429,120	\$ 218,484		
Percentage of risk-weighted assets ⁽⁴⁾	27.7 %	22.0 %	14.1 %	8.5 %
Percentage of supplementary leverage exposure ⁽⁵⁾	12.5	9.5	6.3	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 June 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 June 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 June 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, the 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 OCC. At June 30, 2021, the Corporation's SLR, reflecting the expiration of the temporary relief, was 5.9 percent, which is 0.9 percent, or \$30 billion, in excess of the 5.0 percent 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 June 30, 2021, BofAS had tentative net capital of \$18.0 billion. BofAS also had regulatory net capital of \$15.2 billion, which exceeded the minimum requirement of \$3.0 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 June 30, 2021, MLPCC's regulatory net capital of \$5.7 billion exceeded the minimum requirement of \$1.5 billion.

MLPF&S provides retail services. At June 30, 2021, MLPF&S' regulatory net capital was \$3.7 billion, which exceeded the minimum requirement of \$182 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 June 30, 2021, MLI's capital resources were \$33.9 billion, which exceeded the minimum Pillar 1 requirement of \$14.8 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 June 30, 2021, BofASE's capital resources were \$7.2 billion which exceeded the minimum Pillar 1 requirement of \$2.7 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

We have intercompany arrangements with certain key subsidiaries under which we transferred certain assets of Bank of America Corporation, as the parent company, which is a separate and distinct legal entity from our bank and nonbank subsidiaries, and agreed to transfer certain additional parent company assets not needed to satisfy anticipated near-term expenditures to NB Holdings Corporation, a wholly-owned holding company subsidiary (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 its debt, pay dividends and perform other obligations as it would have had if it had 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 June 30, 2021 and December 31, 2020.

Table 13 Average Global Liquidity Sources

	Three Months Ended	
	June 30 2021	December 31 2020
(Dollars in billions)		
Bank entities	\$ 909	\$ 773
Nonbank and other entities ⁽¹⁾	154	170
Total Average Global Liquidity Sources	\$ 1,063	\$ 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 \$300 billion and \$306 billion at June 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 June 30, 2021 and December 31, 2020.

Table 14 Average Global Liquidity Sources Composition

	Three Months Ended	
	June 30 2021	December 31 2020
(Dollars in billions)		
Cash on deposit	\$ 247	\$ 322
U.S. Treasury securities	227	141
U.S. agency securities, mortgage-backed securities, and other investment-grade securities	570	462
Non-U.S. government securities	19	18
Total Average Global Liquidity Sources	\$ 1,063	\$ 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 \$602 billion and \$584 billion for the three months ended June 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 \$1.91 trillion and \$1.80 trillion at June 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 six months ended June 30, 2021, we issued \$48.2 billion of long-term debt consisting of \$36.9 billion of notes issued by Bank of America Corporation, substantially all of which was TLAC compliant, \$4.4 billion of notes issued by Bank of America, N.A. and \$6.9 billion of other debt.

During the six months ended June 30, 2021, we had total long-term debt maturities and redemptions in the aggregate of \$29.0 billion consisting of \$17.6 billion for Bank of America Corporation, \$5.4 billion for Bank of America, N.A. and \$6.0 billion of other debt. Table 15 presents the carrying value of aggregate annual contractual maturities of long-term debt at June 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⁾	\$ 3,391	\$ 5,819	\$ 23,615	\$ 23,845	\$ 20,020	\$ 129,724	\$ 206,414
Senior structured notes	192	1,990	599	344	409	11,266	14,800
Subordinated notes	371	—	—	3,299	5,444	14,216	23,330
Junior subordinated notes	—	—	—	—	—	740	740
Total Bank of America Corporation	3,954	7,809	24,214	27,488	25,873	155,946	245,284
Bank of America, N.A.							
Senior notes	—	2,945	507	—	—	3	3,455
Subordinated notes	—	—	—	—	—	1,794	1,794
Advances from Federal Home Loan Banks	500	3	1	—	17	73	594
Securitizations and other Bank VIEs ⁽²⁾	1,250	1,249	999	999	—	74	4,571
Other	50	88	192	119	198	27	674
Total Bank of America, N.A.	1,800	4,285	1,699	1,118	215	1,971	11,088
Other debt							
Structured liabilities	2,872	3,964	2,273	1,563	615	6,379	17,666
Nonbank VIEs ⁽²⁾	1	—	—	—	—	565	566
Total other debt	2,873	3,964	2,273	1,563	615	6,944	18,232
Total long-term debt	\$ 8,627	\$ 16,058	\$ 28,186	\$ 30,169	\$ 26,703	\$ 164,861	\$ 274,604

⁽¹⁾ Total includes \$168.7 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 \$15.2 billion, \$17.1 billion, \$16.1 billion and \$12.9 billion during each year of 2022 through 2025, respectively, and \$104.9 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 \$11.7 billion to \$274.6 billion during the six months ended June 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 six months ended June 30, 2021, we issued \$2.2 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 45.

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.

On May 24, 2021, Standard & Poor's Global Ratings (S&P) affirmed the current ratings of the Corporation and its subsidiaries, while at the same time revising its rating outlook to Positive from Stable.

On June 7, 2021, Fitch Ratings (Fitch) upgraded the long-term senior debt ratings of the Corporation and its rated subsidiaries by one notch, to AA- and AA, respectively. Fitch also upgraded the Corporation's short-term rating to F1+ which is now aligned with the short-term rating of its subsidiaries, including BANA. Following the upgrade, the rating outlook for the Corporation and its subsidiaries is Stable.

The current ratings and Stable outlooks for the Corporation and its subsidiaries from Moody's Investors Service did not change 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 and BAC Capital Trust XIV, Delaware statutory trusts, is a 100 percent owned finance subsidiary of the Corporation that has issued and sold trust preferred securities that remained outstanding at June 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.

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 40, Allowance for Credit Losses on page 41, and Note 5 – Outstanding Loans and Leases and Allowance for Credit Losses to the Consolidated Financial Statements.

During the six months ended June 30, 2021, the economy gained momentum as unemployment continued to decline from double-digit highs during 2020 and parts of the economy continued to open as vaccination rates increased, case levels showed improvements and restrictions generally began to ease. Individuals and businesses in the U.S. continue to receive various forms of support through economic stimulus packages enacted in 2020 and 2021. While there has been improvement, uncertainty remains about the timing and strength of the economy's recovery, which 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 six months ended June 30, 2021, with the U.S. unemployment rate continuing to decline and home prices increasing. During the three and six months ended June 30, 2021, net charge-offs decreased \$221 million and \$400 million to \$513 million and \$1.2 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 six months ended June 30, 2021, nonperforming loans increased due to deferral activity.

The consumer allowance for loan and lease losses decreased \$2.6 billion during the six months ended June 30, 2021 to \$7.4 billion primarily due to an improved economic outlook. For more information, see Allowance for Credit Losses on page 41.

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

	Outstandings ⁽¹⁾		Nonperforming		Accruing Past Due 90 Days or More	
	June 30 2021	December 31 2020	June 30 2021	December 31 2020	June 30 2021	December 31 2020
(Dollars in millions)						
Residential mortgage ⁽²⁾	\$ 214,324	\$ 223,555	\$ 2,343	\$ 2,005	\$ 687	\$ 762
Home equity	30,469	34,311	651	649	—	—
Credit card	75,599	78,708	n/a	n/a	533	903
Direct/Indirect consumer ⁽³⁾	96,903	91,363	50	71	15	33
Other consumer	172	124	—	—	—	—
Consumer loans excluding loans accounted for under the fair value option	\$ 417,467	\$ 428,061	\$ 3,044	\$ 2,725	\$ 1,235	\$ 1,698
Loans accounted for under the fair value option ⁽⁴⁾	654	735				
Total consumer loans and leases	\$ 418,121	\$ 428,796				
Percentage of outstanding consumer loans and leases ⁽⁵⁾	n/a	n/a	0.73 %	0.64 %	0.30 %	0.40 %
Percentage of outstanding consumer loans and leases, excluding fully-insured loan portfolios ⁽⁵⁾	n/a	n/a	0.75	0.65	0.14	0.22

⁽¹⁾ Outstandings include non-core residential mortgage of \$7.2 billion and \$8.3 billion and home equity of \$3.6 billion and \$4.0 billion at June 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 June 30, 2021 and December 31, 2020, residential mortgage includes \$501 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 \$186 million and \$225 million of loans on which interest was still accruing.

⁽³⁾ Outstandings primarily include auto and specialty lending loans and leases of \$46.4 billion and \$46.4 billion, U.S. securities-based lending loans of \$46.4 billion and \$41.1 billion and non-U.S. consumer loans of \$3.0 billion and \$3.0 billion at June 30, 2021 and December 31, 2020.

⁽⁴⁾ Consumer loans accounted for under the fair value option include residential mortgage loans of \$257 million and \$298 million and home equity loans of \$397 million and \$437 million at June 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 June 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

	Net Charge-offs				Net Charge-off Ratios ⁽¹⁾			
	Three Months Ended June 30		Six Months Ended June 30		Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020	2021	2020	2021	2020
(Dollars in millions)								
Residential mortgage	\$ (6)	\$ (20)	\$ (10)	\$ (21)	(0.01)%	(0.03)%	(0.01)%	(0.02)%
Home equity	(24)	(14)	(59)	(25)	(0.31)	(0.14)	(0.37)	(0.13)
Credit card	488	665	1,122	1,435	2.67	3.10	3.07	3.19
Direct/Indirect consumer	(9)	26	22	66	(0.04)	0.12	0.05	0.15
Other consumer	64	77	131	151	n/m	n/m	n/m	n/m
Total	\$ 513	\$ 734	\$ 1,206	\$ 1,606	0.50	0.65	0.59	0.70

⁽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 June 30, 2021. Approximately 51 percent of the residential mortgage portfolio was in *Consumer*

Banking and 42 percent was in *GWM*. 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 \$9.2 billion during the six months ended June 30, 2021 as paydowns were partially offset by originations.

At June 30, 2021 and December 31, 2020, the residential mortgage portfolio included \$12.5 billion and \$11.8 billion of outstanding fully-insured loans, of which \$2.5 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

	Reported Basis ⁽¹⁾		Excluding Fully-insured Loans ⁽¹⁾	
	June 30 2021	December 31 2020	June 30 2021	December 31 2020
(Dollars in millions)				
Outstandings	\$ 214,324	\$ 223,555	\$ 201,805	\$ 211,737
Accruing past due 30 days or more	1,906	2,314	909	1,224
Accruing past due 90 days or more	687	762	—	—
Nonperforming loans ⁽²⁾	2,343	2,005	2,343	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
2006 and 2007 vintages ⁽³⁾	3	3	3	3

⁽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.

⁽³⁾ These vintages of loans accounted for \$458 million, or 20 percent, and \$503 million, or 25 percent, of nonperforming residential mortgage loans at June 30, 2021 and December 31, 2020.

Nonperforming outstanding balances in the residential mortgage portfolio increased \$338 million during the six months ended June 30, 2021 primarily driven by deferral activity. Of the nonperforming residential mortgage loans at June 30, 2021, \$1.2 billion, or 53 percent, were current on contractual payments. Loans accruing past due 30 days or more decreased \$315 million driven by continued improvement in credit quality.

Net recoveries of \$6 million and \$10 million for the three and six months ended June 30, 2021 remained relatively unchanged compared to the same periods in the prior year.

Of the \$201.8 billion in total residential mortgage loans outstanding at June 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 \$5.3 billion, or nine percent, at June 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 June 30, 2021, \$66 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 \$909 million, or less than one percent, for the entire residential mortgage portfolio. In addition, at June 30, 2021, \$314 million, or six percent, of outstanding interest-only residential mortgage loans that had entered the amortization period were nonperforming, of which \$112 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 98 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 June 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 June 30, 2021 and December 31, 2020.

Table 20 Residential Mortgage State Concentrations

	Outstandings ⁽¹⁾		Nonperforming ⁽¹⁾		Net Charge-offs			
	June 30 2021	December 31 2020	June 30 2021	December 31 2020	Three Months Ended June 30		Six Months Ended June 30	
					2021	2020	2021	2020
(Dollars in millions)								
California	\$ 75,531	\$ 83,185	\$ 739	\$ 570	\$ (5)	\$ (8)	\$ (7)	\$ (11)
New York	23,996	23,832	361	272	—	—	2	1
Florida	13,080	13,017	173	175	(2)	(1)	(4)	(3)
Texas	8,648	8,868	86	78	—	—	—	—
New Jersey	8,415	8,806	110	98	—	—	—	—
Other	72,135	74,029	874	812	1	(11)	(1)	(8)
Residential mortgage loans	\$ 201,805	\$ 211,737	\$ 2,343	\$ 2,005	\$ (6)	\$ (20)	\$ (10)	\$ (21)
Fully-insured loan portfolio	12,519	11,818						
Total residential mortgage loan portfolio	\$ 214,324	\$ 223,555						

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

Home Equity

At June 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 June 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 *GIWM*. Outstanding balances in the home equity portfolio decreased \$3.8 billion during the six months ended June 30, 2021 primarily due to paydowns outpacing new originations and draws on existing

lines. Of the total home equity portfolio at June 30, 2021 and December 31, 2020, \$12.8 billion, or 42 percent, and \$13.8 billion, or 40 percent, were in first-lien positions. At June 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 \$5.1 billion, or 17 percent of our total home equity portfolio.

Unused HELOCs totaled \$41.0 billion and \$42.3 billion at June 30, 2021 and December 31, 2020. The HELOC utilization rate was 41 percent and 43 percent at June 30, 2021 and December 31, 2020.

Table 21 presents certain home equity portfolio key credit statistics.

Table 21 Home Equity – Key Credit Statistics ⁽¹⁾

	June 30 2021	December 31 2020
(Dollars in millions)		
Outstandings	\$ 30,469	\$ 34,311
Accruing past due 30 days or more ⁽²⁾	167	186
Nonperforming loans ^(2, 3)	651	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
2006 and 2007 vintages ⁽⁴⁾	16	16

⁽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 \$21 million and \$25 million and nonperforming loans include \$90 million and \$88 million of loans where we serviced the underlying first lien at June 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.

⁽⁴⁾ These vintages of loans accounted for 35 percent and 36 percent of nonperforming home equity loans at June 30, 2021 and December 31, 2020.

Nonperforming outstanding balances in the home equity portfolio remained relatively unchanged at \$651 million at June 30, 2021. Of the nonperforming home equity loans at June 30, 2021, \$264 million, or 41 percent were current on contractual payments. In addition, \$246 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 \$19 million during the six months ended June 30, 2021.

Net recoveries increased \$10 million to \$24 million and \$34 million to \$59 million for the three and six months ended June 30, 2021 compared to the same periods in 2020. The increase was driven by favorable portfolio trends due partly to improvement in home prices.

Of the \$30.5 billion in total home equity portfolio outstandings at June 30, 2021, as shown in Table 21, 15 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 \$8.0 billion at June 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 June 30, 2021, \$107 million, or one percent, of outstanding HELOCs that had entered the amortization period were accruing past due 30 days or more. In addition, at June 30, 2021, \$473 million, or six 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 June 30, 2021, 19 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 June 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 June 30, 2021 and December 31, 2020.

Table 22 Home Equity State Concentrations

	Outstandings ⁽¹⁾		Nonperforming ⁽¹⁾		Net Charge-offs			
					Three Months Ended June 30		Six Months Ended June 30	
	June 30 2021	December 31 2020	June 30 2021	December 31 2020	2021	2020	2021	2020
(Dollars in millions)								
California	\$ 8,334	\$ 9,488	\$ 145	\$ 143	\$ (10)	\$ (4)	\$ (22)	\$ (9)
Florida	3,295	3,715	81	80	(5)	(2)	(11)	(5)
New Jersey	2,470	2,749	70	67	—	(1)	(2)	(1)
New York	2,263	2,495	100	103	2	—	(1)	1
Massachusetts	1,532	1,719	30	32	(1)	—	—	1
Other	12,575	14,145	225	224	(10)	(7)	(23)	(12)
Total home equity loan portfolio	\$ 30,469	\$ 34,311	\$ 651	\$ 649	\$ (24)	\$ (14)	\$ (59)	\$ (25)

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

Credit Card

At June 30, 2021, 97 percent of the credit card portfolio was managed in *Consumer Banking* with the remainder in *GWM*. Outstandings in the credit card portfolio decreased \$3.1 billion during the six months ended June 30, 2021 to \$75.6 billion as increased payments more than offset higher purchase volumes as spending continued to recover. Net charge-offs decreased \$177 million to \$488 million and \$313 million to \$1.1 billion during the three and six months ended June 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 \$713 million, and loans 90 days or more past due and still accruing interest decreased \$370 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 \$351.1 billion at June 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

	Outstandings		Accruing Past Due 90 Days or More ⁽¹⁾		Net Charge-offs			
					Three Months Ended June 30		Six Months Ended June 30	
	June 30 2021	December 31 2020	June 30 2021	December 31 2020	2021	2020	2021	2020
(Dollars in millions)								
California	\$ 12,055	\$ 12,543	\$ 98	\$ 166	\$ 94	\$ 119	\$ 213	\$ 255
Florida	7,321	7,666	78	135	68	85	159	186
Texas	6,327	6,499	52	87	44	56	102	121
New York	4,388	4,654	39	76	38	51	92	111
Washington	3,753	3,685	13	21	10	17	25	35
Other	41,755	43,661	253	418	234	337	531	727
Total credit card portfolio	\$ 75,599	\$ 78,708	\$ 533	\$ 903	\$ 488	\$ 665	\$ 1,122	\$ 1,435

⁽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 June 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 *GWM* (principally securities-based lending loans). Outstandings in the direct/indirect portfolio increased by \$5.5 billion during

the six months ended June 30, 2021 to \$96.9 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 June 30		Six Months Ended June 30	
	June 30 2021	December 31 2020	June 30 2021	December 31 2020	2021	2020	2021	2020
(Dollars in millions)								
California	\$ 13,402	\$ 12,248	\$ 3	\$ 6	\$ (2)	\$ 5	\$ 5	\$ 11
Florida	12,009	10,891	2	4	(1)	4	2	11
Texas	9,199	8,981	2	6	1	3	6	9
New York	7,668	6,609	—	2	—	2	3	4
New Jersey	3,841	3,572	—	—	(1)	1	(1)	1
Other	50,784	49,062	8	15	(6)	11	7	30
Total direct/indirect loan portfolio	\$ 96,903	\$ 91,363	\$ 15	\$ 33	\$ (9)	\$ 26	\$ 22	\$ 66

⁽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 six months ended June 30, 2021 and 2020. During the six months ended June 30, 2021, nonperforming consumer loans increased \$319 million to \$3.0 billion primarily driven by consumer real estate deferral activity.

At June 30, 2021, \$823 million, or 27 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 June 30, 2021, \$1.6 billion, or 51

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 \$30 million during the six months ended June 30, 2021 to \$93 million as the Corporation has continued to pause formal loan foreclosure proceedings and foreclosure sales for occupied properties during 2021.

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 June 30		Six Months Ended June 30	
	2021	2020	2021	2020
(Dollars in millions)				
Nonperforming loans and leases, beginning of period	\$ 3,091	\$ 2,204	\$ 2,725	\$ 2,053
Additions	431	354	1,282	831
Reductions:				
Paydowns and payoffs	(160)	(84)	(283)	(190)
Sales	(1)	(25)	(2)	(31)
Returns to performing status ⁽¹⁾	(291)	(233)	(638)	(398)
Charge-offs	(25)	(22)	(37)	(49)
Transfers to foreclosed properties	(1)	(3)	(3)	(25)
Total net additions/(reductions) to nonperforming loans and leases	(47)	(13)	319	138
Total nonperforming loans and leases, June 30	3,044	2,191	3,044	2,191
Foreclosed properties, June 30⁽²⁾	93	169	93	169
Nonperforming consumer loans, leases and foreclosed properties, June 30	\$ 3,137	\$ 2,360	\$ 3,137	\$ 2,360
Nonperforming consumer loans and leases as a percentage of outstanding consumer loans and leases ⁽³⁾	0.73 %	0.49 %		
Nonperforming consumer loans, leases and foreclosed properties as a percentage of outstanding consumer loans, leases and foreclosed properties ⁽³⁾	0.75	0.52		

⁽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 \$66 million and \$124 million at June 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

	June 30, 2021			December 31, 2020		
	Nonperforming	Performing	Total	Nonperforming	Performing	Total
(Dollars in millions)						
Residential mortgage ^{(1), (2)}	\$ 1,548	\$ 2,585	\$ 4,133	\$ 1,195	\$ 2,899	\$ 4,094
Home equity ⁽³⁾	268	743	1,011	248	836	1,084
Total consumer real estate troubled debt restructurings	\$ 1,816	\$ 3,328	\$ 5,144	\$ 1,443	\$ 3,735	\$ 5,178

⁽¹⁾ At June 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 \$315 million and \$361 million of loans classified as performing.

⁽²⁾ At June 30, 2021 and December 31, 2020, residential mortgage performing TDRs include \$1.4 billion and \$1.5 billion of loans that were fully-insured.

⁽³⁾ At June 30, 2021 and December 31, 2020, home equity TDRs deemed collateral dependent totaled \$405 million and \$407 million, and include \$234 million and \$216 million of loans classified as nonperforming and \$171 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 June 30, 2021 and December 31, 2020, our credit card and other consumer TDR portfolio was \$673 million and \$701 million, of which \$600 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 38.

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 six months ended June 30, 2021, commercial asset 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 \$1.7 billion during the six months ended June 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 and retail, 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.

The commercial allowance for loan and lease losses decreased \$2.1 billion during the six months ended June 30, 2021 to \$6.7 billion primarily driven by an improved macroeconomic outlook. For more information, see Allowance for Credit Losses on page 41.

Total commercial utilized credit exposure decreased \$7.3 billion during the six months ended June 30, 2021 to \$613.0 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 June 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

	Commercial Utilized ⁽¹⁾		Commercial Unfunded ^(2, 3, 4)		Total Commercial Committed	
	June 30 2021	December 31 2020	June 30 2021	December 31 2020	June 30 2021	December 31 2020
(Dollars in millions)						
Loans and leases	\$ 500,807	\$ 499,065	\$ 433,822	\$ 404,740	\$ 934,629	\$ 903,805
Derivative assets ⁽⁵⁾	41,498	47,179	—	—	41,498	47,179
Standby letters of credit and financial guarantees	33,864	34,616	452	538	34,316	35,154
Debt securities and other investments	21,593	22,618	5,506	4,827	27,099	27,445
Loans held-for-sale	6,784	8,378	21,411	9,556	28,195	17,934
Operating leases	6,020	6,424	—	—	6,020	6,424
Commercial letters of credit	1,235	855	742	280	1,977	1,135
Other	1,229	1,168	—	—	1,229	1,168
Total	\$ 613,030	\$ 620,303	\$ 461,933	\$ 419,941	\$ 1,074,963	\$ 1,040,244

⁽¹⁾ Commercial utilized exposure includes loans of \$6.3 billion and \$5.9 billion and issued letters of credit with a notional amount of \$80 million and \$89 million accounted for under the fair value option at June 30, 2021 and December 31, 2020.

⁽²⁾ Commercial unfunded exposure includes commitments accounted for under the fair value option with a notional amount of \$5.2 billion and \$3.9 billion at June 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 \$10.9 billion and \$10.5 billion at June 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 \$32.3 billion and \$42.5 billion at June 30, 2021 and December 31, 2020. Not reflected in utilized and committed exposure is additional non-cash derivative collateral held of \$37.1 billion and \$39.3 billion at June 30, 2021 and December 31, 2020, which consists primarily of other marketable securities.

Nonperforming commercial loans decreased \$364 million and commercial reservable criticized utilized exposure decreased \$9.8 billion, which was broad-based across

industries. Table 28 presents our commercial loans and leases portfolio and related credit quality information at June 30, 2021 and December 31, 2020.

Table 28 Commercial Credit Quality

	Outstandings		Nonperforming		Accruing Past Due 90 Days or More	
	June 30 2021	December 31 2020	June 30 2021	December 31 2020	June 30 2021	December 31 2020
(Dollars in millions)						
Commercial and industrial:						
U.S. commercial	\$ 291,120	\$ 288,728	\$ 1,060	\$ 1,243	\$ 172	\$ 228
Non-U.S. commercial	98,150	90,460	275	418	19	10
Total commercial and industrial	389,270	379,188	1,335	1,661	191	238
Commercial real estate	59,606	60,364	404	404	—	6
Commercial lease financing	15,768	17,098	81	87	24	25
	464,644	456,650	1,820	2,152	215	269
U.S. small business commercial ⁽¹⁾	29,867	36,469	43	75	69	115
Commercial loans excluding loans accounted for under the fair value option	494,511	493,119	\$ 1,863	\$ 2,227	\$ 284	\$ 384
Loans accounted for under the fair value option ⁽²⁾	6,296	5,946				
Total commercial loans and leases	\$ 500,807	\$ 499,065				

⁽¹⁾ Includes card-related products.

⁽²⁾ Commercial loans accounted for under the fair value option include U.S. commercial of \$4.4 billion and \$2.9 billion and non-U.S. commercial of \$1.9 billion and \$3.0 billion at June 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 six months ended June 30, 2021 and 2020.

Table 29 Commercial Net Charge-offs and Related Ratios

	Net Charge-offs				Net Charge-off Ratios ⁽¹⁾			
	Three Months Ended June 30		Six Months Ended June 30		Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020	2021	2020	2021	2020
(Dollars in millions)								
Commercial and industrial:								
U.S. commercial	\$ (31)	\$ 219	\$ (19)	\$ 382	(0.04)%	0.26%	(0.01)%	0.24%
Non-U.S. commercial	14	32	40	33	0.06	0.12	0.09	0.06
Total commercial and industrial	(17)	251	21	415	(0.02)	0.22	0.01	0.19
Commercial real estate	17	57	28	63	0.11	0.35	0.09	0.20
Commercial lease financing	—	31	—	36	—	0.66	—	0.38
	—	339	49	514	—	0.25	0.02	0.20
U.S. small business commercial	82	73	163	148	0.98	0.96	0.93	1.29
Total commercial	\$ 82	\$ 412	\$ 212	\$ 662	0.07	0.29	0.09	0.25

⁽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 \$9.8 billion during the six months ended June 30, 2021, which was broad-based across industries. At June 30, 2021 and December 31, 2020, 84 percent and 79 percent of commercial reservable criticized utilized exposure was secured.

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

	June 30, 2021		December 31, 2020	
(Dollars in millions)				
Commercial and industrial:				
U.S. commercial	\$ 14,903	4.66 %	\$ 21,388	6.83 %
Non-U.S. commercial	3,559	3.44	5,051	5.03
Total commercial and industrial	18,462	4.36	26,439	6.40
Commercial real estate	8,898	14.51	10,213	16.42
Commercial lease financing	733	4.65	714	4.18
	28,093	5.61	37,366	7.59
U.S. small business commercial	785	2.63	1,300	3.56
Total commercial reservable criticized utilized exposure	\$ 28,878	5.45	\$ 38,666	7.31

⁽¹⁾ Total commercial reservable criticized utilized exposure includes loans and leases of \$27.4 billion and \$36.6 billion and commercial letters of credit of \$1.5 billion and \$2.1 billion at June 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 June 30, 2021, 61 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 \$2.4 billion during the six months ended June 30, 2021 driven by *Global Markets*. Reservable criticized utilized exposure decreased \$6.5 billion, which was broad-based across industries.

Non-U.S. Commercial

At June 30, 2021, 72 percent of the non-U.S. commercial loan portfolio was managed in *Global Banking* and 28 percent in *Global Markets*. Non-U.S. commercial loans increased \$7.7 billion during the six months ended June 30, 2021 primarily in *Global Markets*. For information on the non-U.S. commercial portfolio, see Non-U.S. Portfolio on page 40.

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 declined by \$758 million during the six months ended June 30, 2021 as paydowns exceeded new originations. The portfolio remains diversified across property types and geographic regions. California represented the largest state concentration at 24 percent and 23 percent of the commercial real estate portfolio at June 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 six months ended June 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)	June 30 2021	December 31 2020
By Geographic Region		
California	\$ 14,178	\$ 14,028
Northeast	11,949	11,628
Southwest	7,715	8,551
Southeast	6,434	6,588
Florida	4,455	4,294
Illinois	2,675	2,594
Midwest	2,569	3,483
Midsouth	2,367	2,370
Northwest	1,588	1,634
Non-U.S.	3,764	3,187
Other	1,912	2,007
Total outstanding commercial real estate loans	\$ 59,606	\$ 60,364
By Property Type		
Non-residential		
Office	\$ 17,517	\$ 17,667
Industrial / Warehouse	8,903	8,330
Multi-family rental	7,649	7,051
Hotels / Motels	6,725	7,226
Shopping centers / Retail	6,624	7,931
Unsecured	2,694	2,336
Multi-use	1,442	1,460
Other	6,643	7,146
Total non-residential	58,197	59,147
Residential	1,409	1,217
Total outstanding commercial real estate loans	\$ 59,606	\$ 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 \$15.7 billion and \$22.7 billion of PPP loans outstanding at June 30, 2021 and December 31, 2020. The decline of \$7.0 billion in PPP loans during the six months ended June 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 June 30, 2021 and December 31, 2020. Of the U.S. small business commercial net charge-offs, 100 percent and 95 percent were credit card-related products for the three and six months ended June 30, 2021 compared to 95 percent and 92 percent for the same periods in 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 six

months ended June 30, 2021 and 2020. Nonperforming loans do not include loans accounted for under the fair value option. During the six months ended June 30, 2021, nonperforming commercial loans and leases decreased \$364 million to \$1.9 billion. At June 30, 2021, 78 percent of commercial nonperforming loans, leases and foreclosed properties were

secured and 59 percent were contractually current. Commercial nonperforming loans were carried at approximately 88 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)

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
(Dollars in millions)				
Nonperforming loans and leases, beginning of period	\$ 2,071	\$ 1,852	\$ 2,227	\$ 1,499
Additions	503	889	975	1,670
Reductions:				
Paydowns	(264)	(177)	(576)	(389)
Sales	(77)	(10)	(99)	(26)
Returns to performing status ⁽³⁾	(59)	(8)	(87)	(24)
Charge-offs	(108)	(344)	(186)	(528)
Transfers to loans held-for-sale	(203)	—	(391)	—
Total net additions (reductions) to nonperforming loans and leases	(208)	350	(364)	703
Total nonperforming loans and leases, June 30	1,863	2,202	1,863	2,202
Foreclosed properties, June 30	31	49	31	49
Nonperforming commercial loans, leases and foreclosed properties, June 30	\$ 1,894	\$ 2,251	\$ 1,894	\$ 2,251
Nonperforming commercial loans and leases as a percentage of outstanding commercial loans and leases ⁽⁴⁾	0.38 %	0.41 %		
Nonperforming commercial loans, leases and foreclosed properties as a percentage of outstanding commercial loans, leases and foreclosed properties ⁽⁴⁾	0.38	0.42		

⁽¹⁾ Balances do not include nonperforming loans held-for-sale of \$348 million and \$151 million at June 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

	June 30, 2021			December 31, 2020		
	Nonperforming	Performing	Total	Nonperforming	Performing	Total
(Dollars in millions)						
Commercial and industrial:						
U.S. commercial	\$ 483	\$ 702	\$ 1,185	\$ 509	\$ 850	\$ 1,359
Non-U.S. commercial	72	37	109	49	119	168
Total commercial and industrial	555	739	1,294	558	969	1,527
Commercial real estate	121	453	574	137	—	137
Commercial lease financing	37	—	37	42	2	44
	713	1,192	1,905	737	971	1,708
U.S. small business commercial	—	35	35	—	29	29
Total commercial troubled debt restructurings	\$ 713	\$ 1,227	\$ 1,940	\$ 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 \$34.7 billion, or three percent, during the six months ended June 30, 2021 to \$1.1 trillion. The increase in commercial committed exposure was concentrated in Asset managers and funds, Finance companies, Healthcare equipment and services and Media industry sectors. Increases were partially offset by decreased exposure to the Government and public education and Vehicle dealers 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 \$118.6 billion, increased \$18.3 billion, or 18 percent, during the six months ended June 30, 2021.

Real estate, our second largest industry concentration with committed exposure of \$92.9 billion, increased \$1.2 billion, or one percent, during the six months ended June 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 \$84.2 billion, increased \$3.4 billion, or four percent, during the six months ended June 30, 2021.

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⁾

	Commercial Utilized		Total Commercial Committed ⁽²⁾	
	June 30 2021	December 31 2020	June 30 2021	December 31 2020
(Dollars in millions)				
Asset managers and funds	\$ 78,769	\$ 67,360	\$ 118,559	\$ 100,296
Real estate ⁽³⁾	66,707	68,967	92,913	91,730
Capital goods	38,906	39,807	84,180	80,815
Finance companies	52,314	46,948	78,342	70,004
Healthcare equipment and services	32,112	33,488	62,851	57,540
Materials	23,641	24,516	50,630	50,757
Government and public education	38,295	41,669	50,468	56,212
Retailing	23,388	23,700	48,318	48,306
Consumer services	28,438	31,993	48,055	47,997
Food, beverage and tobacco	22,569	22,755	46,276	44,417
Commercial services and supplies	20,027	21,107	39,836	38,092
Individuals and trusts	28,785	24,727	38,329	34,036
Transportation	21,842	23,126	32,210	33,082
Energy	13,223	13,930	31,830	32,974
Utilities	13,044	12,387	31,777	29,234
Media	12,318	12,632	29,157	24,120
Technology hardware and equipment	9,446	9,935	25,208	24,196
Software and services	8,213	10,853	21,991	22,524
Global commercial banks	20,143	20,544	21,791	22,595
Consumer durables and apparel	8,587	9,232	19,731	20,223
Telecommunication services	8,983	9,411	18,456	15,605
Automobiles and components	9,340	10,792	17,022	20,575
Pharmaceuticals and biotechnology	4,934	4,830	16,099	15,901
Vehicle dealers	10,821	15,028	14,852	18,696
Insurance	5,123	5,772	13,759	13,277
Food and staples retailing	5,354	5,209	10,716	11,795
Religious and social organizations	4,042	4,646	5,828	6,597
Financial markets infrastructure (clearinghouses)	3,666	4,939	5,779	8,648
Total commercial credit exposure by industry	\$ 613,030	\$ 620,303	\$ 1,074,963	\$ 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 \$10.9 billion and \$10.5 billion at June 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 June 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 \$3.6 billion and \$4.2 billion. For these same positions, we recorded net losses of \$32 million and \$68 million for the three and six months ended June 30, 2021 compared to net losses of \$231 million and \$2 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 43.

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

Table 35 Net Credit Default Protection by Maturity

	June 30 2021	December 31 2020
Less than or equal to one year	47 %	65 %
Greater than one year and less than or equal to five years	51	34
Greater than five years	2	1
Total net credit default protection	100 %	100 %

Table 36 Net Credit Default Protection by Credit Exposure Debt Rating

(Dollars in millions) Ratings ^(2, 3)	June 30, 2021		December 31, 2020	
	Net Notional ⁽¹⁾	Percent of Total	Net Notional ⁽¹⁾	Percent of Total
A	\$ (345)	9.5 %	\$ (250)	6.0 %
BBB	(1,329)	36.7	(1,856)	44.5
BB	(1,133)	31.3	(1,363)	32.7
B	(603)	16.7	(465)	11.2
CCC and below	(157)	4.3	(182)	4.4
NR ⁽⁴⁾	(52)	1.5	(54)	1.2
Total net credit default protection	\$ (3,619)	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 June 30, 2021. These exposures accounted for 91 percent and 90 percent of our total non-U.S. exposure at June 30, 2021 and December 31, 2020. Net country exposure for these 20 countries increased \$37.9 billion in the six months ended June 30, 2021. The majority of the increase was due to higher deposits with central banks in Japan, Switzerland and Ireland, increased exposure with central clearing counterparties in the U.K. and increased corporate exposure in Canada.

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 June 30 2021	Hedges and Credit Default Protection	Net Country Exposure at June 30 2021	Increase (Decrease) from December 31, 2020
United Kingdom	\$ 33,009	\$ 19,674	\$ 8,601	\$ 4,733	\$ 66,017	\$ (1,105)	\$ 64,912	\$ 5,440
Germany	27,174	10,533	1,914	2,351	41,972	(1,336)	40,636	(4,267)
Canada	8,804	12,903	1,931	4,140	27,778	(387)	27,391	6,257
Japan	19,776	1,121	1,971	4,847	27,715	(503)	27,212	9,716
France	12,078	9,455	1,149	2,225	24,907	(856)	24,051	3,260
Australia	7,726	4,709	739	2,800	15,974	(281)	15,693	2,606
China	10,895	591	1,233	1,698	14,417	(427)	13,990	570
Switzerland	8,976	3,382	395	320	13,073	(186)	12,887	5,992
Brazil	5,949	786	887	3,980	11,602	(180)	11,422	1,129
Netherlands	5,637	3,857	815	800	11,109	(434)	10,675	991
Singapore	4,154	250	338	4,518	9,260	(62)	9,198	(84)
India	5,569	174	450	2,448	8,631	(163)	8,468	667
Ireland	5,830	2,184	94	260	8,368	(24)	8,344	4,179
South Korea	5,313	873	521	1,665	8,362	(124)	8,238	(313)
Spain	2,648	2,995	277	1,072	6,992	(271)	6,721	1,905
Hong Kong	4,708	235	388	1,161	6,492	(59)	6,433	(104)
Mexico	3,715	1,682	172	802	6,371	(285)	6,086	(201)
Italy	2,508	1,540	544	2,120	6,712	(629)	6,083	391
Belgium	2,725	1,454	299	282	4,760	(204)	4,556	(411)
United Arab Emirates	2,414	116	46	306	2,882	(12)	2,870	183
Total top 20 non-U.S. countries exposure	\$ 179,598	\$ 78,514	\$ 22,764	\$ 42,518	\$ 323,394	\$ (7,528)	\$ 315,866	\$ 37,896

Our largest non-U.S. country exposure at June 30, 2021 was the U.K. with net exposure of \$64.9 billion, which represents a \$5.4 billion increase from December 31, 2020. Our second largest non-U.S. country exposure was Germany with net exposure of \$40.6 billion at June 30, 2021, a \$4.3 billion decrease from December 31, 2020.

In light of the global pandemic, we are monitoring our non-U.S. exposure closely, particularly in countries where restrictions on certain activities, in an attempt to contain the spread and impact of the virus, have affected and will likely continue to adversely affect economic activity. We are managing the impact to our international business operations as part of our overall response framework and are taking actions to manage exposure.

carefully 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. The impact of the pandemic could have an adverse impact on the global economy for a prolonged period of time. 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 by \$4.9 billion from December 31, 2020 to \$15.8 billion at June 30, 2021, which included a \$2.2 billion reserve decrease related to the commercial portfolio and a \$2.7 billion reserve decrease related to the consumer portfolio. The decreases were primarily driven by an improved macroeconomic outlook.

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

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

	Percent of		Percent of	Percent of		Percent of
	Amount	Total	Loans and Leases Outstanding ⁽¹⁾	Amount	Total	Loans and Leases Outstanding ⁽¹⁾
(Dollars in millions)	June 30, 2021			December 31, 2020		
Allowance for loan and lease losses						
Residential mortgage	\$ 394	2.80 %	0.18 %	\$ 459	2.44 %	0.21 %
Home equity	203	1.44	0.67	399	2.12	1.16
Credit card	6,234	44.22	8.25	8,420	44.79	10.70
Direct/Indirect consumer	555	3.93	0.57	752	4.00	0.82
Other consumer	46	0.33	n/m	41	0.22	n/m
Total consumer	7,432	52.72	1.78	10,071	53.57	2.35
U.S. commercial ⁽²⁾	3,529	25.04	1.10	5,043	26.82	1.55
Non-U.S. commercial	1,091	7.74	1.11	1,241	6.60	1.37
Commercial real estate	1,956	13.88	3.28	2,285	12.15	3.79
Commercial lease financing	87	0.62	0.55	162	0.86	0.95
Total commercial	6,663	47.28	1.35	8,731	46.43	1.77
Allowance for loan and lease losses	14,095	100.00 %	1.55	18,802	100.00 %	2.04
Reserve for unfunded lending commitments	1,687			1,878		
Allowance for credit losses	\$ 15,782			\$ 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 June 30, 2021 and December 31, 2020.

n/m = not meaningful

Net charge-offs for the three and six months ended June 30, 2021 were \$595 million and \$1.4 billion compared to \$1.1 billion and \$2.3 billion for the same periods in 2020 driven by decreases across most products. The provision for credit losses decreased \$6.7 billion to a \$1.6 billion benefit, and \$13.4 billion to a \$3.5 billion benefit, for the three and six months ended June 30, 2021 compared to the same periods in 2020. The allowance for credit losses had a reserve release of \$4.9 billion for the six months ended June 30, 2021, primarily driven by an improved macroeconomic outlook. The provision for credit losses for the consumer portfolio, including unfunded lending commitments, decreased \$3.3 billion to a \$707 million benefit and \$6.2 billion to a \$1.5 billion benefit for the three and six months ended June 30, 2021 compared to the

same periods in 2020. The provision for credit losses for the commercial portfolio, including unfunded lending commitments, decreased \$3.4 billion to a \$914 million benefit and \$7.2 billion to a \$2.0 billion benefit for the three and six months ended June 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 six months ended June 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

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
(Dollars in millions)				
Allowance for loan and lease losses, January 1	\$ 16,168	\$ 15,766	\$ 18,802	\$ 12,358
Loans and leases charged off				
Residential mortgage	(11)	(12)	(20)	(23)
Home equity	(19)	(15)	(25)	(39)
Credit card	(661)	(818)	(1,461)	(1,742)
Direct/Indirect consumer	(68)	(86)	(170)	(202)
Other consumer	(70)	(81)	(145)	(162)
Total consumer charge-offs	(829)	(1,012)	(1,821)	(2,168)
U.S. commercial ⁽¹⁾	(194)	(324)	(350)	(591)
Non-U.S. commercial	(16)	(33)	(42)	(34)
Commercial real estate	(22)	(57)	(34)	(64)
Commercial lease financing	—	(33)	—	(40)
Total commercial charge-offs	(232)	(447)	(426)	(729)
Total loans and leases charged off	(1,061)	(1,459)	(2,247)	(2,897)
Recoveries of loans and leases previously charged off				
Residential mortgage	17	32	30	44
Home equity	43	29	84	64
Credit card	173	153	339	307
Direct/Indirect consumer	77	60	148	136
Other consumer	6	4	14	11
Total consumer recoveries	316	278	615	562
U.S. commercial ⁽²⁾	143	32	206	61
Non-U.S. commercial	2	1	2	1
Commercial real estate	5	—	6	1
Commercial lease financing	—	2	—	4
Total commercial recoveries	150	35	214	67
Total recoveries of loans and leases previously charged off	466	313	829	629
Net charge-offs	(595)	(1,146)	(1,418)	(2,268)
Provision for loan and lease losses	(1,480)	4,775	(3,291)	9,300
Other	2	(6)	2	(1)
Allowance for loan and lease losses, June 30	14,095	19,389	14,095	19,389
Reserve for unfunded lending commitments, January 1	1,829	1,360	1,878	1,123
Provision for unfunded lending commitments	(141)	342	(190)	578
Other	(1)	—	(1)	1
Reserve for unfunded lending commitments, June 30	1,687	1,702	1,687	1,702
Allowance for credit losses, June 30	\$ 15,782	\$ 21,091	\$ 15,782	\$ 21,091
Loan and allowance ratios ⁽³⁾:				
Loans and leases outstanding at June 30	\$ 911,978	\$ 989,768	\$ 911,978	\$ 989,768
Allowance for loan and lease losses as a percentage of total loans and leases outstanding at June 30	1.55 %	1.96 %	1.55 %	1.96 %
Consumer allowance for loan and lease losses as a percentage of total consumer loans and leases outstanding at June 30	1.78	2.43	1.78	2.43
Commercial allowance for loan and lease losses as a percentage of total commercial loans and leases outstanding at June 30	1.35	1.57	1.35	1.57
Average loans and leases outstanding	\$ 900,863	\$ 1,022,294	\$ 901,223	\$ 1,001,972
Annualized net charge-offs as a percentage of average loans and leases outstanding	0.27 %	0.45 %	0.32 %	0.46 %
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases at June 30	287	441	287	441
Ratio of the allowance for loan and lease losses at June 30 to net charge-offs	5.90	4.21	4.93	4.25
Amounts included in allowance for loan and lease losses for loans and leases that are excluded from nonperforming loans and leases at June 30 ⁽⁴⁾	\$ 7,532	\$ 10,517	\$ 7,532	\$ 10,517
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 June 30 ⁽⁴⁾	134 %	202 %	134 %	202 %

⁽¹⁾ Includes U.S. small business commercial charge-offs of \$102 million and \$203 million for the three and six months ended June 30, 2021 compared to \$84 million and \$170 million for the same periods in 2020.

⁽²⁾ Includes U.S. small business commercial recoveries of \$20 million and \$40 million for the three and six months ended June 30, 2021 compared to \$11 million and \$22 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 June 30, 2021, March 31, 2021 and June 30, 2020 using a 99 percent confidence level, as well as average daily trading VaR for the six months ended June 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.

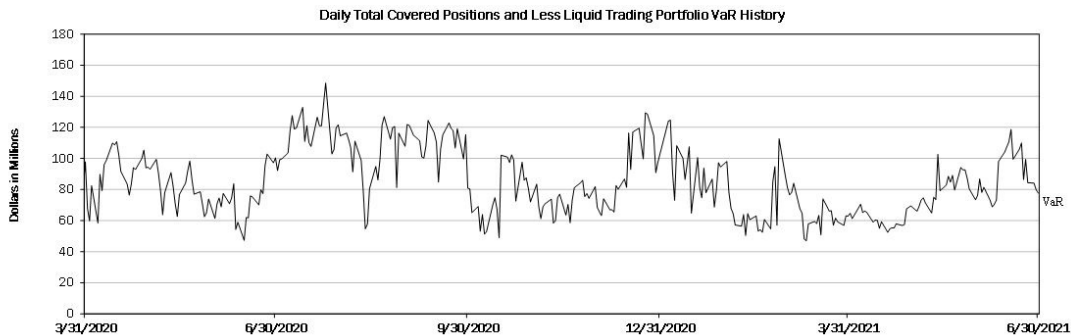
The average of total covered positions and less liquid trading positions portfolio VaR increased for the three months ended June 30, 2021 compared to the prior quarter primarily due to an increase in interest rate risk, partially offset by an increased diversification benefit between asset classes.

Table 40 Market Risk VaR for Trading Activities

	June 30, 2021				Three Months Ended								Six Months Ended June 30			
					March 31, 2021				June 30, 2020				2021		2020	
	Period End	Average	High ⁽¹⁾	Low ⁽¹⁾	Period End	Average	High ⁽¹⁾	Low ⁽¹⁾	Period End	Average	High ⁽¹⁾	Low ⁽¹⁾	Average		Average	
(Dollars in millions)																
Foreign exchange	\$ 15	\$ 16	\$ 20	\$ 10	\$ 13	\$ 10	\$ 17	\$ 5	\$ 5	\$ 7	\$ 11	\$ 4	\$ 13		\$ 7	
Interest rate	37	58	80	30	53	35	53	18	17	15	23	7	47		18	
Credit	77	73	84	58	58	64	82	53	64	65	91	48	69		50	
Equity	23	23	27	20	22	24	35	19	16	24	43	15	24		30	
Commodities	9	8	12	4	4	9	28	4	7	7	12	5	9		7	
Portfolio diversification	(106)	(119)	—	—	(96)	(90)	—	—	(39)	(60)	—	—	(106)		(59)	
Total covered positions portfolio	55	59	73	47	54	52	85	34	70	58	85	28	56		53	
Impact from less liquid exposures	23	18	—	—	9	22	—	—	30	23	—	—	20		12	
Total covered positions and less liquid trading positions portfolio	78	77	119	52	63	74	125	47	100	81	111	47	76		65	
Fair value option loans	50	50	55	42	48	56	64	37	56	67	84	55	53		42	
Fair value option hedges	14	16	17	14	15	13	16	11	15	15	17	12	15		13	
Fair value option portfolio diversification	(34)	(37)	—	—	(33)	(24)	—	—	(36)	(31)	—	—	(31)		(21)	
Total fair value option portfolio	30	29	31	24	30	45	53	30	35	51	86	34	37		34	
Portfolio diversification	(14)	(9)	—	—	(19)	(1)	—	—	(16)	(12)	—	—	(5)		(12)	
Total market-based portfolio	\$ 94	\$ 97	146	64	\$ 74	\$ 118	169	62	\$ 119	\$ 120	159	76	\$ 108		\$ 87	

⁽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.



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 June 30, 2021, March 31, 2021 and June 30, 2020.

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

	Three Months Ended					
	June 30, 2021		March 31, 2021		June 30, 2020	
	99 percent	95 percent	99 percent	95 percent	99 percent	95 percent
(Dollars in millions)						
Foreign exchange	\$ 16	\$ 9	\$ 10	\$ 6	\$ 7	\$ 4
Interest rate	58	28	35	17	15	6
Credit	73	21	64	18	65	18
Equity	23	12	24	12	24	12
Commodities	8	4	9	4	7	4
Portfolio diversification	(119)	(44)	(90)	(34)	(60)	(25)
Total covered positions portfolio	59	30	52	23	58	19
Impact from less liquid exposures	18	2	22	3	23	2
Total covered positions and less liquid trading positions portfolio	77	32	74	26	81	21
Fair value option loans	50	11	56	14	67	15
Fair value option hedges	16	9	13	7	15	8
Fair value option portfolio diversification	(37)	(10)	(24)	(6)	(31)	(12)
Total fair value option portfolio	29	10	45	15	51	11
Portfolio diversification	(9)	(6)	(1)	(8)	(12)	(7)
Total market-based portfolio	\$ 97	\$ 36	\$ 118	\$ 33	\$ 120	\$ 25

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.

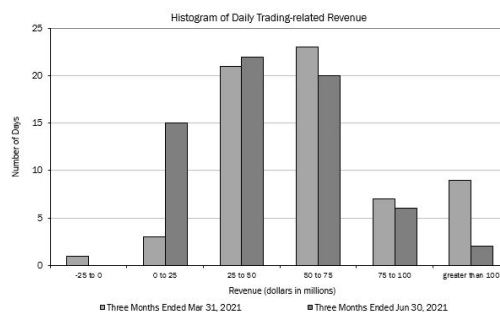
During the three and six months ended June 30, 2021, there were no days where this subset of trading revenue had losses that exceeded our total covered portfolio VaR, utilizing a one-day holding period.

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 June 30, 2021 compared to the three months ended March 31, 2021. During the three months ended June 30, 2021, 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. This

compares to the three months ended March 31, 2021 where positive trading-related revenue was recorded for 98 percent of the trading days, of which 94 percent were daily trading gains of 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 June 30, 2021 and December 31, 2020.

Table 42 Forward Rates

	June 30, 2021		
	Federal Funds	Three-month LIBOR	10-Year Swap
Spot rates	0.25 %	0.15 %	1.44 %
12-month forward rates	0.25	0.27	1.65
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 June 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 six months ended June 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)	June 30 2021	December 31 2020
Parallel Shifts				
+100 bps instantaneous shift	+100	+100	\$ 8,035	\$ 10,468
-25 bps instantaneous shift	-25	-25	(2,255)	(2,766)
Flatteners				
Short-end instantaneous change	+100	—	5,556	6,321
Longend instantaneous change	—	-25	(1,219)	(1,686)
Steepeners				
Short-end instantaneous change	-25	—	(1,014)	(1,084)
Longend instantaneous change	—	+100	2,651	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 non-interest-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 six months ended June 30, 2021, we recorded gains of \$9 million and \$22 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 \$65 million and \$228 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 are divided into 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 impacts 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 management process, see the Managing Risk and the 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 – Other of the Corporation's 2020 Annual Report on Form 10-K.

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.

Goodwill and Intangible Assets

The nature of and accounting for goodwill and intangible assets are discussed in Note 7 – Goodwill and Intangible Assets to the Consolidated Financial Statements herein and Note 1 – Summary of Significant Accounting Principles to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K. Table 44 presents goodwill recorded on our consolidated balance sheet as of the periods presented.

Table 44 Goodwill by Reporting Unit

(Dollars in millions)	June 30 2021	December 31 2020
Consumer Banking		
Consumer Lending	\$ 11,723	\$ 11,709
Deposits	18,414	18,414
Global Wealth and Investment Management		
Private Bank	2,918	2,918
Merrill Lynch Global Wealth Management	6,759	6,759
Global Banking		
Global Commercial Banking	16,204	16,146
Global Corporate and Investment Banking ⁽¹⁾	6,277	6,277
Business Banking	1,546	1,546
Global Markets	5,182	5,182
Total	\$ 69,023	\$ 68,951

⁽¹⁾ Prior period has been revised to conform to current-period presentation.

We completed our annual goodwill impairment test as of June 30, 2021 by using a qualitative assessment to determine whether it is more likely than not that the fair value of each reporting unit is less than its respective carrying value. Factors considered in the qualitative assessment include, among other things, macroeconomic conditions, industry and market considerations, financial performance of the respective reporting unit and other relevant entity- and reporting-unit specific considerations. Based on our qualitative assessment, we have concluded that it was not "more likely than not" that the reporting units' fair values were less than their carrying values.

Non-GAAP Reconciliations

Table 45 provides reconciliations of certain non-GAAP financial measures to the most closely related GAAP financial measures.

Table 45 Period-end and Average Supplemental Financial Data and Reconciliations to GAAP Financial Measures ⁽¹⁾

	Period-end		Average	
	June 30 2021	December 31 2020	Three Months Ended June 30 2021	Six Months Ended June 30 2021
(Dollars in millions)				
Shareholders' equity	\$ 277,119	\$ 272,924	\$ 274,632	\$ 274,341
Goodwill	(69,023)	(68,951)	(69,023)	(68,987)
Intangible assets (excluding MSRs)	(2,192)	(2,151)	(2,212)	(2,179)
Related deferred tax liabilities	915	920	915	917
Tangible shareholders' equity	\$ 206,819	\$ 202,742	\$ 204,312	\$ 204,092
Preferred stock	(23,441)	(24,510)	(23,684)	(24,039)
Tangible common shareholders' equity	\$ 183,378	\$ 178,232	\$ 180,628	\$ 180,053
Total assets	\$ 3,029,894	\$ 2,819,627		
Goodwill	(69,023)	(68,951)		
Intangible assets (excluding MSRs)	(2,192)	(2,151)		
Related deferred tax liabilities	915	920		
Tangible assets	\$ 2,959,594	\$ 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 42 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 June 30, 2021, that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Part I. Financial Information
Item 1. Financial Statements
Bank of America Corporation and Subsidiaries

Consolidated Statement of Income

(In millions, except per share information)

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Net interest income				
Interest income	\$ 11,387	\$ 12,540	\$ 22,782	\$ 28,638
Interest expense	1,154	1,692	2,352	5,660
Net interest income	10,233	10,848	20,430	22,978
Noninterest income				
Fees and commissions	9,705	8,392	19,241	16,713
Market making and similar activities	1,826	2,487	5,355	5,294
Other income	(298)	599	(739)	108
Total noninterest income	11,233	11,478	23,857	22,115
Total revenue, net of interest expense	21,466	22,326	44,287	45,093
Provision for credit losses	(1,621)	5,117	(3,481)	9,878
Noninterest expense				
Compensation and benefits	8,653	7,994	18,389	16,335
Occupancy and equipment	1,759	1,802	3,589	3,504
Information processing and communications	1,448	1,265	2,873	2,474
Product delivery and transaction related	976	811	1,953	1,588
Marketing	810	492	1,181	930
Professional fees	426	381	829	756
Other general operating	973	665	1,746	1,298
Total noninterest expense	15,045	13,410	30,560	26,885
Income before income taxes	8,042	3,799	17,208	8,330
Income tax expense	(1,182)	266	(66)	787
Net income	\$ 9,224	\$ 3,533	\$ 17,274	\$ 7,543
Preferred stock dividends	260	249	750	718
Net income applicable to common shareholders	\$ 8,964	\$ 3,284	\$ 16,524	\$ 6,825
Per common share information				
Earnings	\$ 1.04	\$ 0.38	\$ 1.91	\$ 0.78
Diluted earnings	1.03	0.37	1.90	0.77
Average common shares issued and outstanding	8,620.8	8,739.9	8,660.4	8,777.6
Average diluted common shares issued and outstanding	8,735.5	8,768.1	8,776.2	8,813.3

Consolidated Statement of Comprehensive Income

(Dollars in millions)

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Net income	\$ 9,224	\$ 3,533	\$ 17,274	\$ 7,543
Other comprehensive income (loss), net-of-tax:				
Net change in debt securities	(250)	(102)	(1,090)	4,693
Net change in debt valuation adjustments	149	(1,293)	265	53
Net change in derivatives	415	315	(699)	732
Employee benefit plan adjustments	69	57	120	100
Net change in foreign currency translation adjustments	26	(19)	(3)	(107)
Other comprehensive income (loss)	409	(1,042)	(1,407)	5,471
Comprehensive income	\$ 9,633	\$ 2,491	\$ 15,867	\$ 13,014

See accompanying Notes to Consolidated Financial Statements.

Bank of America Corporation and Subsidiaries

Consolidated Balance Sheet

	June 30 2021	December 31 2020
(Dollars in millions)		
Assets		
Cash and due from banks	\$ 30,327	\$ 36,430
Interest-bearing deposits with the Federal Reserve, non-U.S. central banks and other banks	229,703	344,033
Cash and cash equivalents	260,030	380,463
Time deposits placed and other short-term investments	7,356	6,546
Federal funds sold and securities borrowed or purchased under agreements to resell (includes \$163,344 and \$108,866 measured at fair value)	268,594	304,058
Trading account assets (includes \$114,268 and \$91,510 pledged as collateral)	291,733	198,854
Derivative assets	41,498	47,179
Debt securities:		
Carried at fair value	288,913	246,601
Held-to-maturity, at cost (fair value - \$650,025 and \$448,180)	651,401	438,249
Total debt securities	940,314	684,850
Loans and leases (includes \$6,950 and \$6,681 measured at fair value)	918,928	927,861
Allowance for loan and lease losses	(14,095)	(18,802)
Loans and leases, net of allowance	904,833	909,059
Premises and equipment, net	10,747	11,000
Goodwill	69,023	68,951
Loans held-for-sale (includes \$2,207 and \$1,585 measured at fair value)	8,277	9,243
Customer and other receivables	67,967	64,221
Other assets (includes \$14,928 and \$15,718 measured at fair value)	159,522	135,203
Total assets	\$ 3,029,894	\$ 2,819,627
Liabilities		
Deposits in U.S. offices:		
Noninterest-bearing	\$ 719,481	\$ 650,674
Interest-bearing (includes \$515 and \$481 measured at fair value)	1,076,355	1,038,341
Deposits in non-U.S. offices:		
Noninterest-bearing	25,190	17,698
Interest-bearing	88,116	88,767
Total deposits	1,909,142	1,795,480
Federal funds purchased and securities loaned or sold under agreements to repurchase (includes \$165,781 and \$135,391 measured at fair value)	213,787	170,323
Trading account liabilities	110,084	71,320
Derivative liabilities	38,916	45,526
Short-term borrowings (includes \$4,490 and \$5,874 measured at fair value)	21,635	19,321
Accrued expenses and other liabilities (includes \$15,174 and \$16,311 measured at fair value and \$1,687 and \$1,878 of reserve for unfunded lending commitments)	184,607	181,799
Long-term debt (includes \$30,361 and \$32,200 measured at fair value)	274,604	262,934
Total liabilities	2,752,775	2,546,703
Commitments and contingencies (Note 6 - <i>Securitizations and Other Variable Interest Entities</i> and Note 10 - <i>Commitments and Contingencies</i>)		
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 - 8,487,151,465 and 8,660,814,105 shares	79,242	85,982
Retained earnings	177,499	164,088
Accumulated other comprehensive income (loss)	(3,063)	(1,656)
Total shareholders' equity	277,119	272,924
Total liabilities and shareholders' equity	\$ 3,029,894	\$ 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	\$ 4,418	\$ 5,225
Loans and leases	16,970	23,636
Allowance for loan and lease losses	(1,047)	(1,693)
Loans and leases, net of allowance	15,923	21,943
All other assets	1,134	1,387
Total assets of consolidated variable interest entities	\$ 21,475	\$ 28,555
Liabilities of consolidated variable interest entities included in total liabilities above		
Short-term borrowings (includes \$37 and \$22 of non-recourse short-term borrowings)	\$ 324	\$ 454
Long-term debt (includes \$5,137 and \$7,053 of non-recourse debt)	5,137	7,053
All other liabilities (includes \$15 and \$16 of non-recourse liabilities)	15	16
Total liabilities of consolidated variable interest entities	\$ 5,476	\$ 7,523

See accompanying Notes to Consolidated Financial Statements.

Bank of America Corporation and Subsidiaries

Consolidated Statement of Changes in Shareholders' Equity

(In millions)	Preferred Stock	Common Stock and Additional Paid-in Capital		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
		Shares	Amount			
Balance, March 31, 2021	\$ 24,319	8,589.7	\$ 83,071	\$ 170,082	\$ (3,472)	\$ 274,000
Net income				9,224		9,224
Net change in debt securities					(250)	(250)
Net change in debit valuation adjustments					149	149
Net change in derivatives					415	415
Employee benefit plan adjustments					69	69
Net change in foreign currency translation adjustments					26	26
Dividends declared:						
Common				(1,547)		(1,547)
Preferred				(260)		(260)
Redemption of preferred stock	(878)					(878)
Common stock issued under employee plans, net, and other		0.2	380			380
Common stock repurchased		(102.7)	(4,209)			(4,209)
Balance, June 30, 2021	\$ 23,441	8,487.2	\$ 79,242	\$ 177,499	\$ (3,063)	\$ 277,119
Balance, December 31, 2020	\$ 24,510	8,650.8	\$ 85,982	\$ 164,088	\$ (1,656)	\$ 272,924
Net income				17,274		17,274
Net change in debt securities					(1,090)	(1,090)
Net change in debit valuation adjustments					265	265
Net change in derivatives					(699)	(699)
Employee benefit plan adjustments					120	120
Net change in foreign currency translation adjustments					(3)	(3)
Dividends declared:						
Common				(3,110)		(3,110)
Preferred				(750)		(750)
Issuance of preferred stock	902					902
Redemption of preferred stock	(1,971)					(1,971)
Common stock issued under employee plans, net, and other		40.1	939	(3)		936
Common stock repurchased		(203.7)	(7,679)			(7,679)
Balance, June 30, 2021	\$ 23,441	8,487.2	\$ 79,242	\$ 177,499	\$ (3,063)	\$ 277,119
Balance, March 31, 2020	\$ 23,427	8,675.5	\$ 85,745	\$ 155,866	\$ (120)	\$ 264,918
Net income				3,533		3,533
Net change in debt securities					(102)	(102)
Net change in debit valuation adjustments					(1,293)	(1,293)
Net change in derivatives					315	315
Employee benefit plan adjustments					57	57
Net change in foreign currency translation adjustments					(19)	(19)
Dividends declared:						
Common				(1,572)		(1,572)
Preferred				(249)		(249)
Common stock issued under employee plans, net, and other		0.1	335			335
Common stock repurchased		(11.5)	(286)			(286)
Balance, June 30, 2020	\$ 23,427	8,664.1	\$ 85,794	\$ 157,578	\$ (1,162)	\$ 265,637
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				7,543		7,543
Net change in debt securities					4,693	4,693
Net change in debit valuation adjustments					53	53
Net change in derivatives					732	732
Employee benefit plan adjustments					100	100
Net change in foreign currency translation adjustments					(107)	(107)
Dividends declared:						
Common				(3,151)		(3,151)
Preferred				(718)		(718)
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		39.8	719	(9)		710
Common stock repurchased		(211.8)	(6,648)			(6,648)
Balance, June 30, 2020	\$ 23,427	8,664.1	\$ 85,794	\$ 157,578	\$ (1,162)	\$ 265,637

See accompanying Notes to Consolidated Financial Statements.

Bank of America Corporation and Subsidiaries

Consolidated Statement of Cash Flows

	Six Months Ended June 30	
	2021	2020
(Dollars in millions)		
Operating activities		
Net income	\$ 17,274	\$ 7,543
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	(3,481)	9,878
Gains on sales of debt securities	—	(377)
Depreciation and amortization	930	880
Net amortization of premium/discount on debt securities	3,113	1,364
Deferred income taxes	(1,457)	(686)
Stock-based compensation	1,463	1,077
Loans held-for-sale:		
Originations and purchases	(17,031)	(9,151)
Proceeds from sales and paydowns of loans originally classified as held for sale and instruments from related securitization activities	16,708	10,963
Net change in:		
Trading and derivative assets/liabilities	(58,372)	1,065
Other assets	(26,080)	611
Accrued expenses and other liabilities	2,300	(9,297)
Other operating activities, net	2,994	2,167
Net cash provided by (used in) operating activities	(61,639)	16,037
Investing activities		
Net change in:		
Time deposits placed and other short-term investments	(810)	1,036
Federal funds sold and securities borrowed or purchased under agreements to resell	35,464	(176,582)
Debt securities carried at fair value:		
Proceeds from sales	1,809	18,945
Proceeds from paydowns and maturities	76,371	37,132
Purchases	(126,653)	(38,656)
Held-to-maturity debt securities:		
Proceeds from paydowns and maturities	64,192	33,847
Purchases	(277,949)	(27,587)
Loans and leases:		
Proceeds from sales of loans originally classified as held for investment and instruments from related securitization activities	4,913	8,118
Purchases	(2,097)	(2,961)
Other changes in loans and leases, net	4,723	(30,066)
Other investing activities, net	(1,649)	(1,986)
Net cash used in investing activities	(221,686)	(178,760)
Financing activities		
Net change in:		
Deposits	113,662	283,863
Federal funds purchased and securities loaned or sold under agreements to repurchase	43,464	13,915
Short-term borrowings	2,314	(6,216)
Long-term debt:		
Proceeds from issuance	48,177	30,704
Retirement	(29,240)	(20,876)
Preferred stock:		
Proceeds from issuance	902	1,098
Redemption	(1,971)	(1,072)
Common stock repurchased	(7,679)	(6,648)
Cash dividends paid	(3,945)	(3,916)
Other financing activities, net	(737)	(573)
Net cash provided by financing activities	164,947	290,279
Effect of exchange rate changes on cash and cash equivalents	(2,055)	230
Net increase (decrease) in cash and cash equivalents	(120,433)	127,786
Cash and cash equivalents at January 1	380,463	161,560
Cash and cash equivalents at June 30	\$ 260,030	\$ 289,346

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 Change

On June 10, 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. As a result, during the second quarter of 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.

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 six months ended June 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*.

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
(Dollars in millions)				
Net interest income				
Interest income				
Loans and leases	\$ 7,123	\$ 8,569	\$ 14,357	\$ 18,532
Debt securities	2,820	2,440	5,550	5,283
Federal funds sold and securities borrowed or purchased under agreements to resell	(42)	26	(49)	845
Trading account assets	954	1,008	1,826	2,255
Other interest income	532	497	1,098	1,723
Total interest income	11,387	12,540	22,782	28,638
Interest expense				
Deposits	128	373	261	1,557
Short-term borrowings	(85)	(72)	(164)	1,048
Trading account liabilities	293	223	539	552
Long-term debt	818	1,168	1,716	2,503
Total interest expense	1,154	1,692	2,352	5,660
Net interest income	\$ 10,233	\$ 10,848	\$ 20,430	\$ 22,978
Noninterest income				
Fees and commissions				
Card income				
Interchange fees ⁽¹⁾	\$ 1,210	\$ 830	\$ 2,277	\$ 1,622
Other card income	376	419	744	899
Total card income	1,586	1,249	3,021	2,521
Service charges				
Deposit-related fees	1,557	1,299	3,052	2,926
Lending-related fees	317	263	614	539
Total service charges	1,874	1,562	3,666	3,465
Investment and brokerage services				
Asset management fees	3,156	2,483	6,158	5,165
Brokerage fees	967	939	2,028	2,015
Total investment and brokerage services	4,123	3,422	8,186	7,180
Investment banking fees				
Underwriting income	1,314	1,523	2,860	2,371
Syndication fees	401	230	701	501
Financial advisory services	407	406	807	675
Total investment banking fees	2,122	2,159	4,368	3,547
Total fees and commissions	9,705	8,392	19,241	16,713
Market making and similar activities	1,826	2,487	5,355	5,294
Other income (loss)	(298)	599	(739)	108
Total noninterest income	\$ 11,233	\$ 11,478	\$ 23,857	\$ 22,115

⁽¹⁾ Gross interchange fees and merchant income were \$2.9 billion and \$2.0 billion for the three months ended June 30, 2021 and 2020 and are presented net of \$1.7 billion and \$1.2 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 \$5.4 billion and \$4.3 billion for the six months ended June 30, 2021 and 2020 and are presented net of \$3.1 billion and \$2.7 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 June 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.

	June 30, 2021							
	Gross Derivative Assets				Gross Derivative Liabilities			
	Contract/ Notional ⁽¹⁾	Trading and Other Risk Management Derivatives	Qualifying Accounting Hedges	Total	Trading and Other Risk Management Derivatives	Qualifying Accounting Hedges	Total	
(Dollars in billions)								
Interest rate contracts								
Swaps	\$ 18,092.6	\$ 150.2	\$ 11.7	\$ 161.9	\$ 157.9	\$ 2.0	\$ 159.9	
Futures and forwards	4,488.2	1.5	—	1.5	1.4	—	1.4	
Written options	1,687.0	—	—	—	31.1	—	31.1	
Purchased options	1,725.1	35.0	—	35.0	—	—	—	
Foreign exchange contracts								
Swaps	1,459.6	27.7	0.4	28.1	30.5	0.5	31.0	
Spot, futures and forwards	4,548.5	36.7	0.6	37.3	35.0	0.1	35.1	
Written options	331.4	—	—	—	3.7	—	3.7	
Purchased options	312.9	3.8	—	3.8	—	—	—	
Equity contracts								
Swaps	388.6	12.0	—	12.0	14.6	—	14.6	
Futures and forwards	160.0	0.4	—	0.4	1.9	—	1.9	
Written options	624.3	—	—	—	56.3	—	56.3	
Purchased options	562.5	55.8	—	55.8	—	—	—	
Commodity contracts								
Swaps	45.2	2.9	—	2.9	5.8	—	5.8	
Futures and forwards	78.9	2.3	—	2.3	1.4	—	1.4	
Written options	36.6	—	—	—	2.7	—	2.7	
Purchased options	30.7	3.0	—	3.0	—	—	—	
Credit derivatives ⁽²⁾								
Purchased credit derivatives:								
Credit default swaps	356.4	1.7	—	1.7	5.2	—	5.2	
Total return swaps/options	71.1	0.2	—	0.2	1.1	—	1.1	
Written credit derivatives:								
Credit default swaps	333.4	5.0	—	5.0	1.5	—	1.5	
Total return swaps/options	79.0	1.2	—	1.2	0.5	—	0.5	
Gross derivative assets/liabilities		\$ 339.4	\$ 12.7	\$ 352.1	\$ 350.6	\$ 2.6	\$ 353.2	
Less: Legally enforceable master netting agreements				(278.3)			(278.3)	
Less: Cash collateral received/paid				(32.3)			(36.0)	
Total derivative assets/liabilities				\$ 41.5			\$ 38.9	

⁽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 \$304.9 billion at June 30, 2021.

	December 31, 2020							
		Gross Derivative Assets			Gross Derivative Liabilities			
	Contract/ Notional ⁽¹⁾	Trading and Other Risk Management Derivatives	Qualifying Accounting Hedges	Total	Trading and Other Risk Management Derivatives	Qualifying Accounting Hedges	Total	
(Dollars in billions)								
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 June 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⁾

	Derivative Assets		Derivative Liabilities		Derivative Assets		Derivative Liabilities	
	June 30, 2021		December 31, 2020					
(Dollars in billions)								
Interest rate contracts								
Over-the-counter	\$	189.4	\$	182.8	\$	247.7	\$	243.5
Exchange-traded		0.1		—		—		—
Over-the-counter cleared		7.3		6.9		10.2		9.1
Foreign exchange contracts								
Over-the-counter		66.6		67.4		92.2		96.5
Over-the-counter cleared		1.0		0.9		1.4		1.3
Equity contracts								
Over-the-counter		29.9		31.0		31.3		28.3
Exchange-traded		35.6		35.0		32.3		31.0
Commodity contracts								
Over-the-counter		5.6		7.1		3.5		5.0
Exchange-traded		1.3		1.6		0.7		0.7
Over-the-counter cleared		0.1		0.1		—		—
Credit derivatives								
Over-the-counter		5.6		5.5		5.2		5.6
Over-the-counter cleared		2.4		2.4		2.2		1.9
Total gross derivative assets/liabilities, before netting								
Over-the-counter		297.1		293.8		379.9		378.9
Exchange-traded		37.0		36.6		33.0		31.7
Over-the-counter cleared		10.8		10.3		13.8		12.3
Less: Legally enforceable master netting agreements and cash collateral received/paid								
Over-the-counter		(265.1)		(268.8)		(345.7)		(347.2)
Exchange-traded		(35.4)		(35.4)		(29.5)		(29.5)
Over-the-counter cleared		(10.1)		(10.1)		(12.2)		(11.8)
Derivative assets/liabilities, after netting		34.3		26.4		39.3		34.4
Other gross derivative assets/liabilities ⁽²⁾		7.2		12.5		7.9		11.1
Total derivative assets/liabilities		41.5		38.9		47.2		45.5
Less: Financial instruments collateral ⁽³⁾		(14.2)		(13.3)		(16.1)		(16.6)
Total net derivative assets/liabilities	\$	27.3	\$	25.6	\$	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 six months ended June 30, 2021 and 2020.

Gains and Losses on Derivatives Designated as Fair Value Hedges

	Three Months Ended June 30, 2021		Three Months Ended June 30, 2020	
	Derivative	Hedged Item	Derivative	Hedged Item
(Dollars in millions)				
Interest rate risk on long-term debt ⁽¹⁾	\$	3,484	\$	(3,454)
Interest rate and foreign currency risk on long-term debt ⁽²⁾		5		(5)
Interest rate risk on available-for-sale securities ⁽³⁾		(1,863)		1,825
Total	\$	1,626	\$	(1,634)
	Six Months Ended June 30, 2021		Six Months Ended June 30, 2020	
	Derivative	Hedged Item	Derivative	Hedged Item
Interest rate risk on long-term debt ⁽¹⁾	\$	(4,579)	\$	4,548
Interest rate and foreign currency risk on long-term debt ⁽²⁾		(23)		21
Interest rate risk on available-for-sale securities ⁽³⁾		3,378		(3,325)
Total	\$	(1,224)	\$	1,244

⁽¹⁾ Amounts are recorded in interest expense in the Consolidated Statement of Income.

⁽²⁾ For the three and six months ended June 30, 2021, the derivative amount includes gains (losses) of \$(17) million and \$(51) million in interest expense, \$23 million and \$31 million in market making and similar activities, and \$(1) million and \$(3) million in accumulated other comprehensive income (OCI). For the same periods in 2020, the derivative amount includes gains (losses) of \$(3) million and \$731 million in interest expense, \$63 million and \$(178) million in market making and similar activities, and \$0 and \$12 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

	June 30, 2021		December 31, 2020	
	Carrying Value	Cumulative Fair Value Adjustments ⁽¹⁾	Carrying Value	Cumulative Fair Value Adjustments ⁽¹⁾
(Dollars in millions)				
Long-term debt ⁽²⁾	\$ 171,872	\$ 6,742	\$ 150,566	\$ 8,910
Available-for-sale debt securities ^(2, 3, 4)	152,348	(2,876)	116,252	114
Trading account assets ⁽⁵⁾	366	—	427	15

⁽¹⁾ Increase (decrease) to carrying value.

⁽²⁾ At June 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 \$1.0 billion and \$3.7 billion and a decrease in the related asset of \$68 million and \$69 million, which are being amortized over the remaining contractual life of the 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 June 30, 2021 and December 31, 2020, the amortized cost of the closed portfolios used in these hedging relationships was \$26.8 billion and \$34.6 billion, of which \$7.0 billion was designated in the last-of-layer hedging relationship at both dates. At June 30, 2021, the cumulative adjustment associated with these hedging relationships was a decrease of \$99 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 six months ended June 30, 2021 and 2020. Of the \$273 million after-tax net loss (\$365 million pretax) on derivatives in accumulated OCI at June 30, 2021, gains of \$244 million after-tax (\$330 million 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	
	Three Months Ended June 30, 2021		Six Months Ended June 30, 2021		Three Months Ended June 30, 2020		Six Months Ended June 30, 2020	
(Dollars in millions, amounts pretax)								
Cash flow hedges								
Interest rate risk on variable-rate assets ⁽¹⁾	\$ 481	\$ 36	\$ (576)	\$ 73	\$ 320	\$ (23)	\$ 911	\$ (49)
Price risk on forecasted MBS purchases ⁽¹⁾	92	6	(301)	15	73	—	(9)	—
Price risk on certain compensation plans ⁽²⁾	35	14	59	26	—	—	—	—
Total	\$ 608	\$ 56	\$ (818)	\$ 114	\$ 393	\$ (23)	\$ 902	\$ (49)
Net investment hedges								
Foreign exchange risk ⁽³⁾	\$ (224)	\$ —	\$ 503	\$ —	\$ (400)	\$ 1	\$ 968	\$ 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 six months ended June 30, 2021, amounts excluded from effectiveness testing and recognized in market making and similar activities were losses of \$48 million and \$50 million. For the same periods in 2020 amounts excluded from effectiveness testing and recognized in other income were gains of \$75 million and \$105 million.

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 six months ended June 30, 2021 and 2020. These gains (losses) are largely offset by the income or expense recorded on the hedged item.

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
(Dollars in millions)				
Interest rate risk on mortgage activities ^(1, 2)	\$ 85	\$ 62	\$ (105)	\$ 441
Credit risk on loans ⁽²⁾	(14)	(66)	(31)	22
Interest rate and foreign currency risk on asset and liability management activities ⁽³⁾	(318)	(1,017)	943	511
Price risk on certain compensation plans ⁽⁴⁾	318	603	598	(154)

(4) Gains (losses) on these derivatives are recorded in compensation and benefits expense.

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 June 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 \$5.0 billion and \$5.2 billion at the transfer dates. At June 30, 2021 and December 31, 2020, the fair value of the transferred securities was \$5.3 billion and \$5.5 billion.

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 six months ended June 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
The Corporation enters into trading derivatives to facilitate client

	Market making and similar activities	Net Interest Income	Other ⁽¹⁾	Total	Market making and similar activities	Net Interest Income	Other ⁽¹⁾	Total
(Dollars in millions)	Three Months Ended June 30, 2021				Six Months Ended June 30, 2021			
Interest rate risk	\$ 44	\$ 463	\$ 40	\$ 547	\$ 416	\$ 926	\$ 97	\$ 1,439
Foreign exchange risk	330	(22)	2	310	736	(40)	6	702
Equity risk	1,178	(1)	442	1,619	2,460	35	957	3,452
Credit risk	435	424	175	1,034	1,237	787	289	2,313
Other risk ⁽²⁾	(24)	(10)	26	(8)	584	(28)	45	601
Total sales and trading revenue	\$ 1,963	\$ 854	\$ 685	\$ 3,502	\$ 5,433	\$ 1,680	\$ 1,394	\$ 8,507
	Three Months Ended June 30, 2020				Six Months Ended June 30, 2020			
Interest rate risk	\$ 670	\$ 658	\$ 48	\$ 1,376	\$ 2,164	\$ 1,276	\$ 120	\$ 3,560
Foreign exchange risk	351	(3)	(12)	336	815	1	(5)	811
Equity risk	730	31	451	1,212	1,989	(91)	969	2,867
Credit risk	536	426	142	1,104	157	869	176	1,202
Other risk ⁽²⁾	73	8	4	85	207	28	11	246
Total sales and trading revenue	\$ 2,360	\$ 1,120	\$ 633	\$ 4,113	\$ 5,332	\$ 2,083	\$ 1,271	\$ 8,686

⁽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 \$462 million and \$1.0 billion for the three and six months ended June 30, 2021 compared to \$470 million and \$1.0 billion for the same periods in 2020.

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 June 30, 2021 and December 31, 2020 are summarized in the table below.

Credit Derivative Instruments

	Less than One Year	One to Three Years	Three to Five Years	Over Five Years	Total
June 30, 2021					
Carrying Value					
(Dollars in millions)					
Credit default swaps:					
Investment grade	\$ —	\$ —	\$ 44	\$ 42	\$ 86
Non-investment grade	11	130	406	894	1,441
Total	11	130	450	936	1,527
Total return swaps/options:					
Investment grade	31	—	—	—	31
Non-investment grade	134	333	—	—	467
Total	165	333	—	—	498
Total credit derivatives	\$ 176	\$ 463	\$ 450	\$ 936	\$ 2,025
Credit-related notes:					
Investment grade	\$ —	\$ —	\$ 1	\$ 519	\$ 520
Non-investment grade	5	1	23	1,153	1,182
Total credit-related notes	\$ 5	\$ 1	\$ 24	\$ 1,672	\$ 1,702
Maximum Payout/Notional					
Credit default swaps:					
Investment grade	\$ 32,739	\$ 75,590	\$ 107,799	\$ 16,141	\$ 232,269
Non-investment grade	11,961	31,595	48,833	8,750	101,139
Total	44,700	107,185	156,632	24,891	333,408
Total return swaps/options:					
Investment grade	46,566	65	79	—	46,710
Non-investment grade	20,032	12,268	10	16	32,326
Total	66,598	12,333	89	16	79,036
Total credit derivatives	\$ 111,298	\$ 119,518	\$ 156,721	\$ 24,907	\$ 412,444
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 June 30, 2021 and December 31, 2020, the Corporation held cash and securities collateral of \$85.8 billion and \$96.5 billion and posted cash and securities collateral of \$76.9 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 June 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 \$2.6 billion, including \$1.4 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 June 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 June 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 June 30, 2021

(Dollars in millions)	One Incremental notch		Second Incremental notch	
Additional collateral required to be posted upon downgrade				
Bank of America Corporation	\$	318	\$	786
Bank of America, N.A. and subsidiaries ⁽¹⁾		69		589
Derivative liabilities subject to unilateral termination upon downgrade				
Derivative liabilities	\$	26	\$	480
Collateral posted		11		313

⁽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 six months ended June 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⁾

(Dollars in millions)	Three Months Ended June 30			
	2021	2020		
Derivative assets (CVA)	\$	3	\$	276
Derivative assets/liabilities (FVA)		(33)		69
Derivative liabilities (DVA)		(31)		(256)
(Dollars in millions)	Six Months Ended June 30			
	2021	2020		
Derivative assets (CVA)	\$	158	\$	(508)
Derivative assets/liabilities (FVA)		15		(87)
Derivative liabilities (DVA)		(8)		158

⁽¹⁾ At June 30, 2021 and December 31, 2020, cumulative CVA reduced the derivative assets balance by \$488 million and \$646 million, cumulative FVA reduced the net derivatives balance by \$162 million and \$177 million, and cumulative DVA reduced the derivative liabilities balance by \$301 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 June 30, 2021 and December 31, 2020.

Debt Securities

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
June 30, 2021				
(Dollars in millions)				
Available-for-sale debt securities				
Mortgage-backed securities:				
Agency	\$ 56,258	\$ 1,696	\$ (65)	\$ 57,889
Agency-collateralized mortgage obligations	4,111	123	(8)	4,226
Commercial	18,062	882	(25)	18,919
Non-agency residential ⁽¹⁾	829	33	(10)	852
Total mortgage-backed securities	79,260	2,734	(108)	81,886
U.S. Treasury and agency securities	158,691	1,906	(264)	160,333
Non-U.S. securities	17,165	4	(2)	17,167
Other taxable securities	2,873	48	—	2,921
Total taxable securities	257,989	4,692	(374)	262,307
Tax-exempt securities	15,529	347	(2)	15,874
Total available-for-sale debt securities	273,518	5,039	(376)	278,181
Other debt securities carried at fair value ⁽²⁾	10,713	113	(94)	10,732
Total debt securities carried at fair value	284,231	5,152	(470)	288,913
Held-to-maturity debt securities				
Agency mortgage-backed securities	547,508	6,040	(5,849)	547,699
U.S. Treasury and agency securities	94,353	327	(2,017)	92,663
Other taxable securities	9,573	246	(156)	9,663
Total held-to-maturity debt securities	651,434	6,613	(8,022)	650,025
Total debt securities ^(3, 4)	\$ 935,665	\$ 11,765	\$ (8,492)	\$ 938,938
December 31, 2020				
Available-for-sale debt securities				
Mortgage-backed securities:				
Agency	\$ 59,518	\$ 2,370	\$ (39)	\$ 61,849
Agency-collateralized mortgage obligations	5,112	161	(13)	5,260
Commercial	15,470	1,025	(4)	16,491
Non-agency residential ⁽¹⁾	899	127	(17)	1,009
Total mortgage-backed securities	80,999	3,683	(73)	84,609
U.S. Treasury and agency securities	114,157	2,236	(13)	116,380
Non-U.S. securities	14,009	15	(7)	14,017
Other taxable securities	2,656	61	(6)	2,711
Total taxable securities	211,821	5,995	(99)	217,717
Tax-exempt securities	16,417	389	(32)	16,774
Total available-for-sale debt securities	228,238	6,384	(131)	234,491
Other debt securities carried at fair value ⁽²⁾	11,720	429	(39)	12,110
Total debt securities carried at fair value	239,958	6,813	(170)	246,601
Held-to-maturity debt securities				
Agency mortgage-backed securities	414,289	9,768	(36)	424,021
U.S. Treasury and agency securities	16,084	—	(71)	16,013
Other taxable securities	7,906	327	(87)	8,146
Total held-to-maturity debt securities	438,279	10,095	(194)	448,180
Total debt securities ^(3, 4)	\$ 678,237	\$ 16,908	\$ (364)	\$ 694,781

⁽¹⁾ At both June 30, 2021 and December 31, 2020, the underlying collateral type included approximately 37 percent prime, two 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 \$82.8 billion and \$65.5 billion at June 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 \$338.3 billion and \$197.8 billion, and a fair value of \$339.7 billion and \$197.3 billion at June 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 June 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 \$3.5 billion, net of the related income tax expense of \$1.2 billion. The Corporation had nonperforming AFS debt securities of \$19 million and \$20 million at June 30, 2021 and December 31, 2020.

At June 30, 2021 and December 31, 2020, the Corporation had \$241.4 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 \$36.8 billion and \$34.5 billion in AFS debt securities at June 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 June 30, 2021 and December 31, 2020, the Corporation held equity securities at an aggregate fair value of \$616 million and \$769 million and other equity securities, as valued under the measurement alternative, at a carrying value of \$270 million and \$240 million, both of which are included in other assets. At June 30, 2021 and December 31, 2020, the Corporation also held money market investments at a fair value of \$1.5 billion and \$1.6 billion, which are included in time deposits placed and other short-term investments.

In the three months ended June 30, 2021, sales of AFS securities were not significant. In the six months ended June 30, 2021, the Corporation recorded gross realized gains on the

sales of AFS debt securities of \$15 million and gross realized losses of \$15 million. For the same periods in 2020, the Corporation recorded gross realized gains of \$63 million and \$379 million and gross realized losses of \$1 million and \$2 million, resulting in net gains of \$62 million and \$377 million, with \$15 million and \$94 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 June 30, 2021 and December 31, 2020.

Total AFS Debt Securities in a Continuous Unrealized Loss Position

	Less than Twelve Months		Twelve Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
June 30, 2021						
(Dollars in millions)						
Continuously unrealized loss-positioned AFS debt securities						
Mortgage-backed securities:						
Agency	\$ 11,555	\$ (41)	\$ 1,114	\$ (24)	\$ 12,669	\$ (65)
Agency-collateralized mortgage obligations	1,661	—	301	(8)	1,962	(8)
Commercial	1,535	(25)	2	—	1,537	(25)
Non-agency residential	498	—	158	(10)	656	(10)
Total mortgage-backed securities	15,249	(66)	1,575	(42)	16,824	(108)
U.S. Treasury and agency securities	56,061	(259)	695	(5)	56,756	(264)
Non-U.S. securities	—	—	105	(2)	105	(2)
Other taxable securities	291	—	56	—	347	—
Total taxable securities	71,601	(325)	2,431	(49)	74,032	(374)
Tax-exempt securities	11	—	185	(2)	196	(2)
Total AFS debt securities in a continuous unrealized loss position	\$ 71,612	\$ (325)	\$ 2,616	\$ (51)	\$ 74,228	\$ (376)
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 agency securities	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)
Total taxable securities	14,655	(71)	1,460	(28)	16,115	(99)
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 June 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

(Dollars in millions)	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	
	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	\$ —	— %	\$ 7	5.39 %	\$ 54	4.48 %	\$ 56,197	3.14 %	\$ 56,258	3.14 %
Agency-collateralized mortgage obligations	—	—	—	—	21	2.50	4,090	2.92	4,111	2.92
Commercial	364	2.31	8,408	2.50	6,765	1.94	2,538	2.16	18,075	2.24
Non-agency residential	—	—	—	—	—	—	1,500	6.55	1,500	6.55
Total mortgage-backed securities	364	2.31	8,415	2.50	6,840	1.96	64,325	3.17	79,944	2.99
U.S. Treasury and agency securities	4,558	1.11	29,528	1.85	125,093	0.81	32	2.53	159,211	1.02
Non-U.S. securities	24,990	0.31	1,291	1.75	330	1.12	65	20.09	26,676	0.44
Other taxable securities	869	1.37	1,401	2.24	352	1.85	251	1.63	2,873	1.88
Total taxable securities	30,781	0.48	40,635	1.99	132,615	0.88	64,673	3.18	268,704	1.55
Tax-exempt securities	1,426	1.04	8,124	1.31	3,414	1.68	2,563	1.32	15,527	1.37
Total amortized cost of debt securities carried at fair value	\$ 32,207	0.51	\$ 48,759	1.88	\$ 136,029	0.90	\$ 67,236	3.11	\$ 284,231	1.55
Amortized cost of HTM debt securities										
Agency mortgage-backed securities	\$ —	— %	\$ —	— %	\$ —	— %	\$ 547,508	2.18 %	\$ 547,508	2.18 %
U.S. Treasury and agency securities	—	—	—	—	94,353	1.37	—	—	94,353	1.37
Other taxable securities	54	2.71	715	2.42	401	2.85	8,403	2.55	9,573	2.55
Total amortized cost of HTM debt securities	\$ 54	2.71	\$ 715	2.42	\$ 94,754	1.38	\$ 555,911	2.19	\$ 651,434	2.07
Debt securities carried at fair value										
Mortgage-backed securities:										
Agency	\$ —		\$ 6		\$ 60		\$ 57,823		\$ 57,889	
Agency-collateralized mortgage obligations	—		—		21		4,205		4,226	
Commercial	369		8,884		7,050		2,629		18,932	
Non-agency residential	—		—		6		1,579		1,585	
Total mortgage-backed securities	369		8,890		7,137		66,236		82,632	
U.S. Treasury and agency securities	4,582		30,758		125,479		33		160,852	
Non-U.S. securities	24,930		1,304		334		66		26,634	
Other taxable securities	873		1,431		361		256		2,921	
Total taxable securities	30,754		42,383		133,311		66,591		273,039	
Tax-exempt securities	1,431		8,284		3,552		2,607		15,874	
Total debt securities carried at fair value	\$ 32,185		\$ 50,667		\$ 136,863		\$ 69,198		\$ 288,913	
Fair value of HTM debt securities										
Agency mortgage-backed securities	\$ —		\$ —		\$ —		\$ 547,699		\$ 547,699	
U.S. Treasury and agency securities	—		—		92,663		—		92,663	
Other taxable securities	53		753		422		8,435		9,663	
Total fair value of HTM debt securities	\$ 53		\$ 753		\$ 93,085		\$ 556,134		\$ 650,025	

⁽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 June 30, 2021 and December 31, 2020.

	30-59 Days Past Due ⁽¹⁾	60-89 Days Past Due ⁽²⁾	90 Days or More Past Due ⁽³⁾	Total Past Due 30 Days or More	Total Current or Less Than 30 Days Past Due ⁽⁴⁾	Loans Accounted for Under the Fair Value Option	Total Outstandings
(Dollars in millions)							
June 30, 2021							
Consumer real estate							
Residential mortgage	\$ 1,130	\$ 330	\$ 1,549	\$ 3,009	\$ 211,315		\$ 214,324
Home equity	141	70	343	554	29,915		30,469
Credit card and other consumer							
Credit card	266	177	533	976	74,623		75,599
Direct/Indirect consumer ⁽²⁾	125	45	17	187	96,716		96,903
Other consumer	—	—	—	—	172		172
Total consumer	1,662	622	2,442	4,726	412,741		417,467
Consumer loans accounted for under the fair value option ⁽³⁾						\$ 654	654
Total consumer loans and leases	1,662	622	2,442	4,726	412,741	654	418,121
Commercial							
U.S. commercial	224	564	349	1,137	289,983		291,120
Non-U.S. commercial	87	24	107	218	97,932		98,150
Commercial real estate ⁽⁴⁾	107	32	192	331	59,275		59,606
Commercial lease financing	87	27	53	167	15,601		15,768
U.S. small business commercial ⁽⁵⁾	56	29	71	156	29,711		29,867
Total commercial	561	676	772	2,009	492,502		494,511
Commercial loans accounted for under the fair value option ⁽³⁾						6,296	6,296
Total commercial loans and leases	561	676	772	2,009	492,502	6,296	500,807
Total loans and leases ⁽⁶⁾	\$ 2,223	\$ 1,298	\$ 3,214	\$ 6,735	\$ 905,243	\$ 6,950	\$ 918,928
Percentage of outstandings	0.24 %	0.14 %	0.35 %	0.73 %	98.51 %	0.76 %	100.00 %

⁽¹⁾ Consumer real estate loans 30-59 days past due includes fully-insured loans of \$213 million and nonperforming loans of \$157 million. Consumer real estate loans 60-89 days past due includes fully-insured loans of \$97 million and nonperforming loans of \$129 million. Consumer real estate loans 90 days or more past due includes fully-insured loans of \$687 million. Consumer real estate loans current or less than 30 days past due includes \$1.5 billion and direct/indirect consumer includes \$48 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 \$46.4 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 \$257 million and home equity loans of \$397 million. Commercial loans accounted for under the fair value option includes U.S. commercial loans of \$4.4 billion and non-U.S. commercial loans of \$1.9 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 \$55.8 billion and non-U.S. commercial real estate loans of \$3.8 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 \$153.0 billion of loans with no related outstanding borrowings to secure potential borrowing capacity with the Federal Reserve Bank and Federal Home Loan Bank.

	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
(Dollars in millions)							
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 \$10.0 billion and \$9.0 billion at June 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 \$1.9 billion at June 30, 2021 from \$2.2 billion at December 31, 2020. Consumer nonperforming loans increased to \$3.0 billion at June 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 June 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

	Nonperforming Loans and Leases		Accruing Past Due 90 Days or More ⁽¹⁾	
	June 30 2021	December 31 2020	June 30 2021	December 31 2020
(Dollars in millions)				
Residential mortgage ⁽²⁾	\$ 2,343	\$ 2,005	\$ 687	\$ 762
With no related allowance ⁽³⁾	2,019	1,378	—	—
Home equity ⁽²⁾	651	649	—	—
With no related allowance ⁽³⁾	423	347	—	—
Credit Card	n/a	n/a	533	903
Direct/indirect consumer	50	71	15	33
Total consumer	3,044	2,725	1,235	1,698
U.S. commercial	1,060	1,243	172	228
Non-U.S. commercial	275	418	19	10
Commercial real estate	404	404	—	6
Commercial lease financing	81	87	24	25
U.S. small business commercial	43	75	69	115
Total commercial	1,863	2,227	284	384
Total nonperforming loans	\$ 4,907	\$ 4,952	\$ 1,519	\$ 2,082
Percentage of outstanding loans and leases	0.54 %	0.54 %	0.17 %	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 June 30, 2021 and December 31, 2020 residential mortgage includes \$501 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 \$186 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 June 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

		Term Loans by Origination Year						
(Dollars in millions)	Total as of June 30, 2021	2021	2020	2019	2018	2017	Prior	
Total Residential Mortgage								
Refreshed LTV								
Less than or equal to 90 percent	\$ 198,103	\$ 44,858	\$ 55,361	\$ 30,311	\$ 9,583	\$ 14,423	\$ 43,567	
Greater than 90 percent but less than or equal to 100 percent	2,790	1,021	1,238	275	46	33	177	
Greater than 100 percent	912	385	260	84	22	17	144	
Fully-insured loans	12,519	2,134	3,913	1,512	279	280	4,401	
Total Residential Mortgage	\$ 214,324	\$ 48,398	\$ 60,772	\$ 32,182	\$ 9,930	\$ 14,753	\$ 48,289	
Total Residential Mortgage								
Refreshed FICO score								
Less than 620	\$ 2,539	\$ 438	\$ 507	\$ 152	\$ 121	\$ 137	\$ 1,184	
Greater than or equal to 620 and less than 680	5,002	791	1,277	565	338	333	1,698	
Greater than or equal to 680 and less than 740	23,440	4,246	6,688	3,267	1,398	1,763	6,078	
Greater than or equal to 740	170,824	40,789	48,387	26,686	7,794	12,240	34,928	
Fully-insured loans	12,519	2,134	3,913	1,512	279	280	4,401	
Total Residential Mortgage	\$ 214,324	\$ 48,398	\$ 60,772	\$ 32,182	\$ 9,930	\$ 14,753	\$ 48,289	

Home Equity - Credit Quality Indicators

	Home Equity Loans and Reverse Mortgages ⁽¹⁾		Revolving Loans		Revolving Loans Converted to Term Loans
(Dollars in millions)	Total				
	June 30, 2021				
Total Home Equity					
Refreshed LTV					
Less than or equal to 90 percent	\$ 29,884	\$ 1,857	\$ 20,266	\$ 7,761	
Greater than 90 percent but less than or equal to 100 percent	236	98	62	76	
Greater than 100 percent	349	125	86	138	
Total Home Equity	\$ 30,469	\$ 2,080	\$ 20,414	\$ 7,975	
Total Home Equity					
Refreshed FICO score					
Less than 620	\$ 974	\$ 246	\$ 217	\$ 511	
Greater than or equal to 620 and less than 680	1,574	243	509	822	
Greater than or equal to 680 and less than 740	5,027	517	2,559	1,951	
Greater than or equal to 740	22,894	1,074	17,129	4,691	
Total Home Equity	\$ 30,469	\$ 2,080	\$ 20,414	\$ 7,975	

⁽¹⁾ Includes reverse mortgages of \$1.4 billion and home equity loans of \$717 million which are no longer originated.

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

(Dollars in millions)	Total Direct/Indirect as of June 30, 2021	Revolving Loans	Direct/Indirect Term Loans by Origination Year						Credit Card		
			2021	2020	2019	2018	2017	Prior	Total Credit Card as of June 30, 2021	Revolving Loans	Revolving Loans Converted to Term Loans ⁽¹⁾
Refreshed FICO score											
Less than 620	\$ 704	\$ 15	\$ 54	\$ 107	\$ 152	\$ 115	\$ 149	\$ 112	\$ 2,859	\$ 2,692	\$ 167
Greater than or equal to 620 and less than 680	2,031	16	528	502	402	212	201	170	8,293	8,087	206
Greater than or equal to 680 and less than 740	7,646	67	2,315	2,145	1,484	693	483	459	26,228	26,024	204
Greater than or equal to 740	36,196	101	8,352	10,544	8,439	4,046	2,384	2,330	38,219	38,170	49
Other internal credit metrics ^(2,3)	50,326	49,307	519	79	96	83	65	177	—	—	—
Total credit card and other consumer	\$ 96,903	\$ 49,506	\$ 11,768	\$ 13,377	\$ 10,573	\$ 5,149	\$ 3,282	\$ 3,248	\$ 75,599	\$ 74,973	\$ 626

⁽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 \$49.3 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 June 30, 2021.

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

(Dollars in millions)	Total as of June 30, 2021	Term Loans							Revolving Loans
		Amortized Cost Basis by Origination Year							
		2021	2020	2019	2018	2017	Prior		
U.S. Commercial									
Risk ratings									
Pass rated	\$ 277,504	\$ 25,307	\$ 25,782	\$ 28,019	\$ 13,523	\$ 12,219	\$ 27,464	\$ 145,190	
Reservable criticized	13,616	294	1,342	1,696	2,192	661	1,485	5,946	
Total U.S. Commercial	\$ 291,120	\$ 25,601	\$ 27,124	\$ 29,715	\$ 15,715	\$ 12,880	\$ 28,949	\$ 151,136	
Non-U.S. Commercial									
Risk ratings									
Pass rated	\$ 94,717	\$ 11,442	\$ 11,854	\$ 8,529	\$ 5,739	\$ 3,445	\$ 3,071	\$ 50,637	
Reservable criticized	3,433	285	395	644	397	331	367	1,014	
Total Non-U.S. Commercial	\$ 98,150	\$ 11,727	\$ 12,249	\$ 9,173	\$ 6,136	\$ 3,776	\$ 3,438	\$ 51,651	
Commercial Real Estate									
Risk ratings									
Pass rated	\$ 50,781	\$ 4,669	\$ 7,940	\$ 13,339	\$ 7,356	\$ 4,183	\$ 8,528	\$ 4,766	
Reservable criticized	8,825	162	1,025	2,403	2,030	1,179	1,481	545	
Total Commercial Real Estate	\$ 59,606	\$ 4,831	\$ 8,965	\$ 15,742	\$ 9,386	\$ 5,362	\$ 10,009	\$ 5,311	
Commercial Lease Financing									
Risk ratings									
Pass rated	\$ 15,035	\$ 1,090	\$ 2,793	\$ 2,896	\$ 2,396	\$ 2,194	\$ 3,666	\$ —	
Reservable criticized	733	122	71	155	106	72	207	—	
Total Commercial Lease Financing	\$ 15,768	\$ 1,212	\$ 2,864	\$ 3,051	\$ 2,502	\$ 2,266	\$ 3,873	\$ —	
U.S. Small Business Commercial ⁽³⁾									
Risk ratings									
Pass rated	\$ 22,235	\$ 9,756	\$ 8,245	\$ 1,124	\$ 816	\$ 702	\$ 1,438	\$ 154	
Reservable criticized	696	4	49	145	131	98	264	5	
Total U.S. Small Business Commercial	\$ 22,931	\$ 9,760	\$ 8,294	\$ 1,269	\$ 947	\$ 800	\$ 1,702	\$ 159	
Total	\$ 487,575	\$ 53,131	\$ 59,496	\$ 58,950	\$ 34,686	\$ 25,084	\$ 47,971	\$ 208,257	

⁽¹⁾ Excludes \$6.3 billion of loans accounted for under the fair value option at June 30, 2021.

⁽²⁾ Includes \$40 million of loans that converted from revolving to term loans.

⁽³⁾ Excludes U.S. Small Business Card loans of \$6.9 billion. Refreshed FICO scores for this portfolio are \$193 million for less than 620; \$555 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 \$4.4 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

		Home Equity Loans and Reverse Mortgages		Revolving Loans Converted to Term Loans				
	Total			Revolving Loans				
	December 31, 2020							
Dollars in millions)								
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

(Dollars in millions)	Direct/Indirect								Credit Card		
	Term Loans by Origination Year										
	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)

(Dollars in millions)	Term Loans										
	Amortized Cost Basis by Origination Year										
	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 six months ended June 30, 2021, commercial asset quality showed signs of stabilization as economic recovery gained momentum. Commercial reservable criticized utilized exposure decreased to \$28.9 billion at June 30, 2021 from \$38.7 billion (to 5.45 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 \$343 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 June 30, 2021, of which \$99 million were classified as nonperforming and \$61 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 June 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 \$93 million and \$123 million at June 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 June 30, 2021 was \$1.1 billion. Although the Corporation has continued to pause formal loan foreclosure proceedings and foreclosure sales for occupied properties, during the six months ended June 30, 2021, the Corporation reclassified \$20 million of consumer real estate loans completed or which were in process prior to the pause in foreclosures, 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 June 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 six months ended June 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 Six Months Ended June 30, 2021 and 2020

	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⁾
(Dollars in millions)	Three Months Ended June 30, 2021				Six Months Ended June 30, 2021			
Residential mortgage	\$ 522	\$ 466	3.53 %	3.51 %	\$ 744	\$ 667	3.51 %	3.49 %
Home equity	62	47	3.58	3.61	83	63	3.55	3.58
Total	\$ 584	\$ 513	3.53	3.52	\$ 827	\$ 730	3.52	3.50
	Three Months Ended June 30, 2020				Six Months Ended June 30, 2020			
Residential mortgage	\$ 120	\$ 103	4.22 %	4.19 %	\$ 219	\$ 185	4.10 %	4.01 %
Home equity	22	18	3.68	3.65	45	38	3.99	3.92
Total	\$ 142	\$ 121	4.14	4.11	\$ 264	\$ 223	4.08	3.99

⁽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 June 30, 2021 and 2020 carrying value for consumer real estate loans that were modified in a TDR during the three and six months ended June 30, 2021 and 2020, by type of modification.

Consumer Real Estate – Modification Programs

(Dollars in millions)	TDRs Entered into During the			
	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Modifications under government programs	\$ 1	\$ —	\$ 3	\$ 3
Modifications under proprietary programs	479	20	665	59
Loans discharged in Chapter 7 bankruptcy ⁽¹⁾	12	21	22	32
Trial modifications	21	80	40	129
Total modifications	\$ 513	\$ 121	\$ 730	\$ 223

⁽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 six months ended June 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 June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Modifications under government programs	\$ 1	\$ 2	\$ 2	\$ 1
Modifications under proprietary programs	33	5	45	1
Loans discharged in Chapter 7 bankruptcy ⁽¹⁾	2	4	5	1
Trial modifications ⁽²⁾	6	12	12	3
Total modifications	\$ 42	\$ 23	\$ 64	\$ 6

⁽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 that 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 June 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 six months ended June 30, 2021 and 2020.

Credit Card and Other Consumer – TDRs Entered into During the Three and Six Months Ended June 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 June 30, 2021				Six Months Ended June 30, 2021			
Credit card	\$ 62	\$ 68	18.44 %	4.24 %	\$ 137	\$ 147	18.48 %	4.53 %
Direct/Indirect consumer	6	4	5.64	5.64	11	7	5.62	5.62
Total	\$ 68	\$ 72	17.75	4.31	\$ 148	\$ 154	17.87	4.58
(Dollars in millions)	Three Months Ended June 30, 2020				Six Months Ended June 30, 2020			
Credit card	\$ 57	\$ 61	18.08 %	5.15 %	\$ 144	\$ 152	18.02 %	5.24 %
Direct/Indirect consumer	14	8	5.26	5.26	23	12	5.31	5.31
Total	\$ 71	\$ 69	16.61	5.16	\$ 167	\$ 164	17.07	5.25

⁽¹⁾ Includes accrued interest and fees.

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

Credit Card and Other Consumer – TDRs by Program Type

(Dollars in millions)

Internal programs

External programs

Other

Total

TDRs Entered into During the Three Months Ended June 30		TDRs Entered into During the Six Months Ended June 30	
2021	2020	2021	2020
\$ 57	\$ 43	\$ 121	\$ 109
13	18	29	43
2	8	4	12
\$ 72	\$ 69	\$ 154	\$ 164

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 11 percent of new credit card TDRs and 20 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 six months ended June 30, 2021, the carrying value of the Corporation's commercial loans that were modified as TDRs was \$320 million and \$865 million compared to \$789 million and \$1.3 billion for the same periods in 2020. At June 30, 2021 and December 31, 2020, the Corporation had \$1.9 billion and \$1.7 billion of commercial TDRs with remaining

commitments to lend additional funds to debtors of \$343 million and \$402 million. The balance of commercial TDRs in payment default was \$149 million and \$218 million at June 30, 2021 and December 31, 2020.

Loans Held-for-sale

The Corporation had LHFS of \$8.3 billion and \$9.2 billion at June 30, 2021 and December 31, 2020. Cash and non-cash proceeds from sales and paydowns of loans originally classified as LHFS were \$18.2 billion and \$11.1 billion for the six months ended June 30, 2021 and 2020. Cash used for originations and purchases of LHFS totaled approximately \$17.0 billion and \$9.2 billion for the six months ended June 30, 2021 and 2020.

Accrued Interest Receivable

Accrued interest receivable for loans and leases and loans held-for-sale at June 30, 2021 and December 31, 2020 was \$2.3 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 six months ended June 30, 2021, the Corporation reversed \$124 million and \$282 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 six months ended June 30, 2021, the Corporation reversed \$9 million and \$17 million of interest and fee income at the time the loans were classified as nonperforming against the income statement line item in which it was originally recorded. 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 June 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 reflect the continued improvement in the consensus outlooks. The weighted economic outlook assumed that the U.S. unemployment rate at the end of 2021 will be relatively consistent with the level as of June 2021, which was approximately six percent, and continue to decline to slightly above five percent by the end of 2022. Additionally, in this economic outlook, year-over-year U.S. gross

domestic product is forecasted to grow at 4.5 percent, 1.9 percent and 2.1 percent in the fourth quarters of 2021, 2022 and 2023, respectively. 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.

The Corporation also factored 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, as well as the energy sector.

The allowance for credit losses at June 30, 2021 was \$15.8 billion, a decrease of \$4.9 billion compared to December 31, 2020. The decrease in the allowance for credit losses was primarily driven by an improved macroeconomic outlook. The decrease in the allowance for credit losses was comprised of a net decrease of \$4.7 billion in the allowance for loan and lease losses and a \$191 million decrease in the reserve for unfunded lending commitments. The decrease in the allowance for credit losses was attributed to \$291 million in the consumer real estate portfolio, \$2.4 billion in the credit card and other consumer portfolio, and \$2.2 billion in the commercial portfolio.

Outstanding loans and leases excluding loans accounted for under the fair value option decreased \$9.2 billion in the six months ended June 30, 2021, driven by consumer loans, which decreased \$10.6 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 \$8.0 billion during the six months ended June 30, 2021, primarily driven by *Global Markets* with most of the increase in investment grade exposures.

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.

	Consumer Real Estate	Credit Card and Other Consumer	Commercial	Total
(Dollars in millions)				
Allowance for loan and lease losses, April 1	\$ 689	\$ 7,946	\$ 7,533	\$ 16,168
Loans and leases charged off	(30)	(799)	(232)	(1,061)
Recoveries of loans and leases previously charged off	60	256	150	466
Net charge-offs	30	(543)	(82)	(595)
Provision for loan and lease losses	(122)	(568)	(790)	(1,480)
Other	—	—	2	2
Allowance for loan and lease losses, June 30	597	6,835	6,663	14,095
Reserve for unfunded lending commitments, April 1	124	—	1,705	1,829
Provision for unfunded lending commitments	(17)	—	(124)	(141)
Other	—	—	(1)	(1)
Reserve for unfunded lending commitments, June 30	107	—	1,580	1,687
Allowance for credit losses, June 30	\$ 704	\$ 6,835	\$ 8,243	\$ 15,782
		Three Months Ended June 30, 2020		
Allowance for loan and lease losses, April 1	\$ 808	\$ 8,258	\$ 6,700	\$ 15,766
Loans and leases charged off	(27)	(985)	(447)	(1,459)
Recoveries of loans and leases previously charged off	61	217	35	313
Net charge-offs	34	(768)	(412)	(1,146)
Provision for loan and lease losses	(9)	2,632	2,152	4,775
Other	—	—	(6)	(6)
Allowance for loan and lease losses, June 30	833	10,122	8,434	19,389
Reserve for unfunded lending commitments, April 1	149	—	1,211	1,360
Provision for unfunded lending commitments	(8)	—	350	342
Reserve for unfunded lending commitments, June 30	141	—	1,561	1,702
Allowance for credit losses, June 30	\$ 974	\$ 10,122	\$ 9,995	\$ 21,091
(Dollars in millions)				
		Six Months Ended June 30, 2021		
Allowance for loan and lease losses, January 1	\$ 858	\$ 9,213	\$ 8,731	\$ 18,802
Loans and leases charged off	(45)	(1,776)	(426)	(2,247)
Recoveries of loans and leases previously charged off	114	501	214	829
Net charge-offs	69	(1,275)	(212)	(1,418)
Provision for loan and lease losses	(329)	(1,104)	(1,858)	(3,291)
Other	(1)	1	2	2
Allowance for loan and lease losses, June 30	597	6,835	6,663	14,095
Reserve for unfunded lending commitments, January 1	137	—	1,741	1,878
Provision for unfunded lending commitments	(30)	—	(160)	(190)
Other	—	—	(1)	(1)
Reserve for unfunded lending commitments, June 30	107	—	1,580	1,687
Allowance for credit losses, June 30	\$ 704	\$ 6,835	\$ 8,243	\$ 15,782
		Six Months Ended June 30, 2020		
Allowance for loan and lease losses, January 1	\$ 440	\$ 7,430	\$ 4,488	\$ 12,358
Loans and leases charged off	(62)	(2,106)	(729)	(2,897)
Recoveries of loans and leases previously charged off	108	454	67	629
Net charge-offs	46	(1,652)	(662)	(2,268)
Provision for loan and lease losses	342	4,344	4,614	9,300
Other	5	—	(6)	(1)
Allowance for loan and lease losses, June 30	833	10,122	8,434	19,389
Reserve for unfunded lending commitments, January 1	119	—	1,004	1,123
Provision for unfunded lending commitments	22	—	556	578
Other	—	—	1	1
Reserve for unfunded lending commitments, June 30	141	—	1,561	1,702
Allowance for credit losses, June 30	\$ 974	\$ 10,122	\$ 9,995	\$ 21,091

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 June 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 June 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 six months ended June 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 June 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 six months ended June 30, 2021 and 2020.

First-lien Mortgage Securitizations

	Residential Mortgage - Agency				Commercial Mortgage			
	Three Months Ended June 30		Six Months Ended June 30		Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020	2021	2020	2021	2020
(Dollars in millions)								
Proceeds from loan sales ⁽¹⁾	\$ 1,652	\$ 11,375	\$ 2,895	\$ 12,927	\$ 2,175	\$ 220	\$ 2,840	\$ 2,292
Gains on securitizations ⁽²⁾	3	715	5	721	31	(1)	64	40
Repurchases from securitization trusts ⁽³⁾	98	167	178	295	—	—	—	—

⁽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 \$40 million and \$73 million, net of hedges, during the three and six months ended June 30, 2021 compared to \$34 million and \$61 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 \$138.7 billion and \$183.4 billion at June 30, 2021 and 2020. Servicing fee and ancillary fee income on serviced loans was \$104 million and \$217 million during the three and six months ended June 30, 2021 compared to \$124 million and \$252 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 June 30, 2021 and December 31, 2020. For more information on MSRs, see Note 14 – *Fair Value Measurements*.

During the six months ended June 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 June 30, 2021 and December 31, 2020.

First-lien Mortgage VIEs

	Residential Mortgage											
	Agency		Prime		Non-agency Subprime		Alt-A		Commercial Mortgage			
(Dollars in millions)	June 30 2021	December 31 2020	June 30 2021	December 31 2020	June 30 2021	December 31 2020	June 30 2021	December 31 2020	June 30 2021	December 31 2020	June 30 2021	December 31 2020
Unconsolidated VIEs												
Maximum loss exposure ⁽¹⁾	\$ 12,573	\$ 13,477	\$ 219	\$ 250	\$ 1,015	\$ 1,031	\$ 55	\$ 46	\$ 1,252	\$ 1,169		
On-balance sheet assets												
Senior securities:												
Trading account assets	\$ 195	\$ 152	\$ 5	\$ 2	\$ 25	\$ 8	\$ 24	\$ 12	\$ 7	\$ 60		
Debt securities carried at fair value	6,260	7,588	87	103	651	676	31	33	—	—		
Held-to-maturity securities	6,118	5,737	—	—	—	—	—	—	1,016	925		
All other assets	—	—	6	6	28	26	—	1	57	50		
Total retained positions	\$ 12,573	\$ 13,477	\$ 98	\$ 111	\$ 704	\$ 710	\$ 55	\$ 46	\$ 1,080	\$ 1,035		
Principal balance outstanding ⁽²⁾	\$ 114,769	\$ 133,497	\$ 5,400	\$ 6,081	\$ 6,409	\$ 6,691	\$ 15,181	\$ 16,554	\$ 70,340	\$ 59,268		
Consolidated VIEs												
Maximum loss exposure ⁽¹⁾	\$ 1,080	\$ 1,328	\$ 17	\$ 66	\$ 23	\$ 53	\$ —	\$ —	\$ —	\$ —		
On-balance sheet assets												
Trading account assets	\$ 1,080	\$ 1,328	\$ 122	\$ 350	\$ 226	\$ 260	\$ —	\$ —	\$ —	\$ —		
All other assets	—	—	—	—	—	—	—	—	—	—		
Total assets	\$ 1,080	\$ 1,328	\$ 122	\$ 350	\$ 226	\$ 260	\$ —	\$ —	\$ —	\$ —		
Total liabilities	\$ —	\$ —	\$ 105	\$ 284	\$ 203	\$ 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 June 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	
	June 30 2021	December 31 2020	June 30 2021	December 31 2020	June 30 2021	December 31 2020	June 30 2021	December 31 2020
(Dollars in millions)								
Unconsolidated VIEs								
Maximum loss exposure	\$ 179	\$ 206	\$ —	\$ —	\$ 6,788	\$ 8,543	\$ 3,736	\$ 3,507
On-balance sheet assets								
Securities ⁽³⁾ :								
Trading account assets	\$ —	\$ —	\$ —	\$ —	\$ 617	\$ 948	\$ —	\$ —
Debt securities carried at fair value	1	2	—	—	2,282	2,727	—	—
Held-to-maturity securities	—	—	—	—	3,889	4,868	—	—
Total retained positions	\$ 1	\$ 2	\$ —	\$ —	\$ 6,788	\$ 8,543	\$ —	\$ —
Total assets of VIEs	\$ 501	\$ 609	\$ —	\$ —	\$ 15,535	\$ 17,250	\$ 4,305	\$ 4,042
Consolidated VIEs								
Maximum loss exposure	\$ 52	\$ 58	\$ 9,960	\$ 14,606	\$ 281	\$ 217	\$ 309	\$ 1,030
On-balance sheet assets								
Trading account assets	\$ —	\$ —	\$ —	\$ —	\$ 284	\$ 217	\$ 269	\$ 990
Loans and leases	183	218	14,468	21,310	—	—	—	—
Allowance for loan and lease losses	15	14	(1,059)	(1,704)	—	—	—	—
All other assets	3	4	1,063	1,289	—	—	40	40
Total assets	\$ 201	\$ 236	\$ 14,472	\$ 20,895	\$ 284	\$ 217	\$ 309	\$ 1,030
On-balance sheet liabilities								
Short-term borrowings	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 287	\$ 432
Long-term debt	150	178	4,497	6,273	3	—	—	—
All other liabilities	—	—	15	16	—	—	—	—
Total liabilities	\$ 150	\$ 178	\$ 4,512	\$ 6,289	\$ 3	\$ —	\$ 287	\$ 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 June 30, 2021 and December 31, 2020, loans and leases in the consolidated credit card trust included \$3.0 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 six months ended June 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 six months ended June 30, 2020.

At June 30, 2021 and December 31, 2020, the Corporation held subordinate securities issued by the credit card securitization trust with a notional principal amount of \$6.6 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 six months ended June 30, 2021. No subordinate securities were issued by the credit card securitization trust during the six months ended June 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 \$14.7 billion of securities during the three and six months ended June 30, 2021 compared to \$10.7 billion and \$18.1 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 six months ended June 30, 2021 and 2020, resecuritization proceeds included securities with an initial fair value of \$233 million and \$519 million compared to \$4.4 billion and \$4.9 billion, of which substantially all of the securities in the current-year period were classified as trading account assets. Of the securities received as resecuritization proceeds during the three months ended June 30, 2020, \$654 million, \$2.1 billion and \$1.7 billion were classified as trading account assets, debt securities carried at fair value and HTM securities, respectively. Of the securities received as resecuritization proceeds during the six months ended June 30, 2020, \$1.2 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 \$3.7 billion and \$3.5 billion at June 30, 2021 and December 31, 2020. The weighted-average remaining life of bonds held in the trusts at June 30, 2021 was 6.5 years. There were no significant write-downs or downgrades of assets or issuers during the six months ended June 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 June 30, 2021 and December 31, 2020.

Other VIEs

	Consolidated	Unconsolidated	Total	Consolidated	Unconsolidated	Total
(Dollars in millions)		June 30, 2021			December 31, 2020	
Maximum loss exposure	\$ 4,565	\$ 24,829	\$ 29,394	\$ 4,106	\$ 23,870	\$ 27,976
On-balance sheet assets						
Trading account assets	\$ 2,437	\$ 606	\$ 3,043	\$ 2,080	\$ 623	\$ 2,703
Debt securities carried at fair value	—	8	8	—	9	9
Loans and leases	2,319	182	2,501	2,108	184	2,292
Allowance for loan and lease losses	(3)	(8)	(11)	(3)	(3)	(6)
All other assets	28	23,541	23,569	54	22,553	22,607
Total	\$ 4,781	\$ 24,329	\$ 29,110	\$ 4,239	\$ 23,366	\$ 27,605
On-balance sheet liabilities						
Short-term borrowings	\$ 37	\$ —	\$ 37	\$ 22	\$ —	\$ 22
Long-term debt	179	—	179	111	—	111
All other liabilities	—	5,972	5,972	—	5,668	5,668
Total	\$ 216	\$ 5,972	\$ 6,188	\$ 133	\$ 5,668	\$ 5,791
Total assets of VIEs	\$ 4,781	\$ 83,221	\$ 88,002	\$ 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 \$2.7 billion and \$2.3 billion at June 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 \$256 million and \$298 million at June 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 June 30, 2021 and December 31, 2020, the Corporation's consolidated investment VIEs had total assets of \$764 million and \$494 million. The Corporation also held investments in unconsolidated VIEs with total assets of \$6.6 billion and \$5.4 billion at June 30, 2021 and December 31, 2020. The Corporation's maximum loss exposure associated with both consolidated and unconsolidated investment VIEs totaled \$1.9 billion and \$1.5 billion at June 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 \$1.6 billion and \$1.7 billion at June 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 \$22.8 billion and \$22.0 billion at June 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 June 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 \$334 million and \$727 million and reported pretax losses in other income of \$279

million and \$555 million for the three and six months ended June 30, 2021. For the same periods in 2020, the Corporation recognized tax credits and other tax benefits of \$342 million and \$610 million and reported pretax losses in other income of \$255 million and \$527 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 June 30, 2021 and December 31, 2020. The reporting units utilized for goodwill impairment testing are the operating segments or one level below. The Corporation completed its annual goodwill impairment test as of June 30, 2021 and determined there was no impairment. For more information regarding the nature and accounting for the Corporation's annual goodwill impairment testing, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2020 Annual Report on Form 10-K.

Goodwill

	June 30 2021	December 31 2020
(Dollars in millions)		
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 June 30, 2021 and December 31, 2020, the net carrying value of intangible assets was \$2.2 billion. At both June 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 \$20 million and \$37 million for the three and six months ended June 30, 2021 compared to \$16 million and \$32 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 June 30, 2021 and December 31, 2020.

Net Investment ⁽¹⁾

	June 30 2021	December 31 2020
(Dollars in millions)		
Lease receivables	\$ 16,852	\$ 17,627
Unguaranteed residuals	2,191	2,303
Total net investment in sales-type and direct financing leases	\$ 19,043	\$ 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 June 30, 2021 and December 31, 2020.

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

Lease Income

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
(Dollars in millions)				
Sales-type and direct financing leases	\$ 152	\$ 175	\$ 316	\$ 372
Operating leases	223	236	454	479
Total lease income	\$ 375	\$ 411	\$ 770	\$ 851

	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate
	Three Months Ended June 30				Six Months Ended June 30			
	2021		2020		2021		2020	
(Dollars in millions)								
Federal funds sold and securities borrowed or purchased under agreements to resell								
Average during period	\$ 270,443	(0.06)%	\$ 312,404	0.03%	\$ 260,271	(0.04)%	\$ 295,599	0.57%
Maximum month-end balance during period	278,300	n/a	451,179	n/a	278,300	n/a	451,179	n/a
Federal funds purchased and securities loaned or sold under agreements to repurchase								
Average during period	\$ 218,535	0.25%	\$ 187,180	0.38%	\$ 207,880	0.25%	\$ 193,359	1.01%
Maximum month-end balance during period	218,628	n/a	194,870	n/a	218,628	n/a	206,493	n/a
Short-term borrowings								
Average during period	21,600	(0.11)	25,901	0.12	20,639	(0.12)	26,166	0.88
Maximum month-end balance during period	23,333	n/a	27,315	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.

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 June 30, 2021 and December 31, 2020.

Lessee Arrangements

	June 30 2021	December 31 2020
(Dollars in millions)		
Right-of-use asset	\$ 10,030	\$ 10,000
Lease liabilities	10,653	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.

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 June 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

	Gross Assets/Liabilities ⁽¹⁾	Amounts Offset	Net Balance Sheet Amount	Financial Instruments ⁽²⁾	Net Assets/Liabilities
(Dollars in millions)			June 30, 2021		
Securities borrowed or purchased under agreements to resell ⁽³⁾	\$ 524,946	\$ (256,352)	\$ 268,594	\$ (241,909)	\$ 26,685
Securities loaned or sold under agreements to repurchase	\$ 470,139	\$ (256,352)	\$ 213,787	\$ (202,435)	\$ 11,352
Other ⁽⁴⁾	15,071	—	15,071	(15,071)	—
Total	\$ 485,210	\$ (256,352)	\$ 228,858	\$ (217,506)	\$ 11,352
			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 \$20.1 billion and \$14.7 billion reported in loans and leases on the Consolidated Balance Sheet at June 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

	Overnight and Continuous	30 Days or Less	After 30 Days Through 90 Days	Greater than 90 Days ⁽¹⁾	Total
(Dollars in millions)			June 30, 2021		
Securities sold under agreements to repurchase	\$ 187,994	\$ 164,693	\$ 33,069	\$ 44,846	\$ 430,602
Securities loaned	34,167	11	1,226	4,133	39,537
Other	15,071	—	—	—	15,071
Total	\$ 237,232	\$ 164,704	\$ 34,295	\$ 48,979	\$ 485,210
			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

	Securities Sold Under Agreements to Repurchase	Securities Loaned	Other	Total
	June 30, 2021			
(Dollars in millions)				
U.S. government and agency securities	\$ 231,210	\$ —	\$ —	\$ 231,210
Corporate securities, trading loans and other	15,674	2,843	1,160	19,677
Equity securities	20,633	36,121	13,852	70,606
Non-U.S. sovereign debt	161,345	573	59	161,977
Mortgage trading loans and ABS	1,740	—	—	1,740
Total	\$ 430,602	\$ 39,537	\$ 15,071	\$ 485,210
	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 June 30, 2021 and December 31, 2020, the Corporation held restricted cash included within cash and cash equivalents on the Consolidated Balance Sheet of \$6.0 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 (SBLs) 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 \$10.9 billion and \$10.5 billion at June 30, 2021 and December 31, 2020. The carrying value of these commitments at June 30, 2021 and December 31, 2020, excluding commitments accounted for under the fair value option, was \$1.7 billion and \$1.9 billion, which primarily 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 \$5.3 billion and \$4.0 billion at June 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 \$103 million and \$99 million at June 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)

Notional amount of credit extension commitments

	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
June 30, 2021					
Loan commitments ⁽¹⁾	\$ 103,361	\$ 193,656	\$ 155,834	\$ 27,247	\$ 480,098
Home equity lines of credit	762	3,807	10,119	26,286	40,974
Standby letters of credit and financial guarantees ⁽²⁾	20,853	11,634	1,766	539	34,792
Letters of credit ⁽³⁾	1,609	309	30	29	1,977
Legally binding commitments	126,585	209,406	167,749	54,101	557,841
Credit card lines ⁽⁴⁾	394,052	—	—	—	394,052
Total credit extension commitments	\$ 520,637	\$ 209,406	\$ 167,749	\$ 54,101	\$ 951,893

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 ⁽³⁾	886	197	25	27	1,135
Legally binding commitments	130,964	187,114	150,668	47,267	516,013
Credit card lines ⁽⁴⁾	384,955	—	—	—	384,955
Total credit extension commitments	\$ 515,919	\$ 187,114	\$ 150,668	\$ 47,267	\$ 900,968

⁽¹⁾ At June 30, 2021 and December 31, 2020, \$5.5 billion and \$4.8 billion of these loan commitments were held in the form of a security.

⁽²⁾ The notional amounts of SBLs 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 \$25.3 billion and \$9.1 billion at June 30, 2021, and \$25.0 billion and \$10.2 billion at December 31, 2020. Amounts in the table include consumer SBLs of \$476 million and \$500 million at June 30, 2021 and December 31, 2020.

⁽³⁾ At June 30, 2021 and December 31, 2020, included are letters of credit of \$1.9 billion and \$1.8 billion related to certain liquidity commitments of VIEs. For more information, see Note 6 – Securitizations and Other Variable Interest Entities.

⁽⁴⁾ Includes business card unused lines of credit.

Other Commitments

At June 30, 2021 and December 31, 2020, the Corporation had commitments to purchase loans (e.g., residential mortgage and commercial real estate) of \$64 million and \$93 million, which upon settlement will be included in trading account assets, loans or LHFS, and commitments to purchase commercial loans of \$430 million and \$645 million, which upon settlement will be included in trading account assets.

At June 30, 2021 and December 31, 2020, the Corporation had commitments to purchase commodities, primarily liquefied natural gas, of \$616 million and \$582 million, which upon settlement will be included in trading account assets.

At June 30, 2021 and December 31, 2020, the Corporation had commitments to enter into resale and forward-dated resale and securities borrowing agreements of \$127.8 billion and \$66.5 billion, and commitments to enter into forward-dated repurchase and securities lending agreements of \$67.5 billion and \$32.1 billion. These commitments generally expire within the next 12 months.

At June 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.

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 both June 30, 2021 and December 31, 2020, the notional amount of these guarantees totaled \$6.3 billion and \$7.1 billion. At both June 30, 2021 and December 31, 2020, the Corporation's maximum exposure related to these guarantees totaled \$934 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. For the six months ended June 30, 2021, the Corporation processed an aggregate purchase volume of \$411.8 billion. 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 June 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 \$13.6 billion and \$22.5 billion at June 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 \$9.2 billion and \$8.8 billion at June 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 matter 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 \$55 million and \$89 million was recognized for the three and six months ended June 30, 2021 compared to \$57 million and \$81 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 \$1.3 billion in excess of the accrued liability, if any, as of June 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.

NOTE 11 Shareholders' Equity

Common Stock

Declared Quarterly Cash Dividends on Common Stock ⁽¹⁾

Declaration Date	Record Date	Payment Date	Dividend Per Share
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 July 30, 2021.

During the three and six months ended June 30, 2021, the Corporation repurchased and retired 103 million and 204 million shares of common stock, which reduced shareholders' equity by \$4.2 billion and \$7.7 billion.

During the six months ended June 30, 2021, in connection with employee stock plans, the Corporation issued 63 million shares of its common stock and, to satisfy tax withholding obligations, repurchased 24 million shares of its common stock. At June 30, 2021, the Corporation had reserved 566 million unissued shares of common stock for future issuances under employee stock plans, convertible notes and preferred stock.

On July 21, 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 and June 30, 2021, the Corporation declared \$490 million and \$260 million of cash dividends on preferred stock, or a total of \$750 million for the six months ended June 30, 2021. Additionally, on April 25, 2021, the Corporation fully redeemed Series EE Preferred Stock for \$900 million. 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.

NOTE 12 Accumulated Other Comprehensive Income (Loss)

The table below presents the changes in accumulated OCI after-tax for the six months ended June 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	4,693	53	732	100	(107)	5,471
Balance, June 30, 2020	\$ 5,016	\$ (1,441)	\$ 332	\$ (4,068)	\$ (1,001)	\$ (1,162)
Balance, December 31, 2020	\$ 5,122	\$ (1,992)	\$ 426	\$ (4,266)	\$ (946)	\$ (1,656)
Net change	(1,090)	265	(699)	120	(3)	(1,407)
Balance, June 30, 2021	\$ 4,032	\$ (1,727)	\$ (273)	\$ (4,146)	\$ (949)	\$ (3,063)

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 six months ended June 30, 2021 and 2020.

	Pretax	Tax effect	After-tax	Pretax	Tax effect	After-tax
	Six Months Ended June 30					
	2021			2020		
(Dollars in millions)						
Debt securities:						
Net increase (decrease) in fair value	\$ (1,445)	\$ 355	\$ (1,090)	\$ 6,628	\$ (1,652)	\$ 4,976
Net realized gains reclassified into earnings ⁽¹⁾	—	—	—	(377)	94	(283)
Net change	(1,445)	355	(1,090)	6,251	(1,558)	4,693
Debit valuation adjustments:						
Net increase in fair value	336	(76)	260	63	(13)	50
Net realized losses reclassified into earnings ⁽¹⁾	7	(2)	5	4	(1)	3
Net change	343	(78)	265	67	(14)	53
Derivatives:						
Net increase (decrease) in fair value	(820)	205	(615)	914	(222)	692
Reclassifications into earnings:						
Net interest income	(84)	20	(64)	53	(13)	40
Compensation and benefits expense	(26)	6	(20)	—	—	—
Net realized (gains) losses reclassified into earnings	(110)	26	(84)	53	(13)	40
Net change	(930)	231	(699)	967	(235)	732
Employee benefit plans:						
Net actuarial losses and other reclassified into earnings ⁽²⁾	142	(22)	120	133	(33)	100
Net change	142	(22)	120	133	(33)	100
Foreign currency:						
Net decrease in fair value	116	(119)	(3)	115	(222)	(107)
Net change	116	(119)	(3)	115	(222)	(107)
Total other comprehensive income (loss)	\$ (1,774)	\$ 367	\$ (1,407)	\$ 7,533	\$ (2,062)	\$ 5,471

⁽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 six months ended June 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.

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
(In millions, except per share information)				
Earnings per common share				
Net income	\$ 9,224	\$ 3,533	\$ 17,274	\$ 7,543
Preferred stock dividends	(260)	(249)	(750)	(718)
Net income applicable to common shareholders	\$ 8,964	\$ 3,284	\$ 16,524	\$ 6,825
Average common shares issued and outstanding	8,620.8	8,739.9	8,660.4	8,777.6
Earnings per common share	\$ 1.04	\$ 0.38	\$ 1.91	\$ 0.78
Diluted earnings per common share				
Net income applicable to common shareholders	\$ 8,964	\$ 3,284	\$ 16,524	\$ 6,825
Add preferred stock dividends due to assumed conversions	56	—	112	—
Net income allocated to common shareholders	\$ 9,020	\$ 3,284	\$ 16,636	\$ 6,825
Average common shares issued and outstanding	8,620.8	8,739.9	8,660.4	8,777.6
Dilutive potential common shares ⁽¹⁾	114.7	28.2	115.8	35.7
Total diluted average common shares issued and outstanding	8,735.5	8,768.1	8,776.2	8,813.3
Diluted earnings per common share	\$ 1.03	\$ 0.37	\$ 1.90	\$ 0.77

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

For the three and six months ended June 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 and six months ended June 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 six months ended June 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 June 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.

(Dollars in millions)	June 30, 2021					
	Fair Value Measurements			Netting Adjustments ⁽¹⁾		Assets/Liabilities at Fair Value
	Level 1	Level 2	Level 3			
Assets						
Time deposits placed and other short-term investments	\$ 1,450	\$ —	\$ —	\$ —	\$ —	\$ 1,450
Federal funds sold and securities borrowed or purchased under agreements to resell	—	163,344	—	—	—	163,344
Trading account assets:						
U.S. Treasury and agency securities ⁽²⁾	40,733	1,299	—	—	—	42,032
Corporate securities, trading loans and other	—	36,707	1,764	—	—	38,471
Equity securities	104,218	39,316	260	—	—	143,794
Non-U.S. sovereign debt	10,621	20,919	414	—	—	31,954
Mortgage trading loans, MBS and ABS:						
U.S. government-sponsored agency guaranteed ⁽²⁾	—	23,567	97	—	—	23,664
Mortgage trading loans, ABS and other MBS	—	10,417	1,401	—	—	11,818
Total trading account assets ⁽³⁾	155,572	132,225	3,936	—	—	291,733
Derivative assets	17,487	331,302	3,312	(310,603)	—	41,498
AFS debt securities:						
U.S. Treasury and agency securities	159,245	1,088	—	—	—	160,333
Mortgage-backed securities:						
Agency	—	57,889	—	—	—	57,889
Agency-collateralized mortgage obligations	—	4,226	—	—	—	4,226
Non-agency residential	—	647	205	—	—	852
Commercial	—	18,919	—	—	—	18,919
Non-U.S. securities	—	17,156	11	—	—	17,167
Other taxable securities	—	2,847	74	—	—	2,921
Tax-exempt securities	—	15,823	51	—	—	15,874
Total AFS debt securities	159,245	118,595	341	—	—	278,181
Other debt securities carried at fair value:						
U.S. Treasury and agency securities	518	—	—	—	—	518
Non-agency residential MBS	—	451	281	—	—	732
Non-U.S. and other securities	3,491	5,991	—	—	—	9,482
Total other debt securities carried at fair value	4,009	6,442	281	—	—	10,732
Loans and leases	—	6,093	857	—	—	6,950
Loans held-for-sale	—	1,944	263	—	—	2,207
Other assets ⁽⁴⁾	10,034	3,119	1,775	—	—	14,928
Total assets⁽⁵⁾	\$ 347,797	\$ 763,064	\$ 10,765	\$ (310,603)	\$ —	\$ 811,023
Liabilities						
Interest-bearing deposits in U.S. offices	\$ —	\$ 515	\$ —	\$ —	\$ —	\$ 515
Federal funds purchased and securities loaned or sold under agreements to repurchase	—	165,781	—	—	—	165,781
Trading account liabilities:						
U.S. Treasury and agency securities	22,888	289	—	—	—	23,177
Equity securities	47,288	4,358	—	—	—	51,646
Non-U.S. sovereign debt	17,404	9,074	—	—	—	26,478
Corporate securities and other	—	8,766	17	—	—	8,783
Total trading account liabilities	87,580	22,487	17	—	—	110,084
Derivative liabilities	16,945	330,062	6,196	(314,287)	—	38,916
Short-term borrowings	—	4,490	—	—	—	4,490
Accrued expenses and other liabilities	11,899	3,275	—	—	—	15,174
Long-term debt	—	29,301	1,060	—	—	30,361
Total liabilities⁽⁵⁾	\$ 116,424	\$ 555,911	\$ 7,273	\$ (314,287)	\$ —	\$ 365,321

⁽¹⁾ Amounts represent the impact of legally enforceable master netting agreements and also cash collateral held or placed with the same counterparties.

⁽²⁾ Includes \$23.7 billion of GSE obligations.

⁽³⁾ Includes securities with a fair value of \$8.6 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 \$2.1 billion that are accounted for at the lower of cost or net realizable value, which is the current selling price less any costs to sell.

⁽⁴⁾ Includes MSRs of \$976 million which are classified as Level 3 assets.

⁽⁵⁾ Total recurring Level 3 assets were 0.36 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			Netting/Adjustments ⁽¹⁾	Assets/Liabilities at Fair Value	
	Level 1	Level 2	Level 3			
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 agency securities ⁽²⁾	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	20,894	354	—	—	26,991
Mortgage trading loans, MBS and ABS:						
U.S. government-sponsored agency guaranteed ⁽²⁾	—	21,566	75	—	—	21,641
Mortgage trading loans, ABS and other MBS	—	8,440	1,365	—	—	9,805
Total trading account assets ⁽³⁾	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 agency securities	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 agency securities	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 ⁽⁴⁾	9,898	3,850	1,970	—	—	15,718
Total assets ⁽⁵⁾	\$ 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 agency securities	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 ⁽⁶⁾	\$ 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 \$22.2 billion of GSE obligations.

⁽³⁾ 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 are accounted for at the lower of cost or net realizable value, which is the current selling price less any costs to sell.

⁽⁴⁾ Includes MSRs of \$1.0 billion which are classified as Level 3 assets.

⁽⁵⁾ 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 six months ended June 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⁾

	Balance April 1	Total Realized/Unrealized Gains (Losses) In Net Income ⁽²⁾	Gains (Losses) In OCI ⁽²⁾	Purchases	Sales	Gross Issuances	Settlements	Gross Transfers Into Level 3	Gross Transfers Out of Level 3	Balance June 30	Change in Unrealized Gains (Losses) In Net Income Related to Financial Instruments Still Held ⁽³⁾
(Dollars in millions)											
Three Months Ended June 30, 2021											
Trading account assets:											
Corporate securities, trading loans and other	\$ 1,516	\$ 38	\$ —	\$ 185	\$ (110)	\$ —	\$ (116)	\$ 306	\$ (55)	\$ 1,764	\$ 16
Equity securities	273	32	—	8	(26)	—	—	26	(53)	260	23
Non-U.S. sovereign debt	334	20	34	—	—	—	—	26	—	414	20
Mortgage trading loans, MBS and ABS	1,561	(10)	—	119	(274)	—	(28)	188	(58)	1,498	(10)
Total trading account assets	3,684	80	34	312	(410)	—	(144)	546	(166)	3,936	49
Net derivative assets (liabilities) ⁽⁴⁾	(3,206)	5	—	211	(88)	—	36	(83)	241	(2,884)	(19)
AFS debt securities:											
Non-agency residential MBS	284	1	3	—	—	—	(8)	—	(75)	205	—
Non-U.S. securities	13	(1)	—	—	—	—	(1)	—	—	11	—
Other taxable securities	73	—	1	—	—	—	—	—	—	74	—
Tax-exempt securities	98	3	—	—	—	—	—	—	(50)	51	3
Total AFS debt securities	468	3	4	—	—	—	(9)	—	(125)	341	3
Other debt securities carried at fair value – Non-agency residential MBS	260	3	—	—	—	—	(14)	32	—	281	3
Loans and leases ^(5,6)	793	34	—	—	—	60	(46)	16	—	857	34
Loans held-for-sale ^(5,6)	220	10	11	38	—	—	(23)	7	—	263	4
Other assets ^(6,7)	2,090	(153)	4	55	(144)	23	(100)	—	—	1,775	(117)
Trading account liabilities – Corporate securities and other	(16)	—	—	—	—	(1)	—	—	—	(17)	—
Long-term debt ⁽⁵⁾	(1,028)	(67)	15	2	—	(2)	19	—	1	(1,060)	(66)
Three Months Ended June 30, 2020											
Trading account assets:											
Corporate securities, trading loans and other	\$ 1,640	\$ (27)	\$ —	\$ 64	\$ (42)	\$ —	\$ (42)	\$ 147	\$ (192)	\$ 1,548	\$ (27)
Equity securities	249	1	—	3	(23)	—	—	—	(36)	194	—
Non-U.S. sovereign debt	250	26	(10)	2	(11)	—	(9)	—	—	248	26
Mortgage trading loans, MBS and ABS	1,733	(22)	(1)	104	(229)	—	(21)	259	(87)	1,736	(36)
Total trading account assets	3,872	(22)	(11)	173	(305)	—	(72)	406	(315)	3,726	(37)
Net derivative assets (liabilities) ⁽⁴⁾	(2,909)	(463)	—	137	(233)	—	(178)	252	51	(3,343)	(558)
AFS debt securities:											
Non-agency residential MBS	524	(2)	4	23	—	—	(10)	5	(82)	462	(2)
Non-U.S. securities	1	—	—	—	—	—	—	4	—	5	—
Other taxable securities	68	—	—	—	(4)	—	—	1	—	65	—
Tax-exempt securities	100	(24)	1	—	—	—	—	265	(5)	337	(24)
Total AFS debt securities	693	(26)	5	23	(4)	—	(10)	275	(87)	869	(26)
Other debt securities carried at fair value – Non-agency residential MBS	269	43	—	—	—	—	(4)	150	(9)	449	43
Loans and leases ^(5,6)	558	47	—	32	(1)	22	(15)	98	—	741	46
Loans held-for-sale ^(5,6)	1,077	9	(5)	—	(81)	—	(30)	—	—	970	5
Other assets ^(6,7)	1,960	(68)	13	—	—	133	(128)	3	(2)	1,911	(91)
Trading account liabilities – Equity securities	(1)	—	—	—	—	—	—	—	—	(1)	—
Trading account liabilities – Corporate securities and other	(20)	4	—	(1)	—	—	1	—	—	(16)	—
Long-term debt ⁽⁵⁾	(721)	(72)	(127)	—	—	(32)	14	(29)	11	(956)	(74)

⁽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 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 gains (losses) of \$67 million and \$(126) million related to financial instruments still held at June 30, 2021 and 2020.

⁽⁴⁾ Net derivative assets (liabilities) include derivative assets of \$3.3 billion and \$2.6 billion and derivative liabilities of \$6.2 billion and \$5.9 billion at June 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⁾

	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 June 30	Change in Unrealized Gains (Losses) in Net Income Related to Financial Instruments Still Held ⁽²⁾
				Purchases	Sales	Issuances	Settlements				
Six Months Ended June 30, 2021											
Trading account assets:											
Corporate securities, trading loans and other	\$ 1,359	\$ 25	\$ —	\$ 426	\$ (257)	\$ —	\$ (133)	\$ 458	\$ (114)	\$ 1,764	\$ (5)
Equity securities	227	22	—	53	(49)	—	—	78	(71)	260	14
Non-U.S. sovereign debt	354	20	12	2	—	—	—	26	—	414	23
Mortgage trading loans, ABS and other MBS	1,440	39	—	247	(495)	1	(64)	444	(114)	1,498	16
Total trading account assets	3,380	106	12	728	(801)	1	(197)	1,006	(299)	3,936	48
Net derivative assets (liabilities) ⁽⁴⁾	(3,468)	291	—	349	(349)	—	183	(191)	301	(2,884)	192
AFS debt securities:											
Non-agency residential MBS	378	(15)	(94)	—	—	—	(25)	36	(75)	205	(2)
Non-U.S. securities	18	(1)	—	—	—	—	(6)	—	—	11	—
Other taxable securities	71	—	(5)	8	—	—	—	—	—	74	—
Tax-exempt securities	176	17	—	—	—	—	—	—	(142)	51	16
Total AFS debt securities	643	1	(99)	8	—	—	(31)	36	(217)	341	14
Other debt securities carried at fair value – Non-agency residential MBS	267	2	—	—	—	—	(20)	32	—	281	2
Loans and leases ^(5,6)	717	104	—	—	—	70	(80)	46	—	857	111
Loans held-for-sale ^(5,6)	236	4	3	38	—	—	(40)	26	(4)	263	(5)
Other assets ^(6,7)	1,970	21	8	55	(145)	64	(205)	7	—	1,775	46
Trading account liabilities – Corporate securities and other	(16)	—	—	—	—	(1)	—	—	—	(17)	1
Long-term debt ⁽⁵⁾	(1,164)	(18)	2	2	—	(2)	37	(32)	115	(1,060)	(34)
Six Months Ended June 30, 2020											
Trading account assets:											
Corporate securities, trading loans and other	\$ 1,507	\$ (130)	\$ (1)	\$ 280	\$ (132)	\$ 8	\$ (74)	\$ 384	\$ (294)	\$ 1,548	\$ (122)
Equity securities	239	(25)	—	29	(34)	—	—	25	(40)	194	(23)
Non-U.S. sovereign debt	482	28	(63)	75	(59)	—	(19)	17	(213)	248	28
Mortgage trading loans, ABS and other MBS	1,553	(147)	(3)	466	(474)	—	(40)	492	(111)	1,736	(139)
Total trading account assets	3,781	(274)	(67)	850	(699)	8	(133)	918	(658)	3,726	(256)
Net derivative assets (liabilities) ⁽⁴⁾	(2,538)	(117)	—	177	(381)	—	(166)	(276)	(42)	(3,343)	(500)
AFS debt securities:											
Non-agency residential MBS	424	(5)	(9)	23	—	—	(22)	133	(82)	462	(5)
Non-U.S. securities	2	—	—	—	(1)	—	—	4	—	5	—
Other taxable securities	65	—	—	3	(4)	—	—	1	—	65	—
Tax-exempt securities	108	(34)	3	—	—	—	—	265	(5)	337	(33)
Total AFS debt securities	599	(39)	(6)	26	(5)	—	(22)	403	(87)	869	(38)
Other debt securities carried at fair value – Non-agency residential MBS	299	(6)	—	—	—	—	(8)	176	(12)	449	(29)
Loans and leases ^(5,6)	693	(72)	—	32	(1)	22	(31)	98	—	741	(36)
Loans held-for-sale ^(5,6)	375	—	(33)	—	(81)	691	(75)	93	—	970	(10)
Other assets ^(6,7)	2,360	(319)	(17)	—	1	153	(270)	5	(2)	1,911	(376)
Trading account liabilities – Equity securities	(2)	1	—	—	—	—	—	—	—	(1)	1
Trading account liabilities – Corporate securities and other	(15)	5	—	(7)	—	—	1	—	—	(16)	1
Long-term debt ⁽⁵⁾	(1,149)	55	60	8	—	(45)	155	(52)	12	(956)	37

⁽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 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 gains (losses) of \$(5) million and \$(40) million related to financial instruments still held at June 30, 2021 and 2020.

⁽⁴⁾ Net derivative assets (liabilities) include derivative assets of \$3.3 billion and \$2.6 billion and derivative liabilities of \$6.2 billion and \$5.9 billion at June 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 June 30, 2021 and December 31, 2020.

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

(Dollars in millions)

(dollars in millions)

Inputs

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted Average ⁽¹⁾
Loans and Securities ⁽²⁾					
Instruments backed by residential real estate assets	\$ 1,237	Discounted cash flow, Market comparables	Yield	0% to 25%	6 %
Trading account assets – Mortgage trading loans, ABS and other MBS	368		Prepayment speed	1% to 37% CPR	18% CPR
Loans and leases	383		Default rate	0% to 3% CDR	1% CDR
AFS debt securities – Non-agency residential	205		Price	\$0 to \$155	\$96
Other debt securities carried at fair value – Non-agency residential	281		Loss severity	0% to 42%	14 %
Instruments backed by commercial real estate assets	\$ 440		Discounted cash flow	Yield	0% to 25%
Trading account assets – Corporate securities, trading loans and other	266	Price		\$0 to \$101	\$60
Trading account assets – Mortgage trading loans, ABS and other MBS	80				
AFS debt securities, primarily other taxable securities	85				
Loans held-for-sale	9				
Commercial loans, debt securities and other	\$ 3,741	Discounted cash flow, Market comparables	Yield	0% to 17%	9 %
Trading account assets – Corporate securities, trading loans and other	1,498		Prepayment speed	10% to 20%	13 %
Trading account assets – Non-U.S. sovereign debt	414		Default rate	3% to 4%	4 %
Trading account assets – Mortgage trading loans, ABS and other MBS	1,050		Loss severity	35% to 40%	38 %
AFS debt securities – Tax-exempt securities	51		Price	\$0 to \$156	\$71
Loans and leases	474		Long-dated equity volatilities	44%	n/a
Loans held-for-sale	254				
Other assets, primarily auction rate securities	\$ 799	Discounted cash flow, Market comparables	Price	\$10 to \$96	\$93
			Discount rate	8 %	n/a
MSRs	\$ 976	Discounted cash flow	Weighted-average life, fixed rate ⁽³⁾	0 to 14 years	4 years
			Weighted-average life, variable rate ⁽³⁾	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	\$ (1,060)	Discounted cash flow, Market comparables, Industry standard derivative pricing ⁽³⁾	Yield	0% to 14%	12 %
			Equity correlation	3% to 99%	74 %
			Long-dated equity volatilities	4% to 61%	37 %
			Price	\$0 to \$124	\$87
			Natural gas forward price	\$2/MMBtu to \$6/MMBtu	\$3/MMBtu
Net derivative assets (liabilities)					
Credit derivatives	\$ (108)	Discounted cash flow, Stochastic recovery correlation model	Credit spreads	1 to 375 bps	85 bps
			Upfront points	16 to 100 points	74 points
			Prepayment speed	15% CPR	n/a
			Default rate	2% CDR	n/a
			Credit correlation	21% to 60%	55 %
			Price	\$0 to \$122	\$63
Equity derivatives	\$ (1,440)	Industry standard derivative pricing ⁽³⁾	Equity correlation	3% to 99%	74 %
			Long-dated equity volatilities	4% to 60%	37 %
Commodity derivatives	\$ (1,259)	Discounted cash flow, Industry standard derivative pricing ⁽³⁾	Natural gas forward price	\$2/MMBtu to \$6/MMBtu	\$3/MMBtu
			Correlation	54% to 85%	74 %
			Volatilities	27% to 51%	41 %
Interest rate derivatives	\$ (77)	Industry standard derivative pricing ⁽³⁾	Correlation (IR/IR)	(1%) to 90%	52 %
			Correlation (FX/IR)	0% to 58%	19 %
			Long-dated inflation rates	(8%) to 15%	6 %
			Long-dated inflation volatilities	0% to 1%	1 %
			Interest rate volatilities	0% to 2%	1 %
Total net derivative assets (liabilities)	\$ (2,884)				

⁽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 87: Trading account assets – Corporate securities, trading loans and other of \$ 1.8 billion, Trading account assets – Non-U.S. sovereign debt of \$414 million, Trading account assets – Mortgage trading loans, MBS and ABS of \$1.5 billion, AFS debt securities of \$341 million, Other debt securities carried at fair value – Non-agency residential of \$281 million, Other assets, including MSRs, of \$1.8 billion, Loans and leases of \$857 million and LHFS of \$263 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)

(Dollars in millions)		Inputs			
Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of 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%
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
		Discount rate		8%	n/a
MSRs	\$ 1,033	Discounted cash flow	Weighted-average life, fixed rate ⁽³⁾	0 to 13 years	4 years
			Weighted-average life, variable rate ⁽³⁾	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%
		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 88: 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 - Nonagency 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 six months ended June 30, 2021 and 2020.

Assets Measured at Fair Value on a Nonrecurring Basis

	June 30, 2021		Three Months Ended June 30, 2021		Six Months Ended June 30, 2021	
(Dollars in millions)	Level 2	Level 3	Gains (Losses)			
Assets						
Loans held-for-sale	\$ 1,105	\$ 52	\$ 9	\$ 9		
Loans and leases ⁽¹⁾	—	142	(24)	(37)		
Foreclosed properties ^(2, 3)	—	3	—	(1)		
Other assets	322	2,172	(67)	(470)		

⁽¹⁾ Includes \$15 million and \$18 million of losses on loans that were written down to a collateral value of zero during the three and six months ended June 30, 2021 compared to losses of \$9 million and \$18 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 \$66 million and \$124 million of properties acquired upon foreclosure of certain government-guaranteed loans (principally FHA-insured loans) at June 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 June 30, 2021 and December 31, 2020.

Quantitative Information about Nonrecurring Level 3 Fair Value Measurements

Financial Instrument	Fair Value	Valuation Technique	Inputs		
			Significant Unobservable Inputs	Ranges of Inputs	Weighted Average ⁽¹⁾
(Dollars in millions)			Six Months Ended June 30, 2021		
Loans and leases ⁽²⁾	\$ 142	Market comparables	OREO discount	13% to 59%	24%
			Costs to sell	8% to 26%	9%
Other assets ⁽³⁾	1,955	Discounted cash flow	Discount rate	7%	n/a
	211	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 June 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 six months ended June 30, 2021 and 2020.

Fair Value Option Elections

	June 30, 2021			December 31, 2020		
	Fair Value Carrying Amount	Contractual Principal Outstanding	Fair Value Carrying Amount Less Unpaid Principal	Fair Value Carrying Amount	Contractual Principal Outstanding	Fair Value Carrying Amount Less Unpaid Principal
(Dollars in millions)						
Federal funds sold and securities borrowed or purchased under agreements to resell	\$ 163,344	\$ 163,314	\$ 30	\$ 108,856	\$ 108,811	\$ 45
Loans reported as trading account assets ⁽¹⁾	9,818	18,392	(8,574)	7,967	17,372	(9,405)
Trading inventory – other	24,322	n/a	n/a	22,790	n/a	n/a
Consumer and commercial loans	6,950	7,000	(50)	6,681	6,778	(97)
Loans held-for-sale ⁽¹⁾	2,207	3,128	(921)	1,585	2,521	(936)
Other assets	183	n/a	n/a	200	n/a	n/a
Long-term deposits	515	501	14	481	448	33
Federal funds purchased and securities loaned or sold under agreements to repurchase	165,781	165,790	(9)	135,391	135,390	1
Short-term borrowings	4,490	4,497	(7)	5,874	5,178	696
Unfunded loan commitments	103	n/a	n/a	99	n/a	n/a
Long-term debt	30,361	31,436	(1,075)	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

	Three Months Ended June 30					
	2021			2020		
	Market making and similar activities	Other Income	Total	Market making and similar activities	Other Income	Total
(Dollars in millions)						
Loans reported as trading account assets	\$ 171	\$ —	\$ 171	\$ 314	\$ —	\$ 314
Trading inventory – other ⁽¹⁾	2,304	—	2,304	3,343	—	3,343
Consumer and commercial loans	43	26	69	36	171	207
Loans held-for-sale ⁽²⁾	—	23	23	—	58	58
Short-term borrowings	61	—	61	(283)	—	(283)
Unfunded loan commitments	—	(11)	(11)	—	46	46
Long-term debt ⁽³⁾	(1,047)	(8)	(1,055)	(1,869)	(9)	(1,878)
Other ⁽⁴⁾	(1)	(46)	(47)	(4)	—	(4)
Total	\$ 1,531	\$ (16)	\$ 1,515	\$ 1,537	\$ 266	\$ 1,803

	Six Months Ended June 30					
	2021			2020		
	Market making and similar activities	Other Income	Total	Market making and similar activities	Other Income	Total
(Dollars in millions)						
Loans reported as trading account assets	\$ 283	\$ —	\$ 283	\$ (73)	\$ —	\$ (73)
Trading inventory – other ⁽¹⁾	1,574	—	1,574	550	—	550
Consumer and commercial loans	114	45	159	(47)	(187)	(234)
Loans held-for-sale ⁽²⁾	—	11	11	—	45	45
Short-term borrowings	474	—	474	234	—	234
Unfunded loan commitments	—	(6)	(6)	—	(70)	(70)
Long-term debt ⁽³⁾	(661)	(24)	(685)	(953)	(25)	(978)
Other ⁽⁴⁾	11	(24)	(13)	9	(38)	(29)
Total	\$ 1,795	\$ 2	\$ 1,797	\$ (280)	\$ (275)	\$ (555)

⁽¹⁾ The gains in market making and similar activities are primarily offset by losses on trading liabilities that hedge these assets.

⁽²⁾ Includes the value of FRLCs on funded loans, including those sold during the period.

⁽³⁾ The net losses in market making and similar activities relate to the embedded derivatives in structured liabilities and are typically offset by 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

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
(Dollars in millions)				
Loans reported as trading account assets	\$ 121	\$ 153	\$ 187	(236)
Consumer and commercial loans	19	153	32	(196)
Loans held-for-sale	4	(19)	(2)	(93)
Unfunded loan commitments	(11)	46	(6)	(70)

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 June 30, 2021 and December 31, 2020 are presented in the following table.

Fair Value of Financial Instruments

(Dollars in millions)	Carrying Value	Fair Value			Total
		Level 2	Level 3		
		June 30, 2021			
Financial assets					
Loans	\$ 883,938	\$ 50,383	\$ 875,364	\$	925,747
Loans held-for-sale	8,277	7,489	788		8,277
Financial liabilities					
Deposits ⁽¹⁾	1,909,142	1,909,132	—		1,909,132
Long-term debt	274,604	282,903	1,060		283,963
Commercial unfunded lending commitments ⁽²⁾	1,790	103	6,259		6,362
December 31, 2020					
Financial assets					
Loans	\$ 887,289	\$ 49,372	\$ 877,682	\$	927,064
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 \$936.2 billion and \$799.0 billion with no stated maturities at June 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 six months ended June 30, 2021 and 2020, and total assets at June 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 June 30

(Dollars in millions)

	Total Corporation ⁽¹⁾		Consumer Banking		Global Wealth & Investment Management	
	2021	2020	2021	2020	2021	2020
Net interest income	\$ 10,343	\$ 10,976	\$ 5,973	\$ 5,991	\$ 1,354	\$ 1,378
Noninterest income	11,233	11,478	2,213	1,861	3,711	3,047
Total revenue, net of interest expense	21,576	22,454	8,186	7,852	5,065	4,425
Provision for credit losses	(1,621)	5,117	(697)	3,024	(62)	136
Noninterest expense	15,045	13,410	4,859	4,735	3,814	3,464
Income before income taxes	8,152	3,927	4,024	93	1,313	825
Income tax expense	(1,072)	394	986	23	322	202
Net income	\$ 9,224	\$ 3,533	\$ 3,038	\$ 70	\$ 991	\$ 623
Period-end total assets	\$ 3,029,894	\$ 2,741,688	\$ 1,063,650	\$ 929,193	\$ 378,220	\$ 334,190

	Global Banking		Global Markets		All Other	
	2021	2020	2021	2020	2021	2020
Net interest income	\$ 1,984	\$ 2,363	\$ 991	\$ 1,297	\$ 41	\$ (53)
Noninterest income	3,105	2,728	3,729	4,053	(1,525)	(211)
Total revenue, net of interest expense	5,089	5,091	4,720	5,350	(1,484)	(264)
Provision for credit losses	(831)	1,873	22	105	(53)	(21)
Noninterest expense	2,599	2,222	3,471	2,684	302	305
Income before income taxes	3,321	996	1,227	2,561	(1,733)	(548)
Income tax expense	897	269	319	666	(3,596)	(766)
Net income	\$ 2,424	\$ 727	\$ 908	\$ 1,895	\$ 1,863	\$ 218
Period-end total assets	\$ 607,969	\$ 586,078	\$ 773,714	\$ 652,068	\$ 206,341	\$ 240,159

⁽¹⁾ There were no material intersegment revenues.

Results of Business Segments and All Other

At and for the six months ended June 30

(Dollars in millions)

	Total Corporation ⁽¹⁾		Consumer Banking		Global Wealth & Investment Management	
	2021	2020	2021	2020	2021	2020
Net interest income	\$ 20,651	\$ 23,250	\$ 11,893	\$ 12,853	\$ 2,685	\$ 2,949
Noninterest income	23,857	22,115	4,362	4,127	7,351	6,412
Total revenue, net of interest expense	44,508	45,365	16,255	16,980	10,036	9,361
Provision for credit losses	(3,481)	9,878	(1,314)	5,282	(127)	325
Noninterest expense	30,560	26,885	9,990	9,230	7,682	7,064
Income before income taxes	17,429	8,602	7,579	2,468	2,481	1,972
Income tax expense	155	1,059	1,857	605	608	483
Net income	\$ 17,274	\$ 7,543	\$ 5,722	\$ 1,863	\$ 1,873	\$ 1,489
Period-end total assets	\$ 3,029,894	\$ 2,741,688	\$ 1,063,650	\$ 929,193	\$ 378,220	\$ 334,190

	Global Banking		Global Markets		All Other	
	2021	2020	2021	2020	2021	2020
Net interest income	\$ 3,964	\$ 4,975	\$ 1,981	\$ 2,449	\$ 128	\$ 24
Noninterest income	5,758	4,716	8,937	8,126	(2,551)	(1,266)
Total revenue, net of interest expense	9,722	9,691	10,918	10,575	(2,423)	(1,242)
Provision for credit losses	(1,957)	3,966	17	212	(100)	93
Noninterest expense	5,380	4,540	6,898	5,498	610	553
Income before income taxes	6,299	1,185	4,003	4,865	(2,933)	(1,888)
Income tax expense	1,701	320	1,041	1,265	(5,052)	(1,614)
Net income	\$ 4,598	\$ 865	\$ 2,962	\$ 3,600	\$ 2,119	\$ (274)
Period-end total assets	\$ 607,969	\$ 586,078	\$ 773,714	\$ 652,068	\$ 206,341	\$ 240,159

⁽¹⁾ There were no material intersegment revenues.

The tables below present noninterest income and the associated components for the three and six months ended June 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

(Dollars in millions)	Total Corporation		Consumer Banking		Global Wealth & Investment Management	
			Three Months Ended June 30			
	2021	2020	2021	2020	2021	2020
Fees and commissions:						
Card income						
Interchange fees	\$ 1,210	\$ 830	\$ 945	\$ 645	\$ 12	\$ 8
Other card income	376	419	367	408	9	10
Total card income	1,586	1,249	1,312	1,053	21	18
Service charges						
Deposit-related fees	1,557	1,299	851	706	18	14
Lending-related fees	317	263	—	—	—	—
Total service charges	1,874	1,562	851	706	18	14
Investment and brokerage services						
Asset management fees	3,156	2,483	45	34	3,110	2,454
Brokerage fees	967	939	33	32	427	400
Total investment and brokerage services	4,123	3,422	78	66	3,537	2,854
Investment banking fees						
Underwriting income	1,314	1,523	—	—	88	84
Syndication fees	401	230	—	—	—	—
Financial advisory services	407	406	—	—	—	—
Total investment banking fees	2,122	2,159	—	—	88	84
Total fees and commissions	9,705	8,392	2,241	1,825	3,664	2,970
Market making and similar activities	1,826	2,487	—	1	11	18
Other income (loss)	(298)	599	(28)	35	36	59
Total noninterest income	\$ 11,233	\$ 11,478	\$ 2,213	\$ 1,861	\$ 3,711	\$ 3,047
	Global Banking		Global Markets		All Other ⁽¹⁾	
			Three Months Ended June 30			
	2021	2020	2021	2020	2021	2020
Fees and commissions:						
Card income						
Interchange fees	\$ 178	\$ 65	\$ 74	\$ 111	\$ 1	\$ 1
Other card income	2	3	—	—	(2)	(2)
Total card income	180	68	74	111	(1)	(1)
Service charges						
Deposit-related fees	641	524	45	45	2	10
Lending-related fees	259	214	58	50	—	(1)
Total service charges	900	738	103	95	2	9
Investment and brokerage services						
Asset management fees	—	—	—	—	1	(5)
Brokerage fees	40	23	473	480	(6)	4
Total investment and brokerage services	40	23	473	480	(5)	(1)
Investment banking fees						
Underwriting income	587	703	737	781	(98)	(45)
Syndication fees	210	133	191	97	—	—
Financial advisory services	376	345	31	61	—	—
Total investment banking fees	1,173	1,181	959	939	(98)	(45)
Total fees and commissions	2,293	2,010	1,609	1,625	(102)	(38)
Market making and similar activities	28	(15)	1,964	2,360	(177)	123
Other income (loss)	784	733	156	68	(1,246)	(296)
Total noninterest income	\$ 3,105	\$ 2,728	\$ 3,729	\$ 4,053	\$ (1,525)	\$ (211)

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

Noninterest Income by Business Segment and All Other

	Total Corporation		Consumer Banking		Global Wealth & Investment Management	
			Six Months Ended June 30			
	2021	2020	2021	2020	2021	2020
(Dollars in millions)						
Fees and commissions:						
Card income						
Interchange fees	\$ 2,277	\$ 1,622	\$ 1,781	\$ 1,289	\$ 22	\$ 16
Other card income	744	899	720	874	18	19
Total card income	3,021	2,521	2,501	2,163	40	35
Service charges						
Deposit-related fees	3,052	2,926	1,682	1,701	36	32
Lending-related fees	614	539	—	—	—	—
Total service charges	3,666	3,465	1,682	1,701	36	32
Investment and brokerage services						
Asset management fees	6,158	5,165	87	72	6,071	5,106
Brokerage fees	2,028	2,015	68	65	857	870
Total investment and brokerage services	8,186	7,180	155	137	6,928	5,976
Investment banking fees						
Underwriting income	2,860	2,371	—	—	223	199
Syndication fees	701	501	—	—	—	—
Financial advisory services	807	675	—	—	—	—
Total investment banking fees	4,368	3,547	—	—	223	199
Total fees and commissions	19,241	16,713	4,338	4,001	7,227	6,242
Market making and similar activities	5,355	5,294	—	2	22	39
Other income (loss)	(739)	108	24	124	102	131
Total noninterest income	\$ 23,857	\$ 22,115	\$ 4,362	\$ 4,127	\$ 7,351	\$ 6,412

	Global Banking		Global Markets		All Other ⁽¹⁾	
			Six Months Ended June 30			
	2021	2020	2021	2020	2021	2020
Fees and commissions:						
Card income						
Interchange fees	\$ 324	\$ 184	\$ 150	\$ 132	\$ —	\$ 1
Other card income	6	7	—	—	—	(1)
Total card income	330	191	150	132	—	—
Service charges						
Deposit-related fees	1,243	1,095	87	80	4	18
Lending-related fees	504	438	110	102	—	(1)
Total service charges	1,747	1,533	197	182	4	17
Investment and brokerage services						
Asset management fees	—	—	—	—	—	(13)
Brokerage fees	81	31	1,033	1,048	(11)	1
Total investment and brokerage services	81	31	1,033	1,048	(11)	(12)
Investment banking fees						
Underwriting income	1,241	1,071	1,536	1,237	(140)	(136)
Syndication fees	371	279	330	222	—	—
Financial advisory services	733	592	74	83	—	—
Total investment banking fees	2,345	1,942	1,940	1,542	(140)	(136)
Total fees and commissions	4,503	3,697	3,320	2,904	(147)	(131)
Market making and similar activities	59	72	5,434	5,334	(160)	(153)
Other income (loss)	1,196	947	183	(112)	(2,244)	(982)
Total noninterest income	\$ 5,758	\$ 4,716	\$ 8,937	\$ 8,126	\$ (2,551)	\$ (1,266)

⁽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 June 30		Six Months Ended June 30	
	2021	2020	2021	2020
(Dollars in millions)				
Segments' total revenue, net of interest expense	\$ 23,060	\$ 22,718	\$ 46,931	\$ 46,607
Adjustments ⁽¹⁾ :				
Asset and liability management activities	(154)	677	(44)	592
Liquidating businesses, eliminations and other	(1,330)	(941)	(2,379)	(1,834)
FTE basis adjustment	(110)	(128)	(221)	(272)
Consolidated revenue, net of interest expense	\$ 21,466	\$ 22,326	\$ 44,287	\$ 45,093
Segments' total net income	7,361	3,315	15,155	7,817
Adjustments, net-of-tax ⁽¹⁾ :				
Asset and liability management activities	(113)	521	(30)	444
Liquidating businesses, eliminations and other	1,976	(303)	2,149	(718)
Consolidated net income	\$ 9,224	\$ 3,533	\$ 17,274	\$ 7,543
			June 30	
			2021	2020
Segments' total assets			\$ 2,823,553	\$ 2,501,529
Adjustments ⁽¹⁾ :				
Asset and liability management activities, including securities portfolio			1,250,633	1,002,652
Elimination of segment asset allocations to match liabilities			(1,111,500)	(829,129)
Other			67,208	66,636
Consolidated total assets			\$ 3,029,894	\$ 2,741,688

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

Part II. Other Information

Bank of America Corporation and Subsidiaries

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 June 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)

April 1 - 30, 2021

May 1 - 31, 2021

June 1 - 30, 2021

Three months ended June 30, 2021

Total Common Shares Repurchased^(1,2)	Weighted-Average Per Share Price	Total Shares Purchased as Part of Publicly Announced Programs⁽³⁾	Remaining Buyback Authority Amounts
24,756	\$ 38.99	24,747	\$ 24,102
35,799	41.76	35,798	22,703
42,129	41.52	42,128	21,067
102,684	40.99	102,673	

⁽¹⁾ Includes 10 thousand 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 June 30, 2021, the Corporation repurchased 103 million shares, or \$4.2 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.

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

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		10-K	3.1	2/24/21	1-6523
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
10.1	Bank of America Corporation Equity Plan (formerly known as the Key Employee Equity Plan), as amended and restated effective April 20, 2021	1	8-K	10.1	4/22/21	1-6523
22	Subsidiary Issuers of Guaranteed Securities		10-K	22	2/24/21	1-6523
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	2				
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	2				
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	2				
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	2				
101.INS	Inline XBRL Instance Document	3				
101.SCH	Inline XBRL Taxonomy Extension Schema Document	2				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	2				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	2				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	2				
101.DEF	Inline XBRL Taxonomy Extension Definitions Linkbase Document	2				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					

⁽¹⁾ Exhibit is a management contract or compensatory plan or arrangement.

⁽²⁾ Filed herewith.

⁽³⁾ 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: July 30, 2021

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