

**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, 2022

or

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

Commission file number:
1-6523

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

State or other jurisdiction of incorporation or organization:
Delaware

IRS Employer Identification No.:
56-0906609

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

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

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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
Depository Shares, each representing a 1/1,000th interest in a share of 4.250% Non-Cumulative Preferred Stock, Series QQ	BAC PrQ	New York Stock Exchange
Depository Shares, each representing a 1/1,000th interest in a share of 4.750% Non-Cumulative Preferred Stock, Series SS	BAC PrS	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 28, 2022, there were 8,035,239,025 shares of Bank of America Corporation Common Stock outstanding.

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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 2021 Annual Report on Form 10-K and in any of the Corporation's subsequent Securities and Exchange Commission filings: the Corporation's potential judgments, orders, settlements, 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, such as the processing of unemployment benefits for California and certain other states; the possibility that the Corporation's future liabilities may be in excess of its recorded liability and estimated range of possible loss for litigation, and regulatory and government actions; the possibility that the Corporation could face increased claims from one or more parties involved in mortgage securitizations; the Corporation's ability to resolve representations and warranties repurchase and related claims; the risks related to the discontinuation of the London Interbank Offered Rate and other reference rates, including increased expenses and litigation and the effectiveness of hedging strategies; uncertainties about the financial stability and growth rates of non-U.S. jurisdictions, the risk that those jurisdictions may face difficulties servicing their sovereign debt, and related stresses on financial markets, currencies and trade, and the Corporation's exposures to such risks, including direct, indirect and operational; the impact of U.S. and global interest rates, inflation, currency exchange rates,

economic conditions, trade policies and tensions, including tariffs, and potential geopolitical instability; the impact of the interest rate and inflationary environment on the Corporation's business, financial condition and results of operations; the possibility that future credit losses may be higher than currently expected due to changes in economic assumptions, customer behavior, adverse developments with respect to U.S. or global economic conditions and other uncertainties, including the impact of supply chain disruptions, inflationary pressures and labor shortages on economic conditions and our business; potential losses related to 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 cyberattacks or campaigns; the risks related to the transition and physical impacts of climate change; our ability to achieve environmental, social and governance goals and commitments or the impact of any changes in the Corporation's sustainability strategy or commitments generally; 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 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 (including the Russia/Ukraine conflict and potential geopolitical consequences), 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, 2022, the Corporation had \$3.1 trillion in assets and a headcount of approximately 210,000 employees.

As of June 30, 2022, 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 67 million consumer and small business clients with approximately 4,000 retail financial centers, approximately 16,000 ATMs, and leading digital banking platforms (www.bankofamerica.com) with approximately 43 million active users, including approximately 34 million active mobile users. We offer industry-leading support to approximately three million small business households. Our *GWIM* businesses, with client balances of \$3.4 trillion, provide tailored solutions to meet client needs through a full set of investment management, brokerage, banking, trust and retirement products. We are a global leader in corporate and investment banking and trading across a broad range of asset classes serving corporations, governments, institutions and individuals around the world.

The Corporation's website is www.bankofamerica.com, and the Investor Relations portion of our website is <https://investor.bankofamerica.com>. We use our website to distribute company information, including as a means of disclosing material, non-public information and for complying with our disclosure obligations under Regulation FD. We routinely post and make accessible financial and other information, including environmental, social and governance (ESG) information, regarding the Corporation on our website. Investors should monitor the Investor Relations portion of our website, in addition to our press releases, U.S. Securities and Exchange

Commission (SEC) filings, public conference calls and webcasts. Notwithstanding the foregoing, the information contained on our website as referenced in this paragraph is not incorporated by reference into this Quarterly Report on Form 10-Q.

Recent Developments

Russia/Ukraine Conflict

As previously disclosed, due to the Russia/Ukraine conflict, there has been significant volatility in financial and commodities markets. In addition, multiple jurisdictions have implemented various economic sanctions, including on select Russian government leaders and financial institutions. The government of Russia has also imposed its own economic sanctions on certain non-Russian institutions.

At June 30, 2022 and March 31, 2022, our direct net country exposure to Russia was \$550 million and \$759 million, which primarily consisted of outstanding loans and leases totaling \$468 million and \$679 million. All of our loans to Russian counterparties have been downgraded and reported as reservable criticized exposure, with their expected credit losses incorporated into our estimate of the allowance for credit losses. At June 30, 2022 and March 31, 2022, our net country exposure to Ukraine was not significant. For more information on our Russian exposure, see Credit Risk Management on page 29.

While the Corporation's direct exposure to Russia is limited, the potential duration and impact of the Russia/Ukraine conflict and sanctions regime remain uncertain and could adversely affect the Corporation's businesses, results of operations and financial position. For more information on the Russia/Ukraine conflict, including related risks, see Recent Developments – Russia/Ukraine in the MD&A of the Corporation's quarterly report on Form 10-Q for the quarter ended March 31, 2022, and the Market and Geopolitical sections within Item 1A. Risk Factors of the Corporation's 2021 Annual Report on Form 10-K.

Capital Management

On June 23, 2022, the Board of Governors of the Federal Reserve System (Federal Reserve) announced the results of the 2022 Comprehensive Capital Analysis and Review (CCAR) supervisory stress tests. Based on the results, we expect our stress capital buffer (SCB) to be approximately 90 basis points (bps) higher than the current level of 2.5 percent, and will therefore add approximately 90 bps to our current Common equity tier 1 (CET1) minimum requirement of 9.5 percent. By August 31, 2022, the Federal Reserve will finalize the new SCB, which will be effective from October 1, 2022 through September 30, 2023.

On July 20, 2022, the Corporation's Board of Directors (the Board) declared a quarterly common stock dividend of \$0.22 per share, an increase of five percent compared to the prior dividend, payable on September 30, 2022 to shareholders of record as of September 2, 2022.

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

LIBOR and Other Benchmark Rates

Immediately after December 31, 2021, ICE Benchmark Administration (IBA) ceased publishing British Pound Sterling (GBP), Euro, Swiss Franc, and Japanese Yen (JPY) London Interbank Offered Rate (LIBOR) settings and one-week and two-month U.S. dollar (USD) LIBOR settings. However, certain GBP and JPY LIBOR settings that became no longer representative of the underlying market that such rates sought to measure are

being published using a modified calculation (i.e., on a "synthetic" basis). The remaining USD LIBOR settings (i.e., overnight, one month, three month, six month and 12 month) will cease or become non-representative immediately after June 30, 2023.

The Corporation continues to execute its enterprise-wide transition program with respect to LIBOR and other impacted benchmark rates. The Corporation has ceased entering into new contracts that use USD LIBOR as a reference rate, subject to limited exceptions, including those consistent with supervisory guidance issued by the Federal Reserve, the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC). The Corporation also 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 transition away from impacted benchmarks, and access and demand by clients and market participants to liquidity in certain products, including LIBOR products.

As previously disclosed, the Corporation has remediated a significant majority of its notional contractual exposure to LIBOR products referencing USD LIBOR settings that will cease or

become non-representative immediately after June 30, 2023 (i.e., updated to include fallback provisions to alternative reference rates (ARRs), such as the Secured Overnight Financing Rate for USD LIBOR, that are based on market-driven protocols, regulatory guidance, and industry-recommended fallback provisions and related mechanisms). The remaining non-remediated USD LIBOR exposure, a majority of which is made up of derivatives and commercial loans, represents a small minority of outstanding USD LIBOR notional contractual exposure of the Corporation and will require active dialogue with clients to modify the contracts. For any residual exposures after June 2023 that continue to have no fallback provisions, the Corporation is assessing and planning to leverage relevant contractual and statutory solutions, including the Adjustable Interest Rate (LIBOR) Act, enacted in March 2022 at the federal level in the U.S., and other relevant legislation, to transition such exposure to ARR.

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 2021 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	
	2022	2021	2022	2021
(Dollars in millions, except per share information)				
Income statement				
Net interest income	\$ 12,444	\$ 10,233	\$ 24,016	\$ 20,430
Noninterest income	10,244	11,233	21,900	23,857
Total revenue, net of interest expense	22,688	21,466	45,916	44,287
Provision for credit losses	523	(1,621)	553	(3,481)
Noninterest expense	15,273	15,045	30,592	30,560
Income before income taxes	6,892	8,042	14,771	17,208
Income tax expense	645	(1,182)	1,457	(66)
Net income	6,247	9,224	13,314	17,274
Preferred stock dividends	315	260	782	750
Net income applicable to common shareholders	\$ 5,932	\$ 8,964	\$ 12,532	\$ 16,524
Per common share information				
Earnings	\$ 0.73	\$ 1.04	\$ 1.54	\$ 1.91
Diluted earnings	0.73	1.03	1.53	1.90
Dividends paid	0.21	0.18	0.42	0.36
Performance ratios				
Return on average assets ⁽¹⁾	0.79 %	1.23 %	0.84 %	1.18 %
Return on average common shareholders' equity ⁽¹⁾	9.93	14.33	10.48	13.31
Return on average tangible common shareholders' equity ⁽²⁾	14.05	19.90	14.78	18.51
Efficiency ratio ⁽¹⁾	67.32	70.09	66.63	69.00
Balance sheet				
Total loans and leases			\$ 1,030,766	\$ 979,124
Total assets			3,111,606	3,169,495
Total deposits			1,984,349	2,064,446
Total liabilities			2,842,488	2,899,429
Total common shareholders' equity			239,984	245,358
Total shareholders' equity			269,118	270,066

⁽¹⁾ For definitions, see Key Metrics on page 100.

⁽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 \$6.2 billion and \$13.3 billion, or \$0.73 and \$1.53 per diluted share, for the three and six months ended June 30, 2022 compared to \$9.2 billion and \$17.3 billion, or

\$1.03 and \$1.90 per diluted share, for the same periods in 2021. The decrease in net income was primarily due to an increase in the provision for credit losses, a positive income tax

adjustment related to the revaluation of U.K. net deferred tax assets in the prior year and lower noninterest income, partially offset by higher net interest income.

Total assets decreased \$57.9 billion from December 31, 2021 to \$3.1 trillion primarily driven by lower cash and cash equivalents due to seasonal deposit outflows and lower debt securities, partially offset by loan growth across Consumer and Commercial products, as well as higher trading account assets and derivative assets to support *Global Markets* client activity.

Total liabilities decreased \$56.9 billion from December 31, 2021 to \$2.8 trillion primarily driven by reduced deposits due, in part, to customer tax payments.

Shareholders' equity decreased \$948 million from December 31, 2021 primarily due to market value decreases on derivatives and debt securities and returns of capital to shareholders through common stock repurchases and common and preferred stock dividends, partially offset by net income and the issuance of preferred stock.

Noninterest Income

Table 2 Noninterest Income

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
(Dollars in millions)				
Fees and commissions:				
Card income	\$ 1,555	\$ 1,586	\$ 2,958	\$ 3,021
Service charges	1,717	1,874	3,550	3,666
Investment and brokerage services	4,091	4,123	8,383	8,186
Investment banking fees	1,128	2,122	2,585	4,368
Total fees and commissions	8,491	9,705	17,476	19,241
Market making and similar activities	2,717	1,826	5,955	5,355
Other income	(964)	(298)	(1,531)	(739)
Total noninterest income	\$ 10,244	\$ 11,233	\$ 21,900	\$ 23,857

Noninterest income decreased \$989 million to \$10.2 billion and decreased \$2.0 billion to \$21.9 billion for the three and six months ended June 30, 2022 compared to the same periods in 2021. The following highlights the significant changes.

- Service charges decreased \$157 million and \$116 million primarily driven by the impact of non-sufficient funds and overdraft policy changes, partially offset by higher treasury service charges.
- Investment and brokerage services increased \$197 million for the six-month period primarily driven by the impacts of positive assets under management (AUM) flows and higher market valuations, partially offset by declines in AUM pricing.
- Investment banking fees decreased \$994 million and \$1.8 billion primarily driven by lower equity issuance and debt issuance fees.
- Market making and similar activities increased \$891 million and \$600 million primarily driven by improved performance across macro products in fixed income, currencies and commodities (FICC) and derivative products in Equities, partially offset by a weaker trading environment for credit products.

Net Interest Income

Net interest income increased \$2.2 billion to \$12.4 billion, and \$3.6 billion to \$24.0 billion for the three and six months ended June 30, 2022 compared to the same periods in 2021. Net interest yield on a fully taxable-equivalent (FTE) basis increased 25 bps to 1.86 percent, and 13 bps to 1.77 percent for the same periods. The increase in net interest income for the three-month period was primarily driven by higher interest rates, lower premium amortization expense and loan growth. The increase in the six-month period was primarily driven by lower premium amortization expense, loan growth and higher interest rates, partially offset by a decrease in the acceleration of net capitalized loan fees due to Paycheck Protection Program (PPP) loan forgiveness. 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 44.

- Other income decreased \$666 million and \$792 million primarily due to certain valuation adjustments and higher partnership losses for ESG investments.

Provision for Credit Losses

The provision for credit losses increased \$2.1 billion to \$523 million and \$4.0 billion to \$553 million for the three and six months ended June 30, 2022 compared to the same periods in 2021. The increase in both periods was primarily driven by loan growth and a dampening macroeconomic outlook, partially offset by asset quality improvement and reduced COVID-19 pandemic (the pandemic) uncertainties. The increase in the six-month period was also driven by a reserve build related to Russian exposure. For the same periods in the prior year, the provision for credit losses benefited from reserve releases due to an improved 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

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Compensation and benefits	\$ 8,917	\$ 8,653	\$ 18,399	\$ 18,389
Occupancy and equipment	1,748	1,759	3,508	3,589
Information processing and communications	1,535	1,448	3,075	2,873
Product delivery and transaction related	924	976	1,857	1,953
Marketing	463	810	860	1,181
Professional fees	518	426	968	829
Other general operating	1,168	973	1,925	1,746
Total noninterest expense	\$ 15,273	\$ 15,045	\$ 30,592	\$ 30,560

Noninterest expense increased \$228 million to \$15.3 billion and \$32 million to \$30.6 billion for the three and six months ended June 30, 2022 compared to the same periods in 2021. The increase in both periods was primarily due to higher

investments in people and technology and expenses recognized for certain regulatory matters, partially offset by lower marketing and net COVID-19 related costs.

Income Tax Expense

Table 4 Income Tax Expense

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Income before income taxes	\$ 6,892	\$ 8,042	\$ 14,771	\$ 17,208
Income tax expense	645	(1,182)	1,457	(66)
Effective tax rate	9.4 %	(14.7)%	9.9 %	(0.4)%

Changes in the effective tax rates for the three and six months ended June 30, 2022 compared to the same periods in 2021 were driven by the impact of the U.K. tax law change further discussed in this section and discrete tax benefits primarily related to the resolution of certain tax matters. The majority of our recurring tax preference benefits consists of tax credits from ESG investments in affordable housing and wind energy investments where the recurring tax credits are recognized over a term of up to 10 years, and in solar energy where the tax credits are recognized in the year the facilities are placed into service. Absent these ESG tax credits and discrete tax benefits, the effective tax rate would have been approximately 26 percent

and 25 percent for the three and six months ended June 30, 2022.

On June 10, 2021, the U.K. enacted the 2021 Finance Act, which increased the U.K. corporation income tax rate to 25 percent from 19 percent. This change is effective April 1, 2023 and unfavorably affects income tax expense on future U.K. earnings. As a result, during the three months ended June 30, 2021, the Corporation recorded a positive income tax adjustment of approximately \$2.0 billion with a corresponding write-up of U.K. net deferred tax assets, which reflected 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:

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

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

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

For more information on the reconciliation of these non-GAAP financial measures to the corresponding GAAP financial measures, see Non-GAAP Reconciliations on page 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 100.

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

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

Table 5 Selected Quarterly Financial Data

(In millions, except per share information)	2022 Quarters		2021 Quarters			Six Months Ended	
	Second	First	Fourth	Third	Second	June 30	
						2022	2021
Income statement							
Net interest income	\$ 12,444	\$ 11,572	\$ 11,410	\$ 11,094	\$ 10,233	\$ 24,016	\$ 20,430
Noninterest income	10,244	11,656	10,650	11,672	11,233	21,900	23,857
Total revenue, net of interest expense	22,688	23,228	22,060	22,766	21,466	45,916	44,287
Provision for credit losses	523	30	(489)	(624)	(1,621)	553	(3,481)
Noninterest expense	15,273	15,319	14,731	14,440	15,045	30,592	30,560
Income before income taxes	6,892	7,879	7,818	8,950	8,042	14,771	17,208
Income tax expense	645	812	805	1,259	(1,182)	1,457	(66)
Net income	6,247	7,067	7,013	7,691	9,224	13,314	17,274
Net income applicable to common shareholders	5,932	6,600	6,773	7,260	8,964	12,532	16,524
Average common shares issued and outstanding	8,121.6	8,136.8	8,226.5	8,430.7	8,620.8	8,129.3	8,660.4
Average diluted common shares issued and outstanding	8,163.1	8,202.1	8,304.7	8,492.8	8,735.5	8,182.2	8,776.2
Performance ratios							
Return on average assets ⁽¹⁾	0.79 %	0.89 %	0.88 %	0.99 %	1.23 %	0.84 %	1.18 %
Four-quarter trailing return on average assets ⁽²⁾	0.89	0.99	1.05	1.04	0.97	n/a	n/a
Return on average common shareholders' equity ⁽¹⁾	9.93	11.02	10.90	11.43	14.33	10.48	13.31
Return on average tangible common shareholders' equity ⁽³⁾	14.05	15.51	15.25	15.85	19.90	14.78	18.51
Return on average shareholders' equity ⁽¹⁾	9.34	10.64	10.27	11.08	13.47	9.99	12.70
Return on average tangible shareholders' equity ⁽³⁾	12.66	14.40	13.87	14.87	18.11	13.52	17.07
Total ending equity to total ending assets	8.65	8.23	8.52	8.83	9.15	8.65	9.15
Total average equity to total average assets	8.49	8.40	8.56	8.95	9.11	8.44	9.31
Dividend payout ⁽¹⁾	28.68	25.86	25.33	24.10	17.25	27.20	18.82
Per common share data							
Earnings	\$ 0.73	\$ 0.81	\$ 0.82	\$ 0.86	\$ 1.04	\$ 1.54	\$ 1.91
Diluted earnings	0.73	0.80	0.82	0.85	1.03	1.53	1.90
Dividends paid	0.21	0.21	0.21	0.21	0.18	0.42	0.36
Book value ⁽¹⁾	29.87	29.70	30.37	30.22	29.89	29.87	29.89
Tangible book value ⁽³⁾	21.13	20.99	21.68	21.69	21.61	21.13	21.61
Market capitalization							
	\$ 250,136	\$ 332,320	\$ 359,383	\$ 349,841	\$ 349,925	\$ 250,136	\$ 349,925
Average balance sheet							
Total loans and leases	\$ 1,014,886	\$ 977,793	\$ 945,062	\$ 920,509	\$ 907,900		
Total assets	3,157,855	3,207,702	3,164,118	3,076,452	3,015,113		
Total deposits	2,012,079	2,045,811	2,017,223	1,942,705	1,888,834		
Long-term debt	245,781	246,042	248,525	248,988	232,034		
Common shareholders' equity	239,523	242,865	246,519	252,043	250,948		
Total shareholders' equity	268,197	269,309	270,883	275,484	274,632		
Asset quality							
Allowance for credit losses ⁽⁴⁾	\$ 13,434	\$ 13,483	\$ 13,843	\$ 14,693	\$ 15,782		
Nonperforming loans, leases and foreclosed properties ⁽⁵⁾	4,326	4,778	4,697	4,831	5,031		
Allowance for loan and lease losses as a percentage of total loans and leases outstanding ⁽⁵⁾	1.17 %	1.23 %	1.28 %	1.43 %	1.55 %		
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases ⁽⁵⁾	288	262	271	279	287		
Net charge-offs	\$ 571	\$ 392	\$ 362	\$ 463	\$ 595		
Annualized net charge-offs as a percentage of average loans and leases outstanding ⁽⁵⁾	0.23 %	0.16 %	0.15 %	0.20 %	0.27 %		
Capital ratios at period end ⁽⁶⁾							
Common equity tier 1 capital	10.5 %	10.4 %	10.6 %	11.1 %	11.5 %		
Tier 1 capital	12.3	12.0	12.1	12.6	13.0		
Total capital	14.2	14.0	14.1	14.7	15.1		
Tier 1 leverage	6.5	6.3	6.4	6.6	6.9		
Supplementary leverage ratio	5.5	5.4	5.5	5.6	5.9		
Tangible equity ⁽³⁾	6.5	6.2	6.4	6.7	7.0		
Tangible common equity ⁽³⁾	5.6	5.3	5.7	5.9	6.2		
Total loss-absorbing capacity and long-term debt metrics							
Total loss-absorbing capacity to risk-weighted assets	27.8 %	27.2 %	26.9 %	27.7 %	27.7 %		
Total loss-absorbing capacity to supplementary leverage exposure	12.6	12.2	12.1	12.4	12.5		
Eligible long-term debt to risk-weighted assets	14.7	14.4	14.1	14.4	14.1		
Eligible long-term debt to supplementary leverage exposure	6.6	6.5	6.3	6.4	6.3		

⁽¹⁾ For definitions, see Key Metrics on page 100.⁽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

	Second Quarter 2022			Second Quarter 2021		
	Average Balance	Interest Income/Expense ⁽¹⁾	Yield/Rate	Average Balance	Interest Income/Expense ⁽¹⁾	Yield/Rate
(Dollars in millions)						
Earning assets						
Interest-bearing deposits with the Federal Reserve, non-U.S. central banks and other banks	\$ 178,313	\$ 282	0.63 %	\$ 247,673	\$ 27	0.04 %
Time deposits placed and other short-term investments	7,658	12	0.62	8,079	—	0.02
Federal funds sold and securities borrowed or purchased under agreements to resell ⁽²⁾	304,684	396	0.52	270,443	(42)	(0.06)
Trading account assets	147,442	1,241	3.37	152,307	967	2.55
Debt securities	945,927	4,067	1.72	895,902	2,834	1.27
Loans and leases ⁽³⁾						
Residential mortgage	228,529	1,571	2.75	214,096	1,498	2.80
Home equity	27,415	235	3.44	31,621	267	3.39
Credit card	81,024	1,954	9.68	73,399	1,876	10.25
Direct/Indirect and other consumer	108,639	696	2.57	94,321	561	2.38
Total consumer	445,607	4,456	4.01	413,437	4,202	4.07
U.S. commercial	363,978	2,525	2.78	322,633	2,049	2.55
Non-U.S. commercial	128,237	696	2.18	96,343	429	1.78
Commercial real estate ⁽⁴⁾	63,072	476	3.02	59,276	371	2.51
Commercial lease financing	13,992	104	2.95	16,211	108	2.67
Total commercial	569,279	3,801	2.68	494,463	2,957	2.40
Total loans and leases	1,014,886	8,257	3.26	907,900	7,159	3.16
Other earning assets	108,180	823	3.06	96,364	552	2.30
Total earning assets	2,707,090	15,078	2.23	2,578,668	11,497	1.79
Cash and due from banks	29,025			31,675		
Other assets, less allowance for loan and lease losses	421,740			404,770		
Total assets	\$ 3,157,855			\$ 3,015,113		
Interest-bearing liabilities						
U.S. interest-bearing deposits						
Demand and money market deposits	\$ 985,983	\$ 189	0.08 %	\$ 915,420	\$ 78	0.03 %
Time and savings deposits	156,824	42	0.11	162,516	40	0.10
Total U.S. interest-bearing deposits	1,142,807	231	0.08	1,077,936	118	0.04
Non-U.S. interest-bearing deposits	79,471	89	0.45	82,142	10	0.05
Total interest-bearing deposits	1,222,278	320	0.11	1,160,078	128	0.04
Federal funds purchased and securities loaned or sold under agreements to repurchase ⁽⁵⁾	214,777	454	0.85	214,841	122	0.23
Short-term borrowings and other interest-bearing liabilities ^(2,5)	134,790	99	0.30	105,473	(207)	(0.79)
Trading account liabilities	54,005	370	2.74	58,823	293	2.01
Long-term debt	245,781	1,288	2.10	232,034	818	1.42
Total interest-bearing liabilities	1,871,631	2,531	0.54	1,771,249	1,154	0.26
Noninterest-bearing sources						
Noninterest-bearing deposits	789,801			728,756		
Other liabilities ⁽⁶⁾	228,226			240,476		
Shareholders' equity	268,197			274,632		
Total liabilities and shareholders' equity	\$ 3,157,855			\$ 3,015,113		
Net interest spread			1.69 %			1.53 %
Impact of noninterest-bearing sources			0.17			0.08
Net interest income/yield on earning assets ⁽⁷⁾		\$ 12,547	1.86 %		\$ 10,343	1.61 %

⁽¹⁾ Includes the impact of interest rate risk management contracts. For more information, see Interest Rate Risk Management for the Banking Book on page 44.⁽²⁾ For more information on negative interest, see Note 1 – Summary of Significant Accounting Principles to the Consolidated Financial Statements of the Corporation's 2021 Annual Report on Form 10-K.⁽³⁾ Nonperforming loans are included in the respective average loan balances. Income on these nonperforming loans is generally recognized on a cost recovery basis.⁽⁴⁾ Includes U.S. commercial real estate loans of \$58.9 billion and \$56.0 billion, and non-U.S. commercial real estate loans of \$4.1 billion and \$3.3 billion for the second quarter of 2022 and 2021.⁽⁵⁾ Certain prior-period amounts have been reclassified to conform to current-period presentation.⁽⁶⁾ Includes \$29.7 billion and \$30.5 billion of structured notes and liabilities for the second quarter of 2022 and 2021.⁽⁷⁾ Net interest income includes FTE adjustments of \$103 million and \$110 million for the second quarter of 2022 and 2021.

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

	Average Balance		Interest Income/Expense ⁽¹⁾		Yield/Rate	
					Six Months Ended June 30	
					2022	2021
(Dollars in millions)						
Earning assets						
Interest-bearing deposits with the Federal Reserve, non-U.S. central banks and other banks	\$	211,458	\$	368	0.35 %	\$ 262,802 \$ 56 0.04 %
Time deposits placed and other short-term investments		8,451		24	0.57	8,409 4 0.10
Federal funds sold and securities borrowed or purchased under agreements to resell ⁽²⁾		302,059		389	0.26	260,271 (49) (0.04)
Trading account assets		149,693		2,337	3.14	148,718 1,852 2.51
Debt securities		960,709		7,905	1.65	842,566 5,579 1.33
Loans and leases ⁽³⁾						
Residential mortgage		226,267		3,096	2.74	216,537 3,027 2.80
Home equity		27,599		455	3.33	32,622 548 3.39
Credit card		79,724		3,894	9.85	73,780 3,823 10.45
Direct/Indirect and other consumer		106,645		1,275	2.41	92,883 1,120 2.43
Total consumer		440,235		8,720	3.98	415,822 8,518 4.12
U.S. commercial		355,293		4,652	2.64	322,323 4,100 2.56
Non-U.S. commercial		123,528		1,200	1.96	93,639 838 1.80
Commercial real estate ⁽⁴⁾		63,069		863	2.76	59,505 736 2.49
Commercial lease financing		14,317		210	2.94	16,523 240 2.91
Total commercial		556,207		6,925	2.51	491,990 5,914 2.42
Total loans and leases		996,442		15,645	3.16	907,812 14,432 3.20
Other earning assets		114,454		1,410	2.48	99,985 1,129 2.28
Total earning assets		2,743,266		28,078	2.06	2,530,563 23,003 1.83
Cash and due from banks		28,556				32,794
Other assets, less allowance for loan and lease losses		410,818				384,185
Total assets	\$	3,182,640				\$ 2,947,542
Interest-bearing liabilities						
U.S. interest-bearing deposits						
Demand and money market deposits	\$	993,542	\$	269	0.05 %	\$ 902,677 \$ 155 0.03 %
Time and savings deposits		160,382		82	0.10	160,557 91 0.12
Total U.S. interest-bearing deposits		1,153,924		351	0.06	1,063,234 246 0.05
Non-U.S. interest-bearing deposits		80,669		133	0.33	82,054 15 0.04
Total interest-bearing deposits		1,234,593		484	0.08	1,145,288 261 0.05
Federal funds purchased and securities loaned or sold under agreements to repurchase ⁽⁵⁾		215,958		533	0.50	204,143 234 0.23
Short-term borrowings and other interest-bearing liabilities ^(2,5)		130,645		(92)	(0.14)	102,707 (398) (0.78)
Trading account liabilities		59,094		734	2.50	50,917 539 2.14
Long-term debt		245,911		2,194	1.80	226,466 1,716 1.53
Total interest-bearing liabilities		1,886,201		3,853	0.41	1,729,521 2,352 0.27
Noninterest-bearing sources						
Noninterest-bearing deposits		794,259				702,232
Other liabilities ⁽⁶⁾		233,430				241,448
Shareholders' equity		268,750				274,341
Total liabilities and shareholders' equity	\$	3,182,640				\$ 2,947,542
Net interest spread					1.65 %	1.56 %
Impact of noninterest-bearing sources					0.12	0.08
Net interest income/yield on earning assets ⁽⁷⁾			\$	24,225	1.77 %	\$ 20,651 1.64 %

⁽¹⁾ Includes the impact of interest rate risk management contracts. For more information, see Interest Rate Risk Management for the Banking Book on page 44.

⁽²⁾ For more information on negative interest, see Note 1 – Summary of Significant Accounting Principles to the Consolidated Financial Statements of the Corporation's 2021 Annual Report on Form 10-K.

⁽³⁾ Nonperforming loans are included in the respective average loan balances. Income on these nonperforming loans is generally recognized on a cost recovery basis.

⁽⁴⁾ Includes U.S. commercial real estate loans of \$58.7 billion and \$56.3 billion and non-U.S. commercial real estate loans of \$4.3 billion and \$3.2 billion for the six months ended June 30, 2022 and 2021.

⁽⁵⁾ Certain prior-period amounts have been reclassified to conform to current-period presentation.

⁽⁶⁾ Includes \$29.9 billion and \$30.9 billion of structured notes and liabilities for the six months ended June 30, 2022 and 2021.

⁽⁷⁾ Net interest income includes FTE adjustments of \$209 million and \$221 million for the six months ended June 30, 2022 and 2021.

Business Segment Operations

Segment Description and Basis of Presentation

We report our results of operations through four business segments: *Consumer Banking*, *GWIM*, *Global Banking* and *Global Markets*, with the remaining operations recorded in *All Other*. We manage our segments and report their results on an FTE basis. For more information, see Business Segment Operations in the MD&A of the Corporation's 2021 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 21. 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

(Dollars in millions)	Deposits		Consumer Lending		Total Consumer Banking		% Change
	Three Months Ended June 30						
	2022	2021	2022	2021	2022	2021	
Net interest income	\$ 4,477	\$ 3,480	\$ 2,610	\$ 2,493	\$ 7,087	\$ 5,973	19 %
Noninterest income:							
Card income	(9)	(7)	1,329	1,319	1,320	1,312	1
Service charges	678	850	1	1	679	851	(20)
All other income	55	22	(5)	28	50	50	—
Total noninterest income	724	865	1,325	1,348	2,049	2,213	(7)
Total revenue, net of interest expense	5,201	4,345	3,935	3,841	9,136	8,186	12
Provision for credit losses	142	47	208	(744)	350	(697)	(150)
Noninterest expense	3,055	2,855	1,904	2,004	4,959	4,859	2
Income before income taxes	2,004	1,443	1,823	2,581	3,827	4,024	(5)
Income tax expense	491	354	447	632	938	986	(5)
Net income	\$ 1,513	\$ 1,089	\$ 1,376	\$ 1,949	\$ 2,889	\$ 3,038	(5)
Effective tax rate ⁽¹⁾					24.5 %	24.5 %	
Net interest yield	1.67 %	1.44 %	3.64 %	3.60 %	2.55	2.37	
Return on average allocated capital	47	36	20	30	29	32	
Efficiency ratio	58.74	65.73	48.38	52.16	54.28	59.36	

Balance Sheet

Average	Three Months Ended June 30						% Change
	2022	2021	2022	2021	2022	2021	
Total loans and leases	\$ 4,147	\$ 4,447	\$ 285,448	\$ 277,320	\$ 289,595	\$ 281,767	3 %
Total earning assets ⁽²⁾	1,072,773	968,492	287,512	277,742	1,114,552	1,012,335	10
Total assets ⁽²⁾	1,106,098	1,005,237	294,407	283,178	1,154,773	1,054,516	10
Total deposits	1,072,166	972,016	5,854	7,056	1,078,020	979,072	10
Allocated capital	13,000	12,000	27,000	26,500	40,000	38,500	4

⁽¹⁾ Estimated at the segment level only.

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

(Dollars in millions)	Deposits		Consumer Lending		Total Consumer Banking		% Change
	Six Months Ended June 30						
	2022	2021	2022	2021	2022	2021	
Net interest income	\$ 8,529	\$ 6,758	\$ 5,238	\$ 5,135	\$ 13,767	\$ 11,893	16 %
Noninterest income:							
Card income	(17)	(12)	2,522	2,513	2,505	2,501	—
Service charges	1,521	1,681	2	1	1,523	1,682	(9)
All other income	123	94	31	85	154	179	(14)
Total noninterest income	1,627	1,763	2,555	2,599	4,182	4,362	(4)
Total revenue, net of interest expense	10,156	8,521	7,793	7,734	17,949	16,255	10
Provision for credit losses	215	121	83	(1,435)	298	(1,314)	(123)
Noninterest expense	6,063	6,065	3,817	3,925	9,880	9,990	(1)
Income before income taxes	3,878	2,335	3,893	5,244	7,771	7,579	3
Income tax expense	950	572	954	1,285	1,904	1,857	3
Net income	\$ 2,928	\$ 1,763	\$ 2,939	\$ 3,959	\$ 5,867	\$ 5,722	3
Effective tax rate ⁽¹⁾					24.5 %	24.5 %	
Net interest yield	1.62 %	1.45 %	3.71 %	3.67 %	2.52	2.44	
Return on average allocated capital	45	30	22	30	30	30	
Efficiency ratio	59.70	71.19	48.97	50.74	55.04	61.46	

Balance Sheet

Average	Six Months Ended June 30						% Change
	2022	2021	2022	2021	2022	2021	
	June 30 2022	December 31 2021	June 30 2022	December 31 2021	June 30 2022	December 31 2021	
Total loans and leases	\$ 4,180	\$ 4,527	\$ 282,666	\$ 281,777	\$ 286,846	\$ 286,304	— %
Total earning assets ⁽²⁾	1,061,693	940,469	284,400	282,206	1,103,707	984,891	12
Total assets ⁽²⁾	1,095,281	978,170	291,052	286,908	1,143,947	1,027,294	11
Total deposits	1,061,267	944,819	5,853	6,938	1,067,120	951,757	12
Allocated capital	13,000	12,000	27,000	26,500	40,000	38,500	4

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 2021 Annual Report on Form 10-K.

Consumer Banking Results

Three-Month Comparison

Net income for *Consumer Banking* decreased \$149 million to \$2.9 billion due to an increase in provision for credit losses and higher noninterest expense, partially offset by higher revenue. Net interest income increased \$1.1 billion to \$7.1 billion primarily due to higher interest rates and the benefit of higher deposit and loan balances, partially offset by a decrease in the acceleration of net capitalized loan fees due to PPP loan forgiveness. Noninterest income decreased \$164 million to \$2.0 billion primarily driven by the impact of non-sufficient funds and overdraft policy changes.

The provision for credit losses increased \$1.0 billion to \$350 million primarily driven by loan growth and a dampening macroeconomic outlook in the current-year period compared to a reserve release that benefited the prior-year period. Noninterest expense increased \$100 million to \$5.0 billion primarily driven by continued investments for business growth and increased client activity, partially offset by the contribution to the Bank of America Foundation in the prior-year period.

The return on average allocated capital was 29 percent, down from 32 percent, driven by an increase in allocated capital and lower 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 \$145 million to \$5.9 billion due to higher revenue and lower noninterest expense, partially offset by an increase in provision for credit losses. Net interest income increased \$1.9 billion to \$13.8 billion primarily due to the same factors as described in the three-month discussion. Noninterest income decreased \$180 million to \$4.2 billion primarily driven by the impact of non-sufficient funds and overdraft policy changes and lower mortgage banking income, partially offset by higher other service charges due to increased client activity.

The provision for credit losses increased \$1.6 billion to \$298 million primarily due to the same factors as described in the three-month discussion. Noninterest expense decreased \$110 million to \$9.9 billion primarily driven by an impairment charge for real estate rationalization and the contribution to the Bank of America Foundation in the prior-year period, partially offset by continued investments for business growth and increased client activity.

The return on average allocated capital was 30 percent, unchanged from the prior-year period.

Deposits

Three-Month Comparison

Net income for Deposits increased \$424 million to \$1.5 billion due to higher revenue, partially offset by higher noninterest expense. Net interest income increased \$997 million to \$4.5 billion primarily due to higher interest rates and the benefit of higher deposit balances. Noninterest income decreased \$141 million to \$724 million primarily driven by the impact of non-sufficient funds and overdraft policy changes.

Noninterest expense increased \$200 million to \$3.1 billion primarily driven by continued investments for business growth and increased client activity.

Average deposits increased \$100.2 billion to \$1.1 trillion primarily due to net inflows of \$57.7 billion in checking and \$42.2 billion in money market savings largely driven by strong organic growth.

Six-Month Comparison

Net income for Deposits increased \$1.2 billion to \$2.9 billion primarily due to higher revenue. Net interest income increased \$1.8 billion to \$8.5 billion primarily due to the same factors as described in the three-month discussion. Noninterest income decreased \$136 million to \$1.6 billion primarily due to the same factor as described in the three-month discussion.

Average deposits increased \$116.4 billion to \$1.1 trillion primarily due to net inflows of \$68.4 billion in checking and \$46.6 billion in money market savings largely driven by strong organic growth.

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

Total deposit spreads (excludes noninterest costs) ⁽¹⁾

Period End

Consumer investment assets (in millions) ⁽²⁾

Active digital banking users (in thousands) ⁽³⁾

Active mobile banking users (in thousands) ⁽⁴⁾

Financial centers

ATMs

Three Months Ended June 30		Six Months Ended June 30	
2022	2021	2022	2021
1.70%	1.71%	1.68%	1.72%
		\$ 315,243	\$ 345,809
		42,690	40,512
		34,167	31,796
		3,984	4,296
		15,730	16,795

⁽¹⁾ Includes deposits held in Consumer Lending.

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

⁽³⁾ Represents mobile and/or online active users over the past 90 days.

⁽⁴⁾ Represents mobile active users over the past 90 days.

Consumer investment assets decreased \$30.6 billion to \$315.2 billion driven by market performance, partially offset by client flows. Active mobile banking users increased approximately two million, reflecting continuing changes in our clients' banking preferences. We had a net decrease of 312 financial centers and 1,065 ATMs as we continue to optimize our consumer banking network.

Consumer Lending

Three-Month Comparison

Net income for Consumer Lending decreased \$573 million to \$1.4 billion primarily due to an increase in provision for credit losses. Net interest income increased \$117 million to \$2.6 billion primarily due to higher interest rates and loan balances, partially offset by a decrease in the acceleration of net capitalized loan fees due to PPP loan forgiveness. Noninterest income decreased \$23 million to \$1.3 billion primarily driven by lower mortgage banking income.

The provision for credit losses increased \$952 million to \$208 million primarily driven by loan growth and a dampening macroeconomic outlook in the current-year period compared to a reserve release that benefited the prior-year period. Noninterest expense decreased \$100 million to \$1.9 billion primarily driven by the contribution to the Bank of America Foundation in the prior-year period.

Average loans increased \$8.1 billion to \$285.4 billion primarily driven by an increase in credit card loans and first mortgage loans, partially offset by a decline in PPP loans.

Six-Month Comparison

Net income for Consumer Lending decreased \$1.0 billion to \$2.9 billion primarily due to an increase in provision for credit losses. Net interest income increased \$103 million to \$5.2 billion primarily due to the same factors as described in the three-month discussion. Noninterest income decreased \$44 million to \$2.6 billion primarily due to the same factors as described in the three-month discussion.

The provision for credit losses increased \$1.5 billion to \$83 million primarily due to the same factors as described in the three-month discussion. Noninterest expense decreased \$108 million to \$3.8 billion primarily driven by the same factor as described in the three-month discussion.

Average loans increased \$889 million to \$282.7 billion primarily driven by an increase in credit card loans and first mortgage loans, partially offset by a decline in PPP loans.

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

Key Statistics – Consumer Lending

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Total credit card ⁽¹⁾				
Gross interest yield ⁽²⁾	9.76 %	10.10 %	9.83 %	10.31 %
Risk-adjusted margin ⁽³⁾	9.95	9.76	10.17	9.53
New accounts (in thousands)	1,068	931	2,045	1,605
Purchase volumes	\$ 91,810	\$ 78,384	\$ 172,724	\$ 142,975
Debit card purchase volumes	\$ 128,707	\$ 121,905	\$ 246,291	\$ 229,812

⁽¹⁾ Includes *GWIM*'s credit card portfolio.

⁽²⁾ Calculated as the effective annual percentage rate divided by average loans.

⁽³⁾ Calculated as the difference between total revenue, net of interest expense, and net credit losses divided by average loans.

During the three and six months ended June 30, 2022, the total risk-adjusted margin increased 19 bps and 64 bps primarily driven by lower net credit losses, partially offset by lower net interest margin and lower fee income. During the three

and six months ended June 30, 2022, total credit card purchase volumes increased \$13.4 billion and \$29.7 billion, and debit card purchase volumes increased \$6.8 billion and \$16.5 billion, reflecting higher levels of consumer spending.

Key Statistics – Loan Production ⁽¹⁾

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
<i>Consumer Banking</i> :				
First mortgage	\$ 6,551	\$ 11,502	\$ 14,667	\$ 20,684
Home equity	2,151	907	3,876	1,317
Total ⁽²⁾ :				
First mortgage	\$ 14,471	\$ 20,266	\$ 30,824	\$ 35,499
Home equity	2,535	1,166	4,575	1,669

⁽¹⁾ The loan production amounts represent the unpaid principal balance of loans and, in the case of home equity, the principal amount of the total line of credit.

⁽²⁾ In addition to loan production in *Consumer Banking*, there is also first mortgage and home equity loan production in *GWIM*.

First mortgage loan originations for *Consumer Banking* and the total Corporation decreased \$5.0 billion and \$5.8 billion during the three months ended June 30, 2022 primarily driven by changes in demand. During the six months ended June 30, 2022, *Consumer Banking* and the total Corporation decreased \$6.0 billion and \$4.7 billion primarily driven by changes in demand.

Home equity production in *Consumer Banking* and the total Corporation increased \$1.2 billion and \$1.4 billion during the three months ended June 30, 2022 primarily driven by higher demand. During the six months ended June 30, 2022, *Consumer Banking* and the total Corporation increased \$2.6 billion and \$2.9 billion primarily driven by higher demand.

Global Wealth & Investment Management

(Dollars in millions)	Three Months Ended June 30			Six Months Ended June 30		
	2022	2021	% Change	2022	2021	% Change
Net interest income	\$ 1,802	\$ 1,355	33 %	\$ 3,470	\$ 2,685	29 %
Noninterest income:						
Investment and brokerage services	3,486	3,536	(1)	7,140	6,928	3
All other income	145	174	(17)	299	423	(29)
Total noninterest income	3,631	3,710	(2)	7,439	7,351	1
Total revenue, net of interest expense	5,433	5,065	7	10,909	10,036	9
Provision for credit losses	33	(62)	n/m	(8)	(127)	(94)
Noninterest expense	3,875	3,813	2	7,890	7,682	3
Income before income taxes	1,525	1,314	16	3,027	2,481	22
Income tax expense	374	322	16	742	608	22
Net income	\$ 1,151	\$ 992	16	\$ 2,285	\$ 1,873	22
Effective tax rate	24.5 %	24.5 %		24.5 %	24.5 %	
Net interest yield	1.82	1.48		1.72	1.49	
Return on average allocated capital	26	24		26	23	
Efficiency ratio	71.34	75.29		72.33	76.54	

Balance Sheet

Average	Three Months Ended June 30			Six Months Ended June 30		
	2022	2021	% Change	2022	2021	% Change
Total loans and leases	\$ 219,277	\$ 193,988	13 %	\$ 215,130	\$ 191,257	12 %
Total earning assets	396,611	367,778	8	407,369	363,960	12
Total assets	409,472	380,315	8	420,196	376,476	12
Total deposits	363,943	333,487	9	374,365	329,948	13
Allocated capital	17,500	16,500	6	17,500	16,500	6

Period end	June 30	December 31	% Change
	2022	2021	
Total loans and leases	\$ 221,705	\$ 208,971	6 %
Total earning assets	380,771	425,112	(10)
Total assets	393,948	438,275	(10)
Total deposits	347,991	390,143	(11)

n/m = not meaningful

GWIM consists of two primary businesses: Merrill Wealth Management and Bank of America Private Bank. For more information about GWIM, see Business Segment Operations in the MD&A of the Corporation's 2021 Annual Report on Form 10-K.

Three-Month Comparison

Net income for GWIM increased \$159 million to \$1.2 billion driven by higher net interest income, partially offset by lower noninterest income, higher provision for credit losses and higher noninterest expense. The operating margin was 28 percent compared to 26 percent a year ago.

Net interest income increased \$447 million to \$1.8 billion driven by the benefits of higher deposit and loan balances and higher interest rates.

Noninterest income, which primarily includes investment and brokerage services income, decreased \$79 million to \$3.6 billion primarily due to the impacts of lower market valuations and declines in AUM pricing, partially offset by the impact of positive AUM flows.

The provision for credit losses increased \$95 million to \$33 million primarily due to loan growth and a dampening macroeconomic outlook in the current-year period compared to a reserve release that benefited the prior-year period. Noninterest expense increased \$62 million to \$3.9 billion primarily driven by higher employee-related expense.

The return on average allocated capital was 26 percent, up from 24 percent, due to higher net income, partially offset by an increase in allocated capital. For more information on capital

allocated to the business segments, see Business Segment Operations on page 11.

Average loans increased \$25.3 billion to \$219.3 billion primarily driven by residential mortgage, securities-based lending and custom lending. Average deposits increased \$30.5 billion to \$363.9 billion primarily driven by inflows from new and existing accounts.

Merrill Wealth Management revenue of \$4.5 billion increased six percent primarily driven by the benefits of higher deposit and loan balances and higher interest rates.

Bank of America Private Bank revenue of \$897 million increased 11 percent driven by the benefits of higher deposit and loan balances and higher interest rates.

Six-Month Comparison

Net income for GWIM increased \$412 million to \$2.3 billion driven by higher revenue, partially offset by higher noninterest expense and higher provision for credit losses. The operating margin was 28 percent compared to 25 percent a year ago.

Net interest income increased \$785 million to \$3.5 billion due to the same factors as described in the three-month discussion.

Noninterest income, which primarily includes investment and brokerage services income, increased \$88 million to \$7.4 billion primarily driven by the impacts of positive AUM flows and higher market valuations, partially offset by declines in AUM pricing.

The benefit in the provision for credit losses decreased \$119 million primarily due to the same factors as described in the three-month discussion. Noninterest expense increased

\$208 million to \$7.9 billion, primarily due to higher revenue-related incentives and other employee-related expenses.

The return on average allocated capital was 26 percent, up from 23 percent, due to higher net income, partially offset by an increase in allocated capital.

Average loans increased \$23.9 billion to \$215.1 billion primarily due to the same factors as described in the three-month discussion. Average deposits increased \$44.4 billion to \$374.4 billion primarily due to the same factors as described in the three-month discussion.

Merrill Wealth Management revenue of \$9.1 billion increased eight percent primarily driven by the benefits of higher deposit and loan balances and higher interest rates, positive AUM flows and the impact of higher market valuations, partially offset by declines in AUM pricing.

Bank of America Private Bank revenue of \$1.8 billion increased 12 percent primarily driven by the same factors as described in the three-month discussion.

Key Indicators and Metrics

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
<i>(Dollars in millions)</i>				
Revenue by Business				
Merrill Wealth Management	\$ 4,536	\$ 4,260	\$ 9,125	\$ 8,445
Bank of America Private Bank	897	805	1,784	1,591
Total revenue, net of interest expense	\$ 5,433	\$ 5,065	\$ 10,909	\$ 10,036
Client Balances by Business, at period end				
Merrill Wealth Management			\$ 2,819,998	\$ 3,073,252
Bank of America Private Bank			547,116	579,562
Total client balances			\$ 3,367,114	\$ 3,652,814
Client Balances by Type, at period end				
Assets under management			\$ 1,411,344	\$ 1,549,069
Brokerage and other assets			1,437,562	1,619,246
Deposits			347,991	330,624
Loans and leases ⁽¹⁾			224,847	201,154
Less: Managed deposits in assets under management			(54,630)	(47,279)
Total client balances			\$ 3,367,114	\$ 3,652,814
Assets Under Management Rollforward				
Assets under management, beginning of period	\$ 1,571,605	\$ 1,467,487	\$ 1,638,782	\$ 1,408,465
Net client flows	1,033	11,714	16,570	29,922
Market valuation/other	(161,294)	69,868	(244,008)	110,682
Total assets under management, end of period	\$ 1,411,344	\$ 1,549,069	\$ 1,411,344	\$ 1,549,069
Total wealth advisors, at period end ⁽²⁾			18,449	19,385

⁽¹⁾ Includes margin receivables which are classified in customer and other receivables on the Consolidated Balance Sheet.

⁽²⁾ Includes advisors across all wealth management businesses in *GWIM* and *Consumer Banking*.

Client Balances

Client balances decreased \$285.7 billion, or eight percent, to \$3.4 trillion at June 30, 2022 compared to June 30, 2021. The decrease in client balances was primarily due to the impact of lower market valuations, partially offset by positive client flows.

Global Banking

(Dollars in millions)	Three Months Ended June 30			Six Months Ended June 30		
	2022	2021	% Change	2022	2021	% Change
Net interest income	\$ 2,634	\$ 1,984	33 %	\$ 4,978	\$ 3,964	26 %
Noninterest income:						
Service charges	933	900	4	1,819	1,747	4
Investment banking fees	692	1,173	(41)	1,572	2,345	(33)
All other income	747	1,033	(28)	1,831	1,666	10
Total noninterest income	2,372	3,106	(24)	5,222	5,758	(9)
Total revenue, net of interest expense	5,006	5,090	(2)	10,200	9,722	5
Provision for credit losses	157	(831)	(119)	322	(1,957)	(116)
Noninterest expense	2,799	2,599	8	5,482	5,380	2
Income before income taxes	2,050	3,322	(38)	4,396	6,299	(30)
Income tax expense	543	897	(39)	1,165	1,701	(32)
Net income	\$ 1,507	\$ 2,425	(38)	\$ 3,231	\$ 4,598	(30)
Effective tax rate	26.5 %	27.0 %		26.5 %	27.0 %	
Net interest yield	1.97	1.49		1.82	1.52	
Return on average allocated capital	14	23		15	22	
Efficiency ratio	55.90	51.07		53.74	55.34	

Balance Sheet

Average	Three Months Ended June 30			Six Months Ended June 30		
	2022	2021	% Change	2022	2021	% Change
Total loans and leases	\$ 377,248	\$ 325,110	16 %	\$ 368,078	\$ 327,595	12 %
Total earning assets	537,660	534,562	1	551,894	525,332	5
Total assets	601,945	595,498	1	616,156	585,875	5
Total deposits	509,261	506,618	1	524,502	496,880	6
Allocated capital	44,500	42,500	5	44,500	42,500	5

Period end	June 30	December 31	% Change
	2022	2021	
Total loans and leases	\$ 385,376	\$ 352,933	9 %
Total earning assets	526,879	574,583	(8)
Total assets	591,490	638,131	(7)
Total deposits	499,714	551,752	(9)

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 2021 Annual Report on Form 10-K.

Three-Month Comparison

Net income for *Global Banking* decreased \$918 million to \$1.5 billion driven by higher provision for credit losses, higher noninterest expense and lower revenue.

Net interest income increased \$650 million to \$2.6 billion primarily due to the allocation of asset and liability management (ALM) results and the benefit of higher loan balances as well as higher deposit spreads, partially offset by lower credit spreads.

Noninterest income decreased \$734 million to \$2.4 billion driven by lower investment banking fees, valuation adjustments on leveraged loans and lower income from ESG investment activities.

The provision for credit losses increased \$988 million to \$157 million primarily driven by a dampening macroeconomic outlook as well as loan growth in the current-year period compared to a benefit in the provision for credit losses of \$831 million in the prior-year period due to a reserve release.

Noninterest expense increased \$200 million to \$2.8 billion primarily due to continued investments in the business and expenses recognized for certain regulatory matters.

The return on average allocated capital was 14 percent, down from 23 percent, due to lower net income and higher 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 Banking* decreased \$1.4 billion to \$3.2 billion driven by higher provision for credit losses and higher noninterest expense, partially offset by higher revenue.

Net interest income increased \$1.0 billion to \$5.0 billion primarily due to the allocation of ALM results and the benefit of higher loan and deposit balances as well as higher deposit spreads, partially offset by lower credit spreads.

Noninterest income decreased \$536 million to \$5.2 billion driven by lower investment banking fees and valuation adjustments on leveraged loans, partially offset by higher leasing-related revenue including ESG investment activity.

The provision for credit losses increased \$2.3 billion to \$322 million primarily due to the same factors as described in the three-month discussion as well as a reserve build in the current-year period for our Russian exposure, compared to a benefit in the provision for credit losses of \$2.0 billion in the prior-year period due to a reserve release.

Noninterest expense increased \$102 million to \$5.5 billion, primarily due to continued investments in the business and expenses recognized for certain regulatory matters, partially offset by an acceleration of expenses due to incentive compensation award changes in the prior-year period.

The return on average allocated capital was 15 percent, down from 22 percent, due to lower net income and higher allocated capital.

Global Corporate, Global Commercial and Business Banking

The following table and discussion present a summary of the results, which exclude certain investment banking 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							
	2022	2021	2022	2021	2022	2021	2022	2021
(Dollars in millions)								
Revenue								
Business Lending	\$ 946	\$ 989	\$ 1,024	\$ 867	\$ 62	\$ 56	\$ 2,032	\$ 1,912
Global Transaction Services ⁽¹⁾	1,138	763	973	805	270	230	2,381	1,798
Total revenue, net of interest expense	\$ 2,084	\$ 1,752	\$ 1,997	\$ 1,672	\$ 332	\$ 286	\$ 4,413	\$ 3,710

Balance Sheet

	Global Corporate Banking		Global Commercial Banking		Business Banking		Total	
	Three Months Ended June 30							
	2022	2021	2022	2021	2022	2021	2022	2021
(Dollars in millions)								
Average								
Total loans and leases	\$ 176,949	\$ 148,163	\$ 186,452	\$ 156,526	\$ 12,865	\$ 12,703	\$ 376,266	\$ 317,392
Total deposits ⁽¹⁾	244,763	245,034	206,805	205,750	57,697	55,799	509,265	506,583

	Global Corporate Banking		Global Commercial Banking		Business Banking		Total	
	Six Months Ended June 30							
	2022	2021	2022	2021	2022	2021	2022	2021
(Dollars in millions)								
Revenue								
Business Lending	\$ 2,006	\$ 1,643	\$ 2,017	\$ 1,765	\$ 120	\$ 111	\$ 4,143	\$ 3,519
Global Transaction Services ⁽¹⁾	2,087	1,474	1,869	1,577	513	452	4,469	3,503
Total revenue, net of interest expense	\$ 4,093	\$ 3,117	\$ 3,886	\$ 3,342	\$ 633	\$ 563	\$ 8,612	\$ 7,022

Balance Sheet

	Global Corporate Banking		Global Commercial Banking		Business Banking		Total	
	Six Months Ended June 30							
	2022	2021	2022	2021	2022	2021	2022	2021
(Dollars in millions)								
Average								
Total loans and leases	\$ 171,999	\$ 148,200	\$ 181,992	\$ 158,407	\$ 12,851	\$ 12,851	\$ 366,842	\$ 319,458
Total deposits ⁽¹⁾	251,297	237,521	215,226	204,769	57,980	54,561	524,503	496,851
Period end								
Total loans and leases	\$ 179,638	\$ 148,210	\$ 191,983	\$ 157,248	\$ 12,996	\$ 12,678	\$ 384,617	\$ 318,136
Total deposits ⁽¹⁾	239,113	256,315	203,934	207,352	56,666	56,324	499,713	519,991

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

Business Lending revenue increased \$120 million for the three months ended June 30, 2022 compared to the same period in 2021 primarily due to the benefit of higher loan balances and the allocation of ALM results, partially offset by lower income from ESG investment activities and lower credit spreads. Business Lending revenue increased \$624 million for the six months ended June 30, 2022 primarily due to the benefit of higher loan balances, the allocation of ALM results and leasing-related revenue including ESG investment activity, partially offset by lower credit spreads.

Global Transaction Services revenue increased \$583 million for the three months ended June 30, 2022 driven by the allocation of ALM results and higher deposit spreads. Global Transaction Services revenue increased \$966 million for the six months ended June 30, 2022 driven by the allocation of ALM results and the benefit of higher average deposit balances and deposit spreads.

Average loans and leases increased 19 percent and 15 percent for the three and six months ended June 30, 2022 due to higher client demand. Average deposits increased one percent and six percent for the three and six months ended June 30, 2022 due to continued portfolio growth.

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 table below 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							
	2022		2021		2022		2021		2022		2021		2022		2021	
Products																
Advisory	\$	361	\$	376	\$	392	\$	407	\$	800	\$	733	\$	865	\$	807
Debt issuance		283		482		662		1,110		642		905		1,493		2,098
Equity issuance		48		315		139		702		130		707		364		1,602
Gross investment banking fees		692		1,173		1,193		2,219		1,572		2,345		2,722		4,507
Self-led deals		(28)		(44)		(65)		(97)		(58)		(61)		(137)		(139)
Total investment banking fees	\$	664	\$	1,129	\$	1,128	\$	2,122	\$	1,514	\$	2,284	\$	2,585	\$	4,368

Total Corporation investment banking fees, which exclude self-led deals and are primarily included within *Global Banking* and *Global Markets*, were \$1.1 billion and \$2.6 billion for the three and six months ended June 30, 2022. The three-month and six-month periods decreased 47 percent and 41 percent compared to the same periods in 2021 primarily driven by lower equity issuance and debt issuance fees.

Global Markets

(Dollars in millions)	Three Months Ended June 30				Six Months Ended June 30							
	2022	2021	% Change	2022	2021	% Change	% Change					
Net interest income	\$	981		\$	990	(1)%	\$	1,974	\$	1,981	— %	
Noninterest income:												
Investment and brokerage services		518		474		9		1,063		1,033	3	
Investment banking fees		461		959		(52)		1,043		1,940	(46)	
Market making and similar activities		2,657		1,964		35		5,847		5,434	8	
All other income		(115)		333		(135)		(133)		530	(125)	
Total noninterest income		3,521		3,730		(6)		7,820		8,937	(12)	
Total revenue, net of interest expense		4,502		4,720		(5)		9,794		10,918	(10)	
Provision for credit losses		8		22		(64)		13		17	(24)	
Noninterest expense		3,109		3,471		(10)		6,226		6,898	(10)	
Income before income taxes		1,385		1,227		13		3,555		4,003	(11)	
Income tax expense		367		319		15		942		1,041	(10)	
Net income	\$	1,018	\$	908		12		\$	2,613	\$	2,962	(12)
Effective tax rate		26.5 %		26.0 %				26.5 %		26.0 %		
Return on average allocated capital		10		10				12		16		
Efficiency ratio		69.07		73.55				63.57		63.19		

Balance Sheet

	Three Months Ended June 30				Six Months Ended June 30						
	2022	2021	% Change	2022	2021	% Change	% Change				
Average											
Trading-related assets:											
Trading account securities	\$	295,190	\$	304,760	(3)%	\$	298,220	\$	285,081	5 %	
Reverse repurchases		131,456		116,424		13		134,999		108,201	25
Securities borrowed		119,200		101,144		18		116,847		95,231	23
Derivative assets		60,289		44,514		35		51,106		45,983	11
Total trading-related assets		606,135		566,842		7		601,172		534,496	12
Total loans and leases		114,375		87,826		30		111,492		82,649	35
Total earning assets		598,832		531,000		13		604,846		513,261	18
Total assets		866,742		797,558		9		862,753		760,616	13
Total deposits		41,192		55,584		(26)		42,784		54,723	(22)
Allocated capital		42,500		38,000		12		42,500		38,000	12
Period end											
Total trading-related assets											
Total loans and leases											
Total earning assets											
Total assets											
Total deposits											

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 2021 Annual Report on Form 10-K.

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

Three-Month Comparison

Net income for *Global Markets* increased \$110 million to \$1.0 billion primarily driven by lower noninterest expense, partially offset by lower revenue. Net DVA gains were \$158 million compared to losses of \$34 million in the prior-year period. Excluding net DVA, net income decreased \$36 million to \$898 million primarily driven by lower revenue, partially offset by lower noninterest expense.

Revenue decreased \$218 million to \$4.5 billion primarily driven by lower investment banking fees and valuation adjustments on leveraged loans, partially offset by an increase in sales and trading revenue. Sales and trading revenue increased \$592 million, and excluding net DVA, increased \$400 million. These increases were driven by higher revenue in FICC.

Noninterest expense decreased \$362 million to \$3.1 billion primarily driven by the realignment of a liquidating business activity from *Global Markets* to *All Other* in the fourth quarter of 2021, partially offset by higher expenses recognized for certain regulatory matters.

Average total assets increased \$69.2 billion to \$866.7 billion driven by loan growth, derivative balances due to a strong U.S. dollar and higher energy prices, and growth in commodities activity.

The return on average allocated capital was 10 percent, unchanged from the prior-year period. 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 \$349 million to \$2.6 billion. Net DVA gains were \$227 million compared to losses of \$36 million in the prior-year period. Excluding net DVA, net income decreased \$549 million to \$2.4 billion. These decreases were primarily driven by lower revenue, partially offset by lower noninterest expense.

Revenue decreased \$1.1 billion to \$9.8 billion primarily driven by lower investment banking fees. Sales and trading revenue increased \$233 million from higher revenues in both FICC and Equities. Excluding net DVA, sales and trading revenue decreased \$30 million, relatively unchanged, driven by lower revenue in FICC, largely offset by higher revenue in Equities.

Noninterest expense decreased \$672 million to \$6.2 billion primarily due to the same factors as described in the three-month discussion, and an acceleration of expenses from incentive compensation award changes in the prior-year period.

Average total assets increased \$102.1 billion to \$862.8 billion driven by loan growth and commodities activity in FICC as well as increased client balances in Equities. Period-end total assets increased \$87.3 billion from December 31, 2021 to \$835.1 billion driven by derivative balances due to a strong U.S. dollar and higher energy prices, growth in commodities activity in FICC and increased hedging of client activity with stock positions relative to derivatives in Equities.

The return on average allocated capital was 12 percent, down from 16 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 2021 Annual Report on Form 10-K. The table below 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)	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Sales and trading revenue				
Fixed income, currencies and commodities	\$ 2,500	\$ 1,937	\$ 5,208	\$ 5,179
Equities	1,653	1,624	3,664	3,460
Total sales and trading revenue	\$ 4,153	\$ 3,561	\$ 8,872	\$ 8,639
Sales and trading revenue, excluding net DVA ⁽⁴⁾				
Fixed income, currencies and commodities	\$ 2,340	\$ 1,965	\$ 4,988	\$ 5,216
Equities	1,655	1,630	3,657	3,459
Total sales and trading revenue, excluding net DVA	\$ 3,995	\$ 3,595	\$ 8,645	\$ 8,675

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

⁽²⁾ Includes FTE adjustments of \$102 million and \$195 million for the three and six months ended June 30, 2022 compared to \$59 million and \$132 million for the same periods in 2021.

⁽³⁾ Includes *Global Banking* sales and trading revenue of \$319 million and \$498 million for the three and six months ended June 30, 2022 compared to \$170 million and \$274 million for the same periods in 2021.

⁽⁴⁾ FICC and Equities sales and trading revenue, excluding net DVA, is a non-GAAP financial measure. FICC net DVA gains were \$160 million and \$220 million for the three and six months ended June 30, 2022 compared to losses of \$28 million and \$37 million for the same periods in 2021. Equities net DVA gains (losses) were \$(2) million and \$7 million for the three and six months ended June 30, 2022 compared to gains (losses) of \$(6) million and \$1 million for the same periods in 2021.

Three-Month Comparison

FICC revenue increased \$375 million driven by improved performance across macro products, partially offset by a weaker trading performance in credit products. Equities revenue increased \$25 million driven by a strong trading performance in derivatives, partially offset by a weaker trading performance in cash.

Six-Month Comparison

FICC revenue decreased \$228 million driven by gains in commodities in the prior-year period for a weather-related event and a weaker trading environment for credit products in the current-year period, partially offset by improved performance across macro products. Equities revenue increased \$198 million driven by a strong trading performance in derivatives, partially offset by a weaker trading performance in cash.

All Other

(Dollars in millions)	Three Months Ended June 30			% Change	Six Months Ended June 30			% Change
	2022	2021			2022	2021		
Net interest income	\$ 43	\$ 41		5%	\$ 36	\$ 128		(72)%
Noninterest income (loss)	(1,329)	(1,526)		(13)	(2,763)	(2,551)		8
Total revenue, net of interest expense	(1,286)	(1,485)		(13)	(2,727)	(2,423)		13
Provision for credit losses	(25)	(53)		(53)	(72)	(100)		(28)
Noninterest expense	531	303		75	1,114	610		83
Loss before income taxes	(1,792)	(1,735)		3	(3,769)	(2,933)		29
Income tax benefit	(1,474)	(3,596)		(59)	(3,087)	(5,052)		(39)
Net income (loss)	\$ (318)	\$ 1,861		(117)	\$ (682)	\$ 2,119		(132)

Balance Sheet

Average	Three Months Ended June 30			% Change	Six Months Ended June 30			% Change
	2022	2021			2022	2021		
Total loans and leases	\$ 14,391	\$ 19,209		(25)%	\$ 14,896	\$ 20,007		(26)%
Total assets ⁽¹⁾	124,923	187,226		(33)	139,588	197,281		(29)
Total deposits	19,663	14,073		40	20,081	14,212		41

Period end	June 30		% Change
	2022	December 31 2021	
Total loans and leases	\$ 10,825	\$ 15,863	(32)%
Total assets ⁽¹⁾	136,673	214,153	(36)
Total deposits	19,374	21,182	(9)

⁽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 \$1.2 trillion for the three and six months ended June 30, 2022 compared to \$1.1 trillion and \$1.0 trillion for the same periods in 2021, and period-end allocated assets were \$1.1 trillion and \$1.2 trillion at June 30, 2022 and December 31, 2021.

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

Three-Month Comparison

Net income decreased \$2.2 billion to a loss of \$318 million due to a lower income tax benefit and higher noninterest expense, partially offset by higher revenue.

Revenue increased \$199 million primarily driven by approximately \$150 million in losses on structured notes in the prior-year period.

Noninterest expense increased \$228 million primarily due to expenses recognized for certain regulatory matters and the realignment of a liquidating business activity from *Global Markets* to *All Other* in the fourth quarter of 2021, partially offset by decreases in other expenses.

The income tax benefit decreased \$2.1 billion due to the impact of the U.K. tax law change recorded in 2021. For more information on the U.K. tax law change, see Financial Highlights on page 6. 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 decreased \$2.8 billion to a loss of \$682 million due to a lower income tax benefit, higher noninterest expense and lower revenue.

Revenue decreased \$304 million primarily due to higher partnership losses for ESG investments, partially offset by losses on structured notes in the prior-year period.

Noninterest expense increased \$504 million primarily due to the same factors as described in the three-month discussion.

The income tax benefit decreased \$2.0 billion due to the same factor 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*.

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, risk 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 roles and responsibilities 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 provides a common set of measures for senior management and the Board to clearly indicate the level of risk we are willing to take in alignment with our strategic and capital plans and ensure that the Corporation's risk profile remains aligned with our risk appetite. Our risk appetite is formally articulated in the Risk Appetite Statement, which includes both qualitative components and quantitative limits that are reviewed and approved by the Board at least annually.

For more information about the Corporation's risks, including those related to the pandemic, see Item 1A. Risk Factors of the Corporation's 2021 Annual Report on Form 10-K. These 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 2021 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 2021 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 2022 CCAR capital plan and related supervisory stress tests in April 2022 and received our results on June 23, 2022. Based on the results, we expect our SCB to be approximately 90 bps higher than the current level of 2.5 percent, and will therefore add approximately 90 bps to our current CET1 minimum requirement of 9.5 percent. By August 31, 2022, the Federal Reserve will finalize the new SCB, which will be effective from October 1, 2022 through September 30, 2023. Our capital ratios must remain above our minimum requirements to avoid restrictions on capital distributions and discretionary bonus payments.

In October 2021, the Board renewed the Corporation's \$25 billion common stock repurchase program previously announced in April 2021. The Board's authorization replaced the previous program. As with the April authorization, the Board also authorized common stock repurchases to offset shares awarded under the Corporation's equity-based compensation plans. Pursuant to the Board's authorizations, during the second quarter of 2022, we repurchased \$975 million of common stock, including repurchases to offset shares awarded under equity-based compensation plans.

The timing and amount of common stock repurchases 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, 2022, 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 of 2.5 percent (under the Advanced approaches only), an SCB (under the Standardized approach only), 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. For the period from October 1, 2021 through September 30, 2022, the Corporation's CET1 capital ratio must be a minimum of 9.5 percent under both the Standardized and Advanced approaches.

The Corporation is required to calculate its G-SIB surcharge on an annual basis under two methods and is subject to the higher of the resulting two surcharges. Method 1 is consistent with the approach prescribed by the Basel Committee's assessment methodology and is calculated using specified indicators of systemic importance. Method 2 modifies the Method 1 approach by, among other factors, including a measure of the Corporation's reliance on short-term wholesale funding. The Corporation's G-SIB surcharge, which is higher under Method 2, is expected to increase to 3.0 percent on January 1, 2024 unless its surcharge calculated as of December 31, 2022 is lower than 3.0 percent.

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, 2022 and December 31, 2021. 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, 2022		
(Dollars in millions, except as noted)			
Risk-based capital metrics:			
Common equity tier 1 capital	\$ 171,754	\$ 171,754	
Tier 1 capital	200,872	200,872	
Total capital ⁽³⁾	232,297	225,555	
Risk-weighted assets (in billions)	1,638	1,407	
Common equity tier 1 capital ratio	10.5 %	12.2 %	9.5 %
Tier 1 capital ratio	12.3	14.3	11.0
Total capital ratio	14.2	16.0	13.0
Leverage-based metrics:			
Adjusted quarterly average assets (in billions) ⁽⁴⁾	\$ 3,080	\$ 3,080	
Tier 1 leverage ratio	6.5 %	6.5 %	4.0
Supplementary leverage exposure (in billions)		\$ 3,621	
Supplementary leverage ratio		5.5 %	5.0
December 31, 2021			
Risk-based capital metrics:			
Common equity tier 1 capital	\$ 171,759	\$ 171,759	
Tier 1 capital	196,465	196,465	
Total capital ⁽³⁾	227,592	220,616	
Risk-weighted assets (in billions)	1,618	1,399	
Common equity tier 1 capital ratio	10.6 %	12.3 %	9.5 %
Tier 1 capital ratio	12.1	14.0	11.0
Total capital ratio	14.1	15.8	13.0
Leverage-based metrics:			
Adjusted quarterly average assets (in billions) ⁽⁴⁾	\$ 3,087	\$ 3,087	
Tier 1 leverage ratio	6.4 %	6.4 %	4.0
Supplementary leverage exposure (in billions)		\$ 3,604	
Supplementary leverage ratio		5.5 %	5.0

⁽¹⁾ Capital ratios as of June 30, 2022 and December 31, 2021 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, 2022 and December 31, 2021. At both June 30, 2022 and December 31, 2021, 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.

At June 30, 2022, CET1 capital was \$171.8 billion, relatively unchanged from December 31, 2021, with common stock repurchases, dividends and increases in net unrealized losses on available-for-sale debt securities included in accumulated other comprehensive income largely offset by earnings. Tier 1 capital increased \$4.4 billion primarily driven by non-cumulative perpetual preferred stock issuances, partially offset by the same factors as CET1 capital. Total capital under the Standardized approach increased \$4.7 billion primarily

driven by the same factors driving the increase in Tier 1 capital and an increase in the adjusted allowance for credit losses included in Tier 2 capital. RWA under the Standardized approach, which yielded the lower CET1 capital ratio at June 30, 2022, increased \$19.9 billion during the six months ended June 30, 2022 to \$1,638 billion primarily due to loan growth, partially offset by client activity in *Global Markets* and a decrease in debt securities. Supplementary leverage exposure at June 30, 2022 increased \$17.0 billion primarily due to higher on- and off-balance sheet exposures in *Global Markets*.

Table 9 shows the capital composition at June 30, 2022 and December 31, 2021.

Table 9 Capital Composition under Basel 3

(Dollars in millions)	June 30 2022	December 31 2021
Total common shareholders' equity	\$ 239,984	\$ 245,358
CECL transitional amount ⁽¹⁾	1,881	2,508
Goodwill, net of related deferred tax liabilities	(68,641)	(68,641)
Deferred tax assets arising from net operating loss and tax credit carryforwards	(7,746)	(7,743)
Intangibles, other than mortgage servicing rights, net of related deferred tax liabilities	(1,575)	(1,605)
Defined benefit pension plan net assets	(1,236)	(1,261)
Cumulative unrealized net (gain) loss related to changes in fair value of financial liabilities attributable to own creditworthiness, net-of-tax	303	1,400
Accumulated net (gain) loss on certain cash flow hedges ⁽²⁾	9,058	1,870
Other	(274)	(127)
Common equity tier 1 capital	171,754	171,759
Qualifying preferred stock, net of issuance cost	29,134	24,707
Other	(16)	(1)
Tier 1 capital	200,872	196,465
Tier 2 capital instruments	20,734	20,750
Qualifying allowance for credit losses ⁽³⁾	10,975	10,534
Other	(284)	(157)
Total capital under the Standardized approach	232,297	227,592
Adjustment in qualifying allowance for credit losses under the Advanced approaches ⁽³⁾	(6,742)	(6,976)
Total capital under the Advanced approaches	\$ 225,555	\$ 220,616

⁽¹⁾ December 31, 2021 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. June 30, 2022 includes 75 percent of the transition provision's impact as of December 31, 2021.

⁽²⁾ Includes amounts in accumulated other comprehensive income related to the hedging of items that are not recognized at fair value on the Consolidated Balance Sheet.

⁽³⁾ 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, 2022 and December 31, 2021.

Table 10 Risk-weighted Assets under Basel 3

(Dollars in billions)	Standardized Approach		Advanced Approaches	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Credit risk	\$ 1,567	\$ 1,549	\$ 914	\$ 913
Market risk	71	69	71	69
Operational risk	n/a	n/a	377	378
Risks related to credit valuation adjustments	n/a	n/a	45	39
Total risk-weighted assets	\$ 1,638	\$ 1,618	\$ 1,407	\$ 1,399

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, 2022 and December 31, 2021. 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, 2022		
(Dollars in millions, except as noted)			
Risk-based capital metrics:			
Common equity tier 1 capital	\$ 182,767	\$ 182,767	
Tier 1 capital	182,767	182,767	
Total capital ⁽³⁾	195,227	188,734	
Risk-weighted assets (in billions)	1,393	1,060	
Common equity tier 1 capital ratio	13.1 %	17.2 %	7.0 %
Tier 1 capital ratio	13.1	17.2	8.5
Total capital ratio	14.0	17.8	10.5
Leverage-based metrics:			
Adjusted quarterly average assets (in billions) ⁽⁴⁾	\$ 2,398	\$ 2,398	
Tier 1 leverage ratio	7.6 %	7.6 %	5.0
Supplementary leverage exposure (in billions)		\$ 2,835	
Supplementary leverage ratio		6.4 %	6.0
December 31, 2021			
Risk-based capital metrics:			
Common equity tier 1 capital	\$ 182,526	\$ 182,526	
Tier 1 capital	182,526	182,526	
Total capital ⁽³⁾	194,773	188,091	
Risk-weighted assets (in billions)	1,352	1,048	
Common equity tier 1 capital ratio	13.5 %	17.4 %	7.0 %
Tier 1 capital ratio	13.5	17.4	8.5
Total capital ratio	14.4	17.9	10.5
Leverage-based metrics:			
Adjusted quarterly average assets (in billions) ⁽⁴⁾	\$ 2,414	\$ 2,414	
Tier 1 leverage ratio	7.6 %	7.6 %	5.0
Supplementary leverage exposure (in billions)		\$ 2,824	
Supplementary leverage ratio		6.5 %	6.0

⁽¹⁾ Capital ratios as of June 30, 2022 and December 31, 2021 are calculated using the regulatory capital rule that allows a five-year transition period related to the adoption of the CECL accounting standard.

⁽²⁾ Risk-based capital regulatory minimums at both June 30, 2022 and December 31, 2021 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, 2022 and December 31, 2021.

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

	TLAC ⁽¹⁾	Regulatory ⁽²⁾ Minimum	Long-term Debt	Regulatory ⁽³⁾ Minimum
(Dollars in millions)				
June 30, 2022				
Total eligible balance	\$ 455,692	\$	240,406	
Percentage of risk-weighted assets ⁽⁴⁾	27.8 %	22.0 %	14.7 %	8.5 %
Percentage of supplementary leverage exposure	12.6	9.5	6.6	4.5
December 31, 2021				
Total eligible balance	\$ 435,904	\$	227,714	
Percentage of risk-weighted assets ⁽⁴⁾	26.9 %	22.0 %	14.1 %	8.5 %
Percentage of supplementary leverage exposure	12.1	9.5	6.3	4.5

⁽¹⁾ As of June 30, 2022 and December 31, 2021, 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, 2022 and December 31, 2021.

Regulatory Developments

For information on regulatory developments, see Capital Management – Regulatory Developments in the MD&A of the Corporation's 2021 Annual Report on Form 10-K.

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 Commodity Futures Trading Commission (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 \$5.0 billion and net capital in excess of the greater of \$1.0 billion or a certain percentage of its reserve requirement in addition to a certain percentage of securities-based swap risk margin. BofAS must also notify the SEC in the event its tentative net capital is less than \$6.0 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, 2022, BofAS had tentative net capital of \$20.0 billion. BofAS also had regulatory net capital of \$17.5 billion, which exceeded the minimum requirement of \$4.2 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, 2022, MLPCC's regulatory net capital of \$7.3 billion exceeded the minimum requirement of \$1.4 billion.

MLPF&S provides retail services. At June 30, 2022, MLPF&S' regulatory net capital was \$5.5 billion, which exceeded the minimum requirement of \$163 million.

Our European broker-dealers are subject to requirements from U.S. and non-U.S. regulators. MLI, a U.K. investment firm, is regulated by the Prudential Regulation Authority and the Financial Conduct Authority and is subject to certain regulatory capital requirements. At June 30, 2022, MLI's capital resources were \$33.4 billion, which exceeded the minimum Pillar 1 requirement of \$12.0 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, 2022, BofASE's capital resources were \$8.0 billion, which exceeded the minimum Pillar 1 requirement of \$3.2 billion.

In addition, MLI and BofASE became conditionally registered with the SEC as security-based swap dealers in the fourth quarter of 2021, and maintained net liquid assets at June 30, 2022 that exceeded the applicable minimum requirements under the Exchange Act.

Liquidity Risk

Funding and Liquidity Risk Management

Our primary liquidity risk management objective is to meet expected or unexpected cash flow and collateral requirements, including payments under long-term debt agreements, commitments to extend credit and customer deposit withdrawals, 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 fluctuation from the pandemic. For more information on the risks of the pandemic, see Item 1A. Risk Factors – Coronavirus Disease of the Corporation's 2021 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 2021 Annual Report on Form 10-K.

NB Holdings Corporation

The parent company, which is a separate and distinct legal entity from our bank and nonbank subsidiaries, has an intercompany arrangement with our wholly-owned holding company subsidiary, NB Holdings Corporation (NB Holdings). We have transferred, and agreed to transfer, additional parent company assets not required to satisfy anticipated near-term expenditures to NB Holdings. The parent company is expected to continue to have access to the same flow of dividends, interest and other amounts of cash necessary to service its debt, pay dividends and perform other obligations as it would have had it 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, 2022 and December 31, 2021.

Table 13 Average Global Liquidity Sources

	Three Months Ended	
	June 30 2022	December 31 2021
(Dollars in billions)		
Bank entities	\$ 828	\$ 1,006
Nonbank and other entities ⁽¹⁾	156	152
Total Average Global Liquidity Sources	\$ 984	\$ 1,158

⁽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 \$344 billion and \$322 billion at June 30, 2022 and December 31, 2021. 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. The 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, 2022 and December 31, 2021.

Table 14 Average Global Liquidity Sources Composition

	Three Months Ended	
	June 30 2022	December 31 2021
(Dollars in billions)		
Cash on deposit	\$ 177	\$ 259
U.S. Treasury securities	271	278
U.S. agency securities, mortgage-backed securities, and other investment-grade securities	520	606
Non-U.S. government securities	16	15
Total Average Global Liquidity Sources	\$ 984	\$ 1,158

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 \$614 billion and \$617 billion for the three months ended June 30, 2022 and December 31, 2021. For the same periods, the average consolidated LCR was 118 percent and 115 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 2021 Annual Report on Form 10-K.

Net Stable Funding Ratio

The Net Stable Funding Ratio (NSFR) is a liquidity requirement for large banks to maintain a minimum level of stable funding over a one-year period. The requirement 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, which focuses on short-term liquidity risks. The U.S. NSFR applies to the Corporation on a consolidated basis and to our insured depository institutions. At June 30, 2022, the Corporation and its insured depository institutions were in compliance with this requirement.

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 totaled \$2.0 trillion and \$2.1 trillion at June 30, 2022 and December 31, 2021.

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, 2022, we issued \$40.7 billion of long-term debt consisting of \$30.9 billion of notes issued by Bank of America Corporation, substantially all of which was TLAC compliant, \$3.8 billion of notes issued by

Bank of America, N.A. and \$6.0 billion of other debt, which is primarily structured liabilities.

During the six months ended June 30, 2022, we had total long-term debt maturities and redemptions in the aggregate of \$16.2 billion consisting of \$10.3 billion for Bank of America Corporation, \$3.9 billion for Bank of America, N.A. and \$2.0 billion of other debt. Table 15 presents the carrying value of aggregate annual contractual maturities of long-term debt at June 30, 2022.

Table 15 Long-term Debt by Maturity

(Dollars in millions)	Remainder of 2022	2023	2024	2025	2026	Thereafter	Total
Bank of America Corporation							
Senior notes ⁽¹⁾	\$ 1,571	\$ 15,537	\$ 22,631	\$ 25,126	\$ 22,375	\$ 122,727	\$ 209,967
Senior structured notes	512	536	448	451	880	8,777	11,604
Subordinated notes	—	—	3,243	5,222	4,968	12,670	26,103
Junior subordinated notes	—	—	—	—	—	743	743
Total Bank of America Corporation	2,083	16,073	26,322	30,799	28,223	144,917	248,417
Bank of America, N.A.							
Senior notes	—	2,200	—	—	—	—	2,200
Subordinated notes	—	—	—	—	—	1,567	1,567
Advances from Federal Home Loan Banks	200	501	—	15	10	59	785
Securitizations and other Bank VIEs ⁽²⁾	1,252	996	1,000	1,000	—	54	4,302
Other	22	298	11	71	31	11	444
Total Bank of America, N.A.	1,474	3,995	1,011	1,086	41	1,691	9,298
Other debt							
Structured Liabilities	1,932	3,692	1,758	1,753	1,317	7,286	17,738
Nonbank VIEs ⁽²⁾	—	—	—	—	—	207	207
Other	—	37	—	—	—	—	37
Total other debt	1,932	3,729	1,758	1,753	1,317	7,493	17,982
Total long-term debt	\$ 5,489	\$ 23,797	\$ 29,091	\$ 33,638	\$ 29,581	\$ 154,101	\$ 275,697

⁽¹⁾ Total includes \$180.8 billion of outstanding notes that are both TLAC eligible and callable one year before their stated maturities, including \$7.5 billion during the remainder of 2022, and \$16.5 billion, \$21.7 billion, \$19.6 billion and \$16.5 billion during each year of 2023 through 2026, respectively, and \$99.0 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 2021 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 decreased \$4.4 billion to \$275.7 billion during the six months ended June 30, 2022, primarily due to debt valuation adjustments, maturities and redemptions, partially offset by debt issuances. 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, 2022, we issued \$5.9 billion of structured notes, which are 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 2021 Annual Report on Form 10-K.

We use derivative transactions to manage the duration, 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 44.

Credit Ratings

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

The ratings and outlooks from Moody's Investors Service, Standard & Poor's Global Ratings and Fitch Ratings for the Corporation and its subsidiaries have not changed from those disclosed in the Corporation's 2021 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 2021 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	Positive	A-	A-2	Positive	AA-	F1+	Stable
Bank of America, N.A.	Aa2	P-1	Positive	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 (BofA Finance), 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 (Guaranteed Notes) that are fully and unconditionally guaranteed by the Corporation. The Corporation guarantees the due and punctual payment, on demand, of amounts payable on the Guaranteed Notes if not paid by BofA Finance. In addition, each of BAC Capital Trust XIII, BAC Capital Trust XIV and BAC Capital Trust XV, Delaware statutory trusts (collectively, the Trusts), is a 100 percent owned finance subsidiary of the Corporation that has issued and sold trust preferred securities (the Trust Preferred Securities) or capital securities (the Capital Securities and, together with the Guaranteed Notes and the Trust Preferred Securities, the Guaranteed Securities), as applicable, that remained outstanding at June 30, 2022. 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 2021 Annual Report on Form 10-K.

Representations and Warranties Obligations

For 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 2021 Annual Report on Form 10-K.

Credit Risk Management

For information on our credit risk management activities, see the following: Consumer Portfolio Credit Risk Management, Commercial Portfolio Credit Risk Management on page 34, 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, 2022, asset quality continued to improve. Excluding losses associated with non-core mortgage sales, our net charge-off ratio remained near historic lows and nonperforming loans and commercial reservable criticized utilized exposure decreased, which was partially offset by an increase in reservable criticized exposure associated with our direct exposure to Russia as a result of the Russia/Ukraine conflict. While the uncertainty around the pandemic has largely dissipated, uncertainty remains regarding broader economic impacts as a result of the current geopolitical situation, supply

chain disruptions and inflationary pressures and could lead to adverse impacts to credit quality metrics in future periods.

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

During the six months ended June 30, 2022, the U.S. unemployment rate continued to decline and home prices increased; however, inflationary pressures continued to persist. During the three months ended June 30, 2022, net charge-offs remained relatively unchanged compared to the same period in 2021. During the six months ended June 30, 2022, net charge-offs decreased \$341 million to \$865 million compared to the same period in 2021, primarily driven by lower credit card losses, as loss rates remained near historic lows. During the six months ended June 30, 2022, nonperforming loans decreased primarily due to decreases from consumer real estate loan sales, partially offset by increases from loans with expired deferrals that were modified as troubled debt restructurings (TDRs) during the first quarter of 2022.

The consumer allowance for loan and lease losses decreased \$421 million during the six months ended June 30, 2022 to \$6.6 billion. 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 TDRs for the consumer portfolio, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2021 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		Nonperforming		Accruing Past Due 90 Days or More	
	June 30	December 31	June 30	December 31	June 30	December 31
	2022	2021	2022	2021	2022	2021
(Dollars in millions)						
Residential mortgage ⁽¹⁾	\$ 227,970	\$ 221,963	\$ 2,245	\$ 2,284	\$ 492	\$ 634
Home equity	27,120	27,935	563	630	—	—
Credit card	84,010	81,438	n/a	n/a	493	487
Direct/Indirect consumer ⁽²⁾	108,826	103,560	58	75	15	11
Other consumer	195	190	—	—	—	—
Consumer loans excluding loans accounted for under the fair value option	\$ 448,121	\$ 435,086	\$ 2,866	\$ 2,989	\$ 1,000	\$ 1,132
Loans accounted for under the fair value option ⁽³⁾	377	618				
Total consumer loans and leases	\$ 448,498	\$ 435,704				
Percentage of outstanding consumer loans and leases ⁽⁴⁾	n/a	n/a	0.64 %	0.69 %	0.22 %	0.26 %
Percentage of outstanding consumer loans and leases, excluding fully-insured loan portfolios ⁽⁴⁾	n/a	n/a	0.66	0.71	0.12	0.12

⁽¹⁾ Residential mortgage loans accruing past due 90 days or more are fully-insured loans. At June 30, 2022 and December 31, 2021, residential mortgage includes \$395 million and \$444 million of loans on which interest had been curtailed by the Federal Housing Administration, and therefore were no longer accruing interest, although principal was still insured, and \$97 million and \$190 million of loans on which interest was still accruing.

⁽²⁾ Outstandings primarily include auto and specialty lending loans and leases of \$50.8 billion and \$48.5 billion and U.S. securities-based lending loans of \$54.0 billion and \$51.1 billion at June 30, 2022 and December 31, 2021, and non-U.S. consumer loans of \$3.0 billion as of both period ends.

⁽³⁾ For more information on the fair value option, see Note 15 – Fair Value Option to the Consolidated Financial Statements.

⁽⁴⁾ Excludes consumer loans accounted for under the fair value option. At June 30, 2022 and December 31, 2021, \$11 million and \$21 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	
	2022	2021	2022	2021	2022	2021	2022	2021
(Dollars in millions)								
Residential mortgage	\$ 86	\$ (6)	\$ 76	\$ (10)	0.15 %	(0.01)%	0.07 %	(0.01)%
Home equity	(24)	(24)	(54)	(59)	(0.37)	(0.31)	(0.40)	(0.37)
Credit card	323	488	620	1,122	1.60	2.67	1.57	3.07
Direct/Indirect consumer	4	(9)	8	22	0.02	(0.04)	0.02	0.05
Other consumer	136	64	215	131	n/m	n/m	n/m	n/m
Total	\$ 525	\$ 513	\$ 865	\$ 1,206	0.47	0.50	0.40	0.59

⁽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, 2022. Approximately 52 percent of the residential mortgage portfolio was in *Consumer Banking* and 44 percent was in *GWIM*. The remaining portion was in *All Other*.

Outstanding balances in the residential mortgage portfolio increased \$6.0 billion during the six months ended June 30, 2022 as originations were partially offset by paydowns and loan sales.

At June 30, 2022 and December 31, 2021, the residential mortgage portfolio included \$12.1 billion and \$12.7 billion of outstanding fully-insured loans, of which both had Federal Housing Administration (FHA) insurance of \$2.2 billion, 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 2022	December 31 2021	June 30 2022	December 31 2021
(Dollars in millions)				
Outstandings	\$ 227,970	\$ 221,963	\$ 215,830	\$ 209,259
Accruing past due 30 days or more	1,517	1,753	783	866
Accruing past due 90 days or more	492	634	—	—
Nonperforming loans ⁽²⁾	2,245	2,284	2,245	2,284
Percent of portfolio				
Refreshed LTV greater than 90 but less than or equal to 100	1 %	1 %	1 %	1 %
Refreshed LTV greater than 100	—	—	—	—
Refreshed FICO below 620	1	2	1	1

⁽¹⁾ Outstandings, accruing past due, nonperforming loans and percentages of portfolio exclude loans accounted for under the fair value option.

⁽²⁾ Includes loans that are contractually current which primarily consist of collateral-dependent TDRs, including those that have been discharged in Chapter 7 bankruptcy and loans that have not yet demonstrated a sustained period of payment performance following a TDR.

Nonperforming outstanding balances in the residential mortgage portfolio decreased \$39 million during the six months ended June 30, 2022 primarily due to decreases from consumer real estate loan sales, partially offset by increases from loans with expired deferrals that were modified as TDRs during the first quarter of 2022. Of the nonperforming residential mortgage loans at June 30, 2022, \$1.4 billion, or 62 percent, were current on contractual payments. Loans accruing past due 30 days or more decreased \$83 million.

Net charge-offs of \$86 million and \$76 million for the three and six months ended June 30, 2022 increased \$92 million and \$86 million compared to the same periods in 2021 primarily due to loan sales that occurred in the second quarter of 2022.

Of the \$215.8 billion in total residential mortgage loans outstanding at June 30, 2022, 28 percent were originated as interest-only loans. The outstanding balance of interest-only residential mortgage loans that have entered the amortization period was \$3.4 billion, or six percent, at June 30, 2022. 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, 2022, \$49 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 \$783 million, or less than one percent, for the entire residential mortgage portfolio. In addition, at June 30, 2022, \$237 million, or seven percent, of outstanding interest-only residential mortgage loans that had entered the amortization period were nonperforming, of which \$99 million were contractually current. 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 94 percent of these loans that have yet to enter the amortization period will not be required to make a fully-amortizing payment until 2025 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 14 percent and 15 percent of outstandings at June 30, 2022 and December 31, 2021. In the New York area, the New York-Northern New Jersey-Long Island MSA made up 15 percent of outstandings at both June 30, 2022 and December 31, 2021.

Table 20 Residential Mortgage State Concentrations

	Outstandings ⁽¹⁾		Nonperforming ⁽¹⁾		Net Charge-offs			
	June 30 2022	December 31 2021	June 30 2022	December 31 2021	Three Months Ended June 30		Six Months Ended June 30	
					2022	2021	2022	2021
(Dollars in millions)								
California	\$ 80,336	\$ 77,819	\$ 673	\$ 693	\$ 43	\$ (5)	\$ 40	\$ (7)
New York	25,854	24,975	354	358	5	—	5	2
Florida	14,734	13,883	145	158	—	(2)	(1)	(4)
Texas	9,273	9,002	101	86	1	—	1	—
New Jersey	8,834	8,723	101	117	3	—	3	—
Other	76,799	74,857	871	872	34	1	28	(1)
Residential mortgage loans	\$ 215,830	\$ 209,259	\$ 2,245	\$ 2,284	\$ 86	\$ (6)	\$ 76	\$ (10)
Fully-insured loan portfolio	12,140	12,704						
Total residential mortgage loan portfolio	\$ 227,970	\$ 221,963						

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

Home Equity

At June 30, 2022, the home equity portfolio made up six 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, 2022, 81 percent of the home equity portfolio was in *Consumer Banking*, 10 percent was in *All Other* and the remainder of the portfolio was primarily in *GWIM*. Outstanding balances in the home equity portfolio decreased \$815 million during the six months ended June 30, 2022 primarily due to paydowns outpacing draws on existing lines and new originations. Of the total home equity portfolio at June 30, 2022 and December 31, 2021, \$11.7 billion and \$12.2 billion, or 43

percent and 44 percent, were in first-lien positions. At June 30, 2022, outstanding balances in the home equity portfolio that were in a second-lien or more junior-lien position and where we also held the first-lien loan totaled \$4.6 billion, or 17 percent of our total home equity portfolio.

Unused HELOCs totaled \$40.7 billion and \$40.5 billion at June 30, 2022 and December 31, 2021. The HELOC utilization rate was 39 percent at both June 30, 2022 and December 31, 2021.

Table 21 presents certain home equity portfolio key credit statistics.

Table 21 Home Equity – Key Credit Statistics ⁽¹⁾

(Dollars in millions)	June 30 2022	December 31 2021
Outstandings	\$ 27,120	\$ 27,935
Accruing past due 30 days or more	84	157
Nonperforming loans ⁽²⁾	563	630
Percent of portfolio		
Refreshed CLTV greater than 90 but less than or equal to 100	— %	— %
Refreshed CLTV greater than 100	1	1
Refreshed FICO below 620	3	3

⁽¹⁾ Outstandings, accruing past due, nonperforming loans and percentages of the portfolio exclude loans accounted for under the fair value option.

⁽²⁾ Includes loans that are contractually current which primarily consist of collateral-dependent TDRs, including those that have been discharged in Chapter 7 bankruptcy, junior-lien loans where the underlying first lien is 90 days or more past due, as well as loans that have not yet demonstrated a sustained period of payment performance following a TDR.

Nonperforming outstanding balances in the home equity portfolio decreased \$67 million to \$563 million at June 30, 2022, primarily driven by loan sales. Of the nonperforming home equity loans at June 30, 2022, \$260 million, or 46 percent, were current on contractual payments. In addition, \$217 million, or 39 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 \$73 million during the six months ended June 30, 2022.

During the three months ended June 30, 2022, net recoveries remained unchanged compared to the same period in 2021. During the six months ended June 30, 2022, net recoveries decreased \$5 million to \$54 million compared to the same period in 2021.

Of the \$27.1 billion in total home equity portfolio outstandings at June 30, 2022, as shown in Table 21, 14 percent require interest-only payments. The outstanding balance of HELOCs that have reached the end of their draw period and have entered the amortization period was \$5.9 billion at June 30, 2022. 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, 2022, \$50 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, 2022, \$409 million, or seven percent, were nonperforming.

For our interest-only HELOC portfolio, 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; however, we can infer some of this information through a review of our HELOC portfolio that we service and is still in its revolving period. During the three months ended June 30, 2022, 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 recoveries 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, 2022 and December 31, 2021. The Los Angeles-Long Beach-Santa Ana MSA within California made up 11 percent and 10 percent of the outstanding home equity portfolio at June 30, 2022 and December 31, 2021.

Table 22 Home Equity State Concentrations

(Dollars in millions)	Outstandings ⁽¹⁾		Nonperforming ⁽¹⁾		Net Charge-offs			
	June 30 2022	December 31 2021	June 30 2022	December 31 2021	Three Months Ended June 30		Six Months Ended June 30	
					2022	2021	2022	2021
California	\$ 7,564	\$ 7,600	\$ 135	\$ 140	\$ (7)	\$ (10)	\$ (13)	\$ (22)
Florida	2,798	2,977	66	78	(6)	(5)	(13)	(11)
New Jersey	2,164	2,259	60	69	2	—	—	(2)
New York	1,936	2,072	89	96	(1)	2	(3)	(1)
Massachusetts	1,396	1,422	26	32	—	(1)	(1)	—
Other	11,262	11,605	187	215	(12)	(10)	(24)	(23)
Total home equity loan portfolio	\$ 27,120	\$ 27,935	\$ 563	\$ 630	\$ (24)	\$ (24)	\$ (54)	\$ (59)

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

Credit Card

At June 30, 2022, 97 percent of the credit card portfolio was managed in *Consumer Banking* with the remainder in *GWIM*. Outstandings in the credit card portfolio increased \$2.6 billion during the six months ended June 30, 2022 to \$84.0 billion primarily driven by increased purchase volumes, partially offset by the transfer of a \$1.6 billion affinity card loan portfolio to held for sale in anticipation of its sale later in 2022. Net charge-offs decreased \$165 million to \$323 million and \$502 million to \$620 million during the three and six months ended June 30, 2022 compared to the same periods in 2021 as loss rates

remained near historic lows. In addition, the prior-year period included charge-offs associated with deferrals that expired in 2020. Credit card loans 30 days and 90 days or more past due and still accruing interest remained relatively unchanged at \$1.0 billion and \$493 million at June 30, 2022.

Unused lines of credit for credit card of \$360.9 billion at June 30, 2022 remained relatively unchanged compared to December 31, 2021.

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

Table 23 Credit Card State Concentrations

(Dollars in millions)	Outstandings		Accruing Past Due 90 Days or More		Net Charge-offs			
	June 30 2022	December 31 2021	June 30 2022	December 31 2021	Three Months Ended June 30		Six Months Ended June 30	
					2022	2021	2022	2021
California	\$ 13,678	\$ 13,076	\$ 88	\$ 82	\$ 56	\$ 94	\$ 106	\$ 213
Florida	8,464	8,046	67	71	44	68	86	159
Texas	7,278	6,894	48	47	30	44	57	102
New York	4,834	4,725	37	35	24	38	46	92
Washington	4,389	4,080	14	13	9	10	16	25
Other	45,367	44,617	239	239	160	234	309	531
Total credit card portfolio	\$ 84,010	\$ 81,438	\$ 493	\$ 487	\$ 323	\$ 488	\$ 620	\$ 1,122

Direct/Indirect Consumer

At June 30, 2022, 47 percent of the direct/indirect portfolio was included in *Consumer Banking* (consumer auto and recreational vehicle lending) and 53 percent was included in *GWIM* (principally securities-based lending loans). Outstandings in the direct/indirect portfolio increased \$5.3 billion during

the six months ended June 30, 2022 to \$108.8 billion driven by client demand for liquidity in securities-based lending and growth in our auto portfolio.

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

Table 24 Direct/Indirect State Concentrations

(Dollars in millions)	Outstandings		Accruing Past Due 90 Days or More		Net Charge-offs			
	June 30 2022	December 31 2021	June 30 2022	December 31 2021	Three Months Ended June 30		Six Months Ended June 30	
					2022	2021	2022	2021
California	\$ 15,846	\$ 15,061	\$ 2	\$ 2	\$ 2	\$ (2)	\$ 3	\$ 5
Florida	14,198	13,352	2	1	(1)	(1)	—	2
Texas	10,101	9,505	2	2	—	1	1	6
New York	8,079	7,802	1	1	1	—	1	3
New Jersey	4,532	4,228	1	—	—	(1)	—	(1)
Other	56,070	53,612	7	5	2	(6)	3	7
Total direct/indirect loan portfolio	\$ 108,826	\$ 103,560	\$ 15	\$ 11	\$ 4	\$ (9)	\$ 8	\$ 22

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, 2022 and 2021. During the six months ended June 30, 2022, nonperforming consumer loans decreased \$123 million to \$2.9 billion primarily due to decreases from loan sales, partially offset by increases from loans with expired deferrals that were modified as TDRs during the first quarter of 2022.

At June 30, 2022, \$720 million, or 25 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, 2022, \$1.7 billion, or 60 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 increased \$14 million during the six months ended June 30, 2022 to \$115 million. Nonperforming loans also include certain loans that have been modified in TDRs where economic concessions have been granted to borrowers experiencing financial difficulties.

Table 25 Nonperforming Consumer Loans, Leases and Foreclosed Properties Activity

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
(Dollars in millions)				
Nonperforming loans and leases, beginning of period	\$ 3,104	\$ 3,091	\$ 2,989	\$ 2,725
Additions	365	431	1,009	1,282
Reductions:				
Paydowns and payoffs	(147)	(160)	(322)	(283)
Sales	(269)	(1)	(400)	(2)
Returns to performing status ⁽¹⁾	(157)	(291)	(359)	(638)
Charge-offs	(23)	(25)	(38)	(37)
Transfers to foreclosed properties	(7)	(1)	(13)	(3)
Total net additions/(reductions) to nonperforming loans and leases	(238)	(47)	(123)	319
Total nonperforming loans and leases, June 30	2,866	3,044	2,866	3,044
Foreclosed properties, June 30 ⁽²⁾	115	93	115	93
Nonperforming consumer loans, leases and foreclosed properties, June 30	\$ 2,981	\$ 3,137	\$ 2,981	\$ 3,137
Nonperforming consumer loans and leases as a percentage of outstanding consumer loans and leases ⁽³⁾	0.64 %	0.73 %		
Nonperforming consumer loans, leases and foreclosed properties as a percentage of outstanding consumer loans, leases and foreclosed properties ⁽³⁾	0.66	0.75		

⁽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 \$71 million and \$86 million at June 30, 2022 and 2021.

⁽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, 2022			December 31, 2021		
	Nonperforming	Performing	Total	Nonperforming	Performing	Total
(Dollars in millions)						
Residential mortgage ^(1,2)	\$ 1,675	\$ 1,660	\$ 3,335	\$ 1,498	\$ 2,278	\$ 3,776
Home equity ⁽³⁾	311	572	883	254	652	906
Total consumer real estate troubled debt restructurings	\$ 1,986	\$ 2,232	\$ 4,218	\$ 1,752	\$ 2,930	\$ 4,682

⁽¹⁾ At June 30, 2022 and December 31, 2021, residential mortgage TDRs deemed collateral dependent totaled \$1.7 billion and \$1.6 billion, and included \$1.5 billion and \$1.4 billion of loans classified as nonperforming and \$191 million and \$279 million of loans classified as performing.

⁽²⁾ At both June 30, 2022 and December 31, 2021, residential mortgage performing TDRs include \$1.2 billion of loans that were fully-insured.

⁽³⁾ At June 30, 2022 and December 31, 2021, home equity TDRs deemed collateral dependent totaled \$405 million and \$370 million, and include \$275 million and \$222 million of loans classified as nonperforming and \$130 million and \$148 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, 2022 and December 31, 2021, our credit card and other consumer TDR portfolio was \$620 million and \$672 million, of which \$551 million and \$599 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, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2021 Annual Report on Form 10-K.

Commercial Credit Portfolio

During the six months ended June 30, 2022, commercial credit quality improved as charge-offs, nonperforming commercial loans and reservable criticized utilized exposure declined during this period. Due to the ongoing Russia/Ukraine conflict, all direct exposure to Russian counterparties was downgraded and reported as reservable criticized exposure, and expected credit losses have been incorporated into our estimate of the allowance for credit losses. Outstanding commercial loans and leases increased \$38.8 billion during the six months ended June 30, 2022 due to growth in commercial and industrial, primarily in *Global Banking*. This increase was partially offset by lower U.S. small business commercial loans due to repayments of PPP loans by the Small Business Administration (SBA) under the terms of the program. For more information on PPP loans, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2021

Annual Report on Form 10-K.

Credit quality of commercial real estate borrowers continued to stabilize as pandemic-impacted sectors continued to recover. However, many real estate markets, while improving, are still experiencing some disruptions in demand, supply chain challenges and tenant difficulties. Demand for office space continues to be uncertain as companies evaluate space needs with employment models that utilize a mix of remote and conventional office use.

The commercial allowance for loan and lease losses remained relatively unchanged at \$5.4 billion at June 30, 2022, as asset quality improvement and reduced pandemic uncertainties were offset by a dampening macroeconomic outlook, loan growth and a reserve build related to Russian exposure. For more information, see Allowance for Credit Losses on page 41.

Total commercial utilized credit exposure increased \$56.7 billion during the six months ended June 30, 2022 to \$710.2 billion primarily driven by higher loans and leases and 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 56 percent at both June 30, 2022 and December 31, 2021.

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 2022	December 31 2021	June 30 2022	December 31 2021	June 30 2022	December 31 2021
(Dollars in millions)						
Loans and leases	\$ 582,268	\$ 543,420	\$ 482,734	\$ 454,256	\$ 1,065,002	\$ 997,676
Derivative assets ⁽⁵⁾	62,047	35,344	—	—	62,047	35,344
Standby letters of credit and financial guarantees	35,576	34,389	2,142	639	37,718	35,028
Debt securities and other investments	19,196	19,427	3,846	4,638	23,042	24,065
Loans held-for-sale	3,441	13,185	17,587	16,581	21,028	29,766
Operating leases	5,757	5,935	—	—	5,757	5,935
Commercial letters of credit	1,137	1,176	76	247	1,213	1,423
Other	812	652	—	—	812	652
Total	\$ 710,234	\$ 653,528	\$ 506,385	\$ 476,361	\$ 1,216,619	\$ 1,129,889

⁽¹⁾ Commercial utilized exposure includes loans of \$5.1 billion and \$7.2 billion accounted for under the fair value option at June 30, 2022 and December 31, 2021.

⁽²⁾ Commercial unfunded exposure includes commitments accounted for under the fair value option with a notional amount of \$3.6 billion and \$4.8 billion at June 30, 2022 and December 31, 2021.

⁽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 \$11.2 billion and \$10.7 billion at June 30, 2022 and December 31, 2021.

⁽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 \$35.8 billion and \$30.8 billion at June 30, 2022 and December 31, 2021. Not reflected in utilized and committed exposure is additional non-cash derivative collateral held of \$53.3 billion and \$44.8 billion at June 30, 2022 and December 31, 2021, which consists primarily of other marketable securities.

Nonperforming commercial loans decreased \$280 million. Table 28 presents our commercial loans and leases portfolio and related credit quality information at June 30, 2022 and December 31, 2021.

Table 28 Commercial Credit Quality

	Outstandings		Nonperforming		Accruing Past Due 90 Days or More	
	June 30 2022	December 31 2021	June 30 2022	December 31 2021	June 30 2022	December 31 2021
(Dollars in millions)						
Commercial and industrial:						
U.S. commercial	\$ 355,731	\$ 325,936	\$ 742	\$ 825	\$ 357	\$ 171
Non-U.S. commercial	125,796	113,266	279	268	184	19
Total commercial and industrial	481,527	439,202	1,021	1,093	541	190
Commercial real estate	64,253	63,009	218	382	18	40
Commercial lease financing	13,612	14,825	44	80	3	8
	559,392	517,036	1,283	1,555	562	238
U.S. small business commercial ⁽¹⁾	17,757	19,183	15	23	143	87
Commercial loans excluding loans accounted for under the fair value option	\$ 577,149	\$ 536,219	\$ 1,298	\$ 1,578	\$ 705	\$ 325
Loans accounted for under the fair value option ⁽²⁾	5,119	7,201				
Total commercial loans and leases	\$ 582,268	\$ 543,420				

⁽¹⁾ Includes card-related products.

⁽²⁾ Commercial loans accounted for under the fair value option include U.S. commercial of \$2.9 billion and \$4.6 billion and non-U.S. commercial of \$2.2 billion and \$2.6 billion at June 30, 2022 and December 31, 2021. 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, 2022 and 2021.

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	
	2022	2021	2022	2021	2022	2021	2022	2021
(Dollars in millions)								
Commercial and industrial:								
U.S. commercial	\$ 15	\$ (31)	\$ 1	\$ (19)	0.02 %	(0.04 %)	— %	(0.01 %)
Non-U.S. commercial	(5)	14	(4)	40	(0.01)	0.06	(0.01)	0.09
Total commercial and industrial	10	(17)	(3)	21	0.01	(0.02)	—	0.01
Commercial real estate	(4)	17	19	28	(0.03)	0.11	0.06	0.09
Commercial lease financing	4	—	4	—	0.13	—	0.06	—
	10	—	20	49	0.01	—	0.01	0.02
U.S. small business commercial	36	82	78	163	0.79	0.98	0.87	0.93
Total commercial	\$ 46	\$ 82	\$ 98	\$ 212	0.03	0.07	0.04	0.09

⁽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 \$4.3 billion during the six months ended June 30, 2022, which was broad-based across industries. At both June 30, 2022 and December 31, 2021, 87 percent of commercial reservable criticized utilized exposure was secured.

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

	June 30, 2022		December 31, 2021	
(Dollars in millions)				
Commercial and industrial:				
U.S. commercial	\$ 9,531	2.48 %	\$ 11,327	3.20 %
Non-U.S. commercial	2,708	2.05	2,582	2.17
Total commercial and industrial	12,239	2.37	13,909	2.94
Commercial real estate	5,148	7.81	7,572	11.72
Commercial lease financing	316	2.32	387	2.61
	17,703	2.97	21,868	3.96
U.S. small business commercial	411	2.31	513	2.67
Total commercial reservable criticized utilized exposure	\$ 18,114	2.95	\$ 22,381	3.91

⁽¹⁾ Total commercial reservable criticized utilized exposure includes loans and leases of \$17.4 billion and \$21.2 billion and commercial letters of credit of \$758 million and \$1.2 billion at June 30, 2022 and December 31, 2021.

⁽²⁾ Percentages are calculated as commercial reservable criticized utilized exposure divided by total commercial reservable criticized 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, 2022, 65 percent of the U.S. commercial loan portfolio, excluding small business, was managed in *Global Banking*, 19 percent in *Global Markets*, 14 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 \$29.8 billion, or nine percent, during the six months ended June 30, 2022 primarily driven by *Global Banking*. Reservable criticized utilized exposure decreased \$1.8 billion, or 16 percent, driven by decreases across a broad range of industries.

Non-U.S. Commercial

At June 30, 2022, 67 percent of the non-U.S. commercial loan portfolio was managed in *Global Banking*, 32 percent in *Global Markets* and the remainder in *GWIM*. Non-U.S. commercial loans increased \$12.5 billion, or 11 percent, during the six months ended June 30, 2022 primarily in *Global Banking and Global Markets*. Reservable criticized utilized exposure increased \$126 million, or five percent, due to downgrades for direct exposure to Russian counterparties. For information on the non-U.S. commercial portfolio, see Non-U.S. Portfolio on page 40. For

more information on the Russia/Ukraine conflict, see Recent Developments on page 3.

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 increased \$1.2 billion, or two percent, during the six months ended June 30, 2022 to \$64.3 billion due to new originations outpacing paydowns and increased utilizations under existing credit facilities. Reservable criticized utilized exposure decreased \$2.4 billion, or 32 percent, primarily driven by Hotels due to improving vacancy rates and reduced travel restrictions. The portfolio remains diversified across property types and geographic regions. California represented the largest state concentration at 20 percent and 21 percent of the commercial real estate portfolio at June 30, 2022 and December 31, 2021. 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, 2022 and 2021, we continued to see low default rates and varying degrees of improvement in certain geographic regions and property types of 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 2022	December 31 2021
By Geographic Region		
Northeast	\$ 15,494	\$ 14,318
California	12,977	13,145
Southwest	7,351	7,510
Southeast	6,705	6,758
Florida	5,334	4,367
Midwest	3,414	3,221
Illinois	3,112	2,878
Midsouth	2,204	2,289
Northwest	1,576	1,709
Non-U.S.	4,110	4,760
Other	1,976	2,054
Total outstanding commercial real estate loans	\$ 64,253	\$ 63,009
By Property Type		
Non-residential		
Office	\$ 17,916	\$ 18,309
Industrial / Warehouse	11,116	10,749
Multi-family rental	9,667	8,173
Shopping centers /Retail	6,038	6,502
Hotel / Motels	5,404	5,932
Unsecured	2,963	3,178
Multi-use	2,114	1,835
Other	7,784	7,238
Total non-residential	63,002	61,916
Residential	1,251	1,093
Total outstanding commercial real estate loans	\$ 64,253	\$ 63,009

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 included \$2.1 billion and \$4.7 billion of PPP loans outstanding at June 30, 2022 and December 31, 2021. The decline of \$2.6 billion in PPP loans during the six months ended June 30, 2022 was primarily due to repayment of the loans by the SBA under the terms of the program. Excluding PPP, credit card-related products were 54 percent and 50 percent of the U.S. small business commercial portfolio at June 30, 2022 and December 31, 2021 and represented all of the net charge-offs for both the three and six months ended June 30, 2022 compared to 100 percent and 95 percent for the same periods in 2021. The increase of \$56 million in accruing past due 90 days or more for the six months ended June 30, 2022 was driven by PPP loans, which are fully guaranteed by the SBA.

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, 2022 and 2021. Nonperforming loans do not include loans accounted for under the fair value option. During the six months ended June 30, 2022, nonperforming commercial loans and leases decreased \$280 million to \$1.3 billion. At June 30, 2022, 90 percent of commercial nonperforming loans, leases and foreclosed properties were secured and 62 percent were contractually current. Commercial nonperforming loans were carried at 90 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	
	2022	2021	2022	2021
(Dollars in millions)				
Nonperforming loans and leases, beginning of period	\$ 1,521	\$ 2,071	\$ 1,578	\$ 2,227
Additions	321	503	504	975
Reductions:				
Paydowns	(342)	(264)	(501)	(576)
Sales	(16)	(77)	(41)	(99)
Returns to performing status ⁽³⁾	(146)	(59)	(151)	(87)
Charge-offs	(40)	(108)	(52)	(186)
Transfers to loans held-for-sale	—	(203)	(39)	(391)
Total net reductions to nonperforming loans and leases	(223)	(208)	(280)	(364)
Total nonperforming loans and leases, June 30	1,298	1,863	1,298	1,863
Foreclosed properties, June 30	47	31	47	31
Nonperforming commercial loans, leases and foreclosed properties, June 30	\$ 1,345	\$ 1,894	\$ 1,345	\$ 1,894
Nonperforming commercial loans and leases as a percentage of outstanding commercial loans and leases ⁽⁴⁾	0.22 %	0.38 %		
Nonperforming commercial loans, leases and foreclosed properties as a percentage of outstanding commercial loans, leases and foreclosed properties ⁽⁴⁾	0.23	0.38		

⁽¹⁾ Balances do not include nonperforming loans held-for-sale of \$270 million and \$348 million at June 30, 2022 and 2021.

⁽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. Commercial TDRs increased \$556 million, or 29 percent, during the six months ended June 30, 2022 primarily due to commercial real estate loans with expired payment deferrals that were modified as TDRs during the first half of the year.

Table 33 Commercial Troubled Debt Restructurings

	June 30, 2022			December 31, 2021		
	Nonperforming	Performing	Total	Nonperforming	Performing	Total
(Dollars in millions)						
Commercial and industrial:						
U.S. commercial	\$ 420	\$ 757	\$ 1,177	\$ 359	\$ 685	\$ 1,044
Non-U.S. commercial	54	90	144	72	8	80
Total commercial and industrial	474	847	1,321	431	693	1,124
Commercial real estate	118	930	1,048	244	437	681
Commercial lease financing	38	6	44	50	7	57
	630	1,783	2,413	725	1,137	1,862
U.S. small business commercial	—	43	43	—	38	38
Total commercial troubled debt restructurings	\$ 630	\$ 1,826	\$ 2,456	\$ 725	\$ 1,175	\$ 1,900

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 \$86.7 billion, or eight percent, during the six months ended June 30, 2022 to \$1.2 trillion. The increase in commercial committed exposure was concentrated in Asset managers and funds, Global commercial banks and Financial markets infrastructure (clearinghouses).

For information on industry limits, see Commercial Portfolio Credit Risk Management – Industry Concentrations in the MD&A of the Corporation's 2021 Annual Report on Form 10-K.

Asset managers and funds, our largest industry concentration with committed exposure of \$167.2 billion,

increased \$30.2 billion, or 22 percent, during the six months ended June 30, 2022, which was primarily driven by secured investment-grade exposures.

Real estate, our second largest industry concentration with committed exposure of \$97.6 billion, increased \$1.4 billion, or one percent, during the six months ended June 30, 2022. For more information on the commercial real estate and related portfolios, see Commercial Portfolio Credit Risk Management – Commercial Real Estate on page 36.

Capital goods, our third largest industry concentration with committed exposure of \$89.8 billion, increased \$5.5 billion, or seven percent, during the six months ended June 30, 2022.

While the U.S. and global economies have shown signs of relief from the pandemic, uncertainty remains as a result of geopolitical and inflationary pressures, and a number of industries will likely continue to be adversely impacted due to these conditions. We continue to monitor all industries, particularly higher risk industries that are experiencing or could experience a more significant impact to their financial condition.

Table 34 Commercial Credit Exposure by Industry ⁽¹⁾

	Commercial Utilized		Total Commercial Committed ⁽²⁾	
	June 30 2022	December 31 2021	June 30 2022	December 31 2021
(Dollars in millions)				
Asset managers & funds	\$ 112,812	\$ 89,786	\$ 167,163	\$ 136,914
Real estate ⁽³⁾	68,897	69,384	97,617	96,202
Capital goods	46,923	42,784	89,785	84,293
Finance companies	49,740	59,327	76,051	86,009
Materials	27,295	25,133	59,699	53,652
Healthcare equipment and services	32,768	32,003	57,901	58,195
Retailing	27,398	24,514	52,645	50,816
Government & public education	37,141	37,597	50,189	50,066
Consumer services	27,703	28,172	48,453	48,052
Food, beverage and tobacco	23,654	21,584	48,337	45,419
Individuals and trusts	30,501	29,752	45,733	39,869
Commercial services and supplies	22,852	22,390	43,520	42,451
Energy	17,726	14,217	39,613	34,136
Utilities	19,781	17,082	39,448	36,855
Transportation	21,583	21,079	35,569	32,015
Software and services	13,472	10,663	30,761	27,643
Global commercial banks	29,674	20,062	30,667	21,390
Technology hardware and equipment	11,411	10,159	29,697	26,910
Media	12,661	12,495	27,270	26,318
Consumer durables and apparel	11,275	9,740	22,841	21,226
Vehicle dealers	11,849	11,030	20,027	15,678
Insurance	10,238	5,743	19,496	14,323
Pharmaceuticals and biotechnology	7,088	5,608	19,072	19,439
Automobiles and components	8,395	9,236	17,256	17,052
Telecommunication services	7,495	10,056	15,986	21,270
Financial markets infrastructure (clearinghouses)	9,274	3,876	14,252	6,076
Food and staples retailing	7,745	6,902	12,441	12,226
Religious and social organizations	2,883	3,154	5,130	5,394
Total commercial credit exposure by industry	\$ 710,234	\$ 653,528	\$ 1,216,619	\$ 1,129,889

⁽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 \$11.2 billion and \$10.7 billion at June 30, 2022 and December 31, 2021.⁽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, 2022 and December 31, 2021, net notional credit default protection purchased in our credit derivatives portfolio to hedge our funded and unfunded exposures for which we elected the fair value option, as well as certain other credit exposures, was \$3.7 billion and \$2.6 billion. We recorded net gains of \$131 million and \$122 million for the three and six months ended June 30, 2022 compared to net losses of \$32 million and \$68 million for the same periods in 2021. The gains and losses on these instruments were largely 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, 2022 and December 31, 2021.

Table 35 Net Credit Default Protection by Maturity

	June 30 2022	December 31 2021
Less than or equal to one year	48 %	34 %
Greater than one year and less than or equal to five years	49	62
Greater than five years	3	4
Total net credit default protection	100 %	100 %

Table 36 Net Credit Default Protection by Credit Exposure Debt Rating

	Net Notional ⁽¹⁾		Percent of Total	
	June 30, 2022	December 31, 2021	Net Notional ⁽¹⁾	Percent of Total
(Dollars in millions)				
Ratings ^(2, 3)				
A	\$ (777)	20.9 %	\$ (350)	13.4 %
BBB	(1,033)	27.7	(710)	27.1
BB	(991)	26.6	(809)	30.9
B	(657)	17.6	(659)	25.2
CCC and below	(64)	1.7	(35)	1.3
NR ⁽⁴⁾	(202)	5.5	(55)	2.1
Total net credit default protection	\$ (3,724)	100.0 %	\$ (2,618)	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 2021 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 2021 Annual Report on Form 10-K.

Table 37 presents our 20 largest non-U.S. country exposures at June 30, 2022. These exposures accounted for 89 percent of our total non-U.S. exposure at both June 30, 2022 and December 31, 2021. Net country exposure for these 20 countries increased \$9.6 billion during the six months ended June 30, 2022 primarily driven by increases in Ireland, the Netherlands, the United Kingdom and France, partially offset by reductions in Canada, Germany and Australia.

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 2022	Hedges and Credit Default Protection	Net Country Exposure at June 30 2022	Increase (Decrease) from December 31 2021
United Kingdom	\$ 29,149	\$ 17,082	\$ 9,053	\$ 2,774	\$ 58,058	\$ (832)	\$ 57,226	\$ 2,257
Germany	21,037	8,342	2,479	1,813	33,671	(1,524)	32,147	(1,678)
France	15,144	7,816	923	3,761	27,644	(655)	26,989	2,082
Canada	10,414	9,266	1,306	3,899	24,885	(347)	24,538	(1,773)
Australia	11,097	5,337	1,309	2,442	20,185	(265)	19,920	(1,384)
Japan	12,011	2,024	2,715	713	17,463	(668)	16,795	(467)
Brazil	7,129	1,451	488	4,082	13,150	(48)	13,102	352
Netherlands	6,766	4,265	743	1,106	12,880	(572)	12,308	2,712
China	8,807	724	1,280	1,280	12,091	(330)	11,761	(821)
Singapore	4,069	957	299	5,583	10,908	(37)	10,871	206
India	6,813	305	541	2,594	10,253	(145)	10,108	1,477
Ireland	7,671	1,425	412	296	9,804	(20)	9,784	4,245
South Korea	6,136	880	819	1,264	9,099	(97)	9,002	850
Hong Kong	6,037	504	293	1,460	8,294	(24)	8,270	943
Switzerland	4,367	3,065	383	393	8,208	(146)	8,062	(513)
Italy	2,619	3,163	388	1,047	7,217	(400)	6,817	1,613
Mexico	4,263	1,458	198	739	6,658	(141)	6,517	55
Spain	2,230	1,452	673	1,408	5,763	(68)	5,695	(225)
Belgium	2,107	1,671	324	892	4,994	(132)	4,862	(169)
Saudi Arabia	2,281	938	152	37	3,408	(60)	3,348	(125)
Total top 20 non-U.S. countries exposure	\$ 170,147	\$ 72,125	\$ 24,778	\$ 37,583	\$ 304,633	\$ (6,511)	\$ 298,122	\$ 9,637

Our largest non-U.S. country exposure at June 30, 2022 was the United Kingdom with net exposure of \$57.2 billion, which represents a \$2.3 billion increase from December 31, 2021. The increase was primarily driven by increased net counterparty exposure with central clearing counterparties and increased loan and loan equivalent exposure across a mix of clients, partially

offset by a reduction in deposits with the central bank. Our second largest non-U.S. country exposure was Germany with net exposure of \$32.1 billion at June 30, 2022, a \$1.7 billion decrease from December 31, 2021. The exposure reduction was primarily driven by lower deposit activity with the central bank.

Allowance for Credit Losses

The allowance for credit losses decreased \$409 million from December 31, 2021 to \$13.4 billion at June 30, 2022, which included a \$438 million reserve decrease related to the consumer portfolio and a \$29 million reserve increase related to the commercial portfolio. The decrease in the allowance was primarily driven by asset quality improvement and reduced

pandemic uncertainties, partially offset by reserve builds related to loan growth, a dampening macroeconomic outlook and Russian exposure.

Table 38 presents an allocation of the allowance for credit losses by product type at June 30, 2022 and December 31, 2021.

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

	June 30, 2022			December 31, 2021		
	Amount	Percent of Total	Percent of Loans and Leases Outstanding ⁽¹⁾	Amount	Percent of Total	Percent of Loans and Leases Outstanding ⁽¹⁾
(Dollars in millions)						
Allowance for loan and lease losses						
Residential mortgage	\$ 280	2.34 %	0.12 %	\$ 351	2.83 %	0.16 %
Home equity	116	0.97	0.43	206	1.66	0.74
Credit card	5,684	47.46	6.77	5,907	47.70	7.25
Direct/Indirect consumer	475	3.97	0.44	523	4.22	0.51
Other consumer	57	0.48	n/m	46	0.37	n/m
Total consumer	6,612	55.22	1.48	7,033	56.78	1.62
U.S. commercial ⁽²⁾	3,012	25.16	0.81	3,019	24.37	0.87
Non-U.S. commercial	1,168	9.76	0.93	975	7.87	0.86
Commercial real estate	1,128	9.42	1.76	1,292	10.43	2.05
Commercial lease financing	53	0.44	0.39	68	0.55	0.46
Total commercial	5,361	44.78	0.93	5,354	43.22	1.00
Allowance for loan and lease losses	11,973	100.00 %	1.17	12,387	100.00 %	1.28
Reserve for unfunded lending commitments	1,461			1,456		
Allowance for credit losses	\$ 13,434			\$ 13,843		

⁽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 \$921 million and \$1.2 billion at June 30, 2022 and December 31, 2021.

n/m = not meaningful

Net charge-offs for the three and six months ended June 30, 2022 were \$571 million and \$963 million compared to \$595 million and \$1.4 billion for the same periods in 2021 driven by decreases across most products, partially offset by higher consumer real estate losses due to loan sales. The provision for credit losses increased \$2.1 billion to an expense of \$523 million, and \$4.0 billion to an expense of \$553 million for the three and six months ended June 30, 2022 compared to the same periods in 2021. The provision for credit losses for the three and six months ended June 30, 2022 was primarily driven by loan growth and a dampening macroeconomic outlook, partially offset by asset quality improvement and reduced pandemic uncertainties. The increase in the six-month period was also driven by a reserve build related to Russian exposure. For the same periods in the prior year, the provision for credit losses benefited from reserve releases due to an improved macroeconomic outlook. The provision for credit losses for the consumer portfolio, including unfunded lending commitments,

increased \$1.1 billion to an expense of \$410 million and \$1.9 billion to an expense of \$422 million for the three and six months ended June 30, 2022 compared to the same periods in 2021. The provision for credit losses for the commercial portfolio, including unfunded lending commitments, increased \$1.0 billion to an expense of \$113 million and \$2.1 billion to an expense of \$131 million for the three and six months ended June 30, 2022 compared to the same periods in 2021.

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, 2022 and 2021. 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* to the Consolidated Financial Statements of the Corporation's 2021 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	
	2022	2021	2022	2021
(Dollars in millions)				
Allowance for loan and lease losses, January 1	\$ 12,104	\$ 16,168	\$ 12,387	\$ 18,802
Loans and leases charged off				
Residential mortgage	(140)	(11)	(150)	(20)
Home equity	(20)	(19)	(33)	(25)
Credit card	(492)	(661)	(965)	(1,461)
Direct/Indirect consumer	(59)	(68)	(121)	(170)
Other consumer	(141)	(70)	(225)	(145)
Total consumer charge-offs	(852)	(829)	(1,494)	(1,821)
U.S. commercial ⁽¹⁾	(87)	(194)	(154)	(350)
Non-U.S. commercial	—	(16)	(2)	(42)
Commercial real estate	—	(22)	(23)	(34)
Commercial lease financing	(5)	—	(5)	—
Total commercial charge-offs	(92)	(232)	(184)	(426)
Total loans and leases charged off	(944)	(1,061)	(1,678)	(2,247)
Recoveries of loans and leases previously charged off				
Residential mortgage	54	17	74	30
Home equity	44	43	87	84
Credit card	169	173	345	339
Direct/Indirect consumer	55	77	113	148
Other consumer	5	6	10	14
Total consumer recoveries	327	316	629	615
U.S. commercial ⁽²⁾	36	143	75	206
Non-U.S. commercial	5	2	6	2
Commercial real estate	4	5	4	6
Commercial lease financing	1	—	1	—
Total commercial recoveries	46	150	86	214
Total recoveries of loans and leases previously charged off	373	466	715	829
Net charge-offs	(571)	(595)	(963)	(1,418)
Provision for loan and lease losses	441	(1,480)	549	(3,291)
Other	(1)	2	—	2
Allowance for loan and lease losses, June 30	11,973	14,095	11,973	14,095
Reserve for unfunded lending commitments, January 1	1,379	1,829	1,456	1,878
Provision for unfunded lending commitments	82	(141)	4	(190)
Other	—	(1)	1	(1)
Reserve for unfunded lending commitments, June 30	1,461	1,687	1,461	1,687
Allowance for credit losses, June 30	\$ 13,434	\$ 15,782	\$ 13,434	\$ 15,782
Loan and allowance ratios ⁽³⁾:				
Loans and leases outstanding at June 30	\$ 1,025,270	\$ 911,978	\$ 1,025,270	\$ 911,978
Allowance for loan and lease losses as a percentage of total loans and leases outstanding at June 30	1.17 %	1.55 %	1.17 %	1.55 %
Consumer allowance for loan and lease losses as a percentage of total consumer loans and leases outstanding at June 30	1.48	1.78	1.48	1.78
Commercial allowance for loan and lease losses as a percentage of total commercial loans and leases outstanding at June 30	0.93	1.35	0.93	1.35
Average loans and leases outstanding	\$ 1,008,826	\$ 900,863	\$ 989,764	\$ 901,223
Annualized net charge-offs as a percentage of average loans and leases outstanding	0.23 %	0.27 %	0.20 %	0.32 %
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases at June 30	288	287	288	287
Ratio of the allowance for loan and lease losses at June 30 to annualized net charge-offs	5.22	5.90	6.16	4.93
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⁾	\$ 6,591	\$ 7,532	\$ 6,591	\$ 7,532
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⁾	129 %	134 %	129 %	134 %

⁽¹⁾ Includes U.S. small business commercial charge-offs of \$51 million and \$107 million for the three and six months ended June 30, 2022 compared to \$102 million and \$203 million for the same periods in 2021.

⁽²⁾ Includes U.S. small business commercial recoveries of \$15 million and \$29 million for the three and six months ended June 30, 2022 compared to \$20 million and \$40 million for the same periods in 2021.

⁽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 2021 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.

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 2021 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, 2022, March 31, 2022 and June 30, 2021 using a 99 percent confidence level as well as average daily trading VaR for the six months ended June 30, 2022 and 2021. 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, 2022 compared to the prior quarter primarily due to heightened market volatility and increased credit risk.

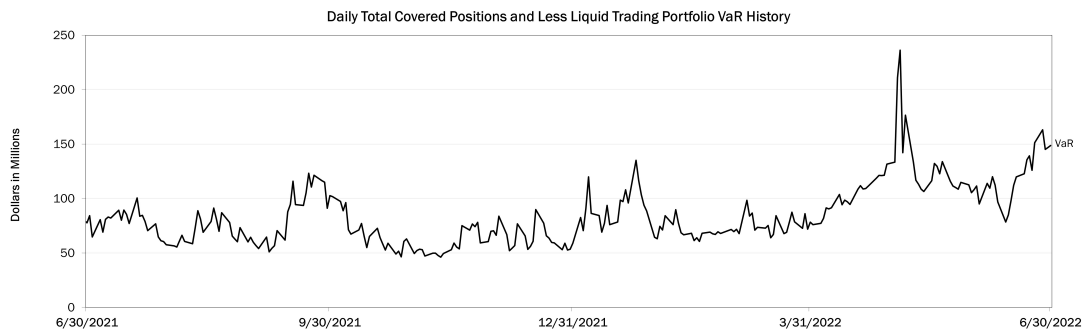
Table 40 Market Risk VaR for Trading Activities

(Dollars in millions)	Three Months Ended												Six Months Ended June 30	
	June 30, 2022				March 31, 2022				June 30, 2021				2022	2021
	Period End	Average	High ⁽¹⁾	Low ⁽¹⁾	Period End	Average	High ⁽¹⁾	Low ⁽¹⁾	Period End	Average	High ⁽¹⁾	Low ⁽¹⁾	Average	Average
Foreign exchange	\$ 21	\$ 17	\$ 22	\$ 12	\$ 20	\$ 18	\$ 24	\$ 13	\$ 15	\$ 16	\$ 20	\$ 10	\$ 17	\$ 13
Interest rate	36	36	56	24	49	36	56	25	37	58	80	30	36	47
Credit	71	73	106	53	55	64	71	52	77	73	84	58	68	69
Equity	21	22	33	19	23	23	28	19	23	23	27	20	23	24
Commodities	14	17	27	12	13	10	18	7	9	8	12	4	13	9
Portfolio diversification	(62)	(84)	n/a	n/a	(99)	(95)	n/a	n/a	(106)	(119)	n/a	n/a	(88)	(106)
Total covered positions portfolio	101	81	140	56	61	56	69	48	55	59	73	47	69	56
Impact from less liquid exposures ⁽²⁾	48	37	n/a	n/a	17	23	n/a	n/a	23	18	n/a	n/a	30	20
Total covered positions and less liquid trading positions portfolio	149	118	236	76	78	79	135	61	78	77	119	52	99	76
Fair value option loans	47	53	65	39	63	54	63	45	50	50	55	42	54	53
Fair value option hedges	14	18	24	14	22	18	22	16	14	16	17	14	18	15
Fair value option portfolio diversification	(28)	(35)	n/a	n/a	(51)	(35)	n/a	n/a	(34)	(37)	n/a	n/a	(36)	(31)
Total fair value option portfolio	33	36	44	30	34	37	41	31	30	29	31	24	36	37
Portfolio diversification	(8)	(14)	n/a	n/a	(18)	(19)	n/a	n/a	(14)	(9)	n/a	n/a	(17)	(5)
Total market-based portfolio	\$ 174	\$ 140	287	91	\$ 94	\$ 97	153	70	\$ 94	\$ 97	146	64	\$ 118	\$ 108

⁽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.

⁽²⁾ Impact is net of diversification effects between the covered positions and less liquid trading positions portfolios.
n/a = not applicable

The following graph 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, 2022, March 31, 2022 and June 30, 2021.

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

(Dollars in millions)	Three Months Ended							
	June 30, 2022		March 31, 2022		June 30, 2021			
	99 percent	95 percent	99 percent	95 percent	99 percent	95 percent	99 percent	95 percent
Foreign exchange	\$ 17	\$ 10	\$ 18	\$ 12	\$ 16	\$ 16	\$ 9	\$ 9
Interest rate	36	18	36	16	58	28	28	28
Credit	73	27	64	27	73	21	21	21
Equity	22	12	23	13	23	12	12	12
Commodities	17	9	10	6	8	4	4	4
Portfolio diversification	(84)	(46)	(95)	(47)	(119)	(44)	(44)	(44)
Total covered positions portfolio	81	30	56	27	59	30	30	30
Impact from less liquid exposures	37	6	23	3	18	2	2	2
Total covered positions and less liquid trading positions portfolio	118	36	79	30	77	32	32	32
Fair value option loans	53	16	54	14	50	11	11	11
Fair value option hedges	18	11	18	10	16	9	9	9
Fair value option portfolio diversification	(35)	(15)	(35)	(12)	(37)	(10)	(10)	(10)
Total fair value option portfolio	36	12	37	12	29	10	10	10
Portfolio diversification	(14)	(8)	(19)	(8)	(9)	(6)	(6)	(6)
Total market-based portfolio	\$ 140	\$ 40	\$ 97	\$ 34	\$ 97	\$ 36	\$ 36	\$ 36

Backtesting

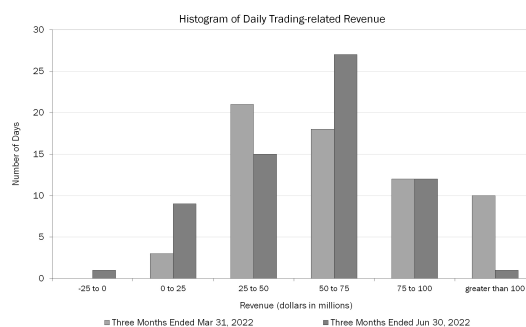
The accuracy of the VaR methodology is evaluated by backtesting, which compares the daily VaR results, utilizing a one-day holding period, against a comparable subset of trading revenue. For more information on our backtesting process, see Trading Risk Management – Backtesting in the MD&A of the Corporation's 2021 Annual Report on Form 10-K.

During the three and six months ended June 30, 2022, 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 2021 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, 2022 compared to the three months ended March 31, 2022. During the three months ended June 30, 2022, positive trading-related revenue was recorded for 98 percent of the trading days, of which 85 percent were daily trading gains of over \$25 million. This compares to the three months ended March 31, 2022 where positive trading-related revenue was recorded for 100 percent of the trading days, of which 95 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 2021 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 2021 Annual Report on Form 10-K.

Table 42 presents the spot and 12-month forward rates used in our baseline forecasts at June 30, 2022 and December 31, 2021.

Table 42 Forward Rates

	June 30, 2022		
	Federal Funds	Three-month LIBOR	10-Year Swap
Spot rates	1.75 %	2.29 %	3.09 %
12-month forward rates	3.25	3.32	2.99
December 31, 2021			
Spot rates	0.25 %	0.21 %	1.58 %
12-month forward rates	1.00	1.07	1.84

Table 43 shows the pretax impact to forecasted net interest income over the next 12 months from June 30, 2022 and December 31, 2021 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 interest rates are floored at zero. Depending on the level of interest rates, Down-rate scenarios may not receive the full impact of the rate shock, particularly in low rate environments.

During the six months ended June 30, 2022, the overall decrease in asset sensitivity of our balance sheet to Up-rate and Down-rate scenarios was primarily due to an increase in long-end and short-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 negatively impact the fair value of our debt securities classified as available for sale and adversely affect accumulated other comprehensive income and thus capital levels under the Basel 3 capital rules. Under instantaneous upward parallel shifts, the near-term adverse impact to Basel 3 capital would be reduced over time by offsetting positive impacts to net interest income generated from the banking book activities. 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, 2022	December 31, 2021
Parallel Shifts				
+100 bps instantaneous shift	+100	+100	\$ 4,957	\$ 6,542
-100 bps instantaneous shift	-100	-100	(5,565)	n/m
Flatteners				
Short-end instantaneous change	+100	—	4,687	4,982
Long-end instantaneous change	—	-100	(365)	n/m
Steeperers				
Short-end instantaneous change	-100	—	(5,176)	n/m
Long-end instantaneous change	—	+100	276	1,646

n/m = not meaningful

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

The behavior of our deposits portfolio in the baseline forecast and in alternate interest rate scenarios is a key

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

Interest Rate and Foreign Exchange Derivative Contracts

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

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

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

Mortgage Banking Risk Management

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

Changes in interest rates impact the value of interest rate lock commitments (IRLCs) and the related residential first mortgage loans held-for-sale (LHFS), as well as the value of the MSR. 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 2021 Annual Report on Form 10-K.

There were no significant gains or losses related to the change in fair value of MSR, IRLCs and LHFS, net of gains and losses on the hedge portfolio, for the three and six months ended June 30, 2022 and 2021. 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, which may entail extensive policy, legal, technology and market changes, and (2) risks related to the physical impacts of climate change, driven by extreme weather events, such as hurricanes and floods, as well as chronic longer-term shifts, such as rising average global temperatures and sea levels. These changes and events can have broad impacts on operations, supply chains, distribution networks, customers and markets and are otherwise referred to, respectively, as transition risk and physical risk. These risks can impact both financial and nonfinancial risk types. The impacts of transition risk can lead to and amplify credit risk or market risk by reducing our customers' operating income or the value of their assets as well as expose us to reputational and/or litigation risk due to increased regulatory scrutiny or negative public sentiment. Physical risk can lead to increased credit risk by diminishing borrowers' repayment capacity or impacting the value of collateral. In addition, it could pose increased operational risk to our facilities and people.

In 2021, we publicly announced our goal to achieve net zero greenhouse gas emissions in our financing activities, operations and supply chain before 2050 (Net Zero Goal). We also committed to set emission reduction targets for 2030. In connection with this commitment, on April 13, 2022, we published our first targets to reduce emissions by 2030 associated with our financing activities in the auto manufacturing, energy and power generation sectors (2030 Targets). In line with our participation in the Net Zero Banking Alliance, we currently expect to set financing activity emission reduction targets for other key sectors in 2024. These reduction targets are intended to align with the International Energy Agency Net Zero Emissions 2050 global pathway to limit warming to 1.5 degrees Celsius.

We plan to disclose our 2019 financed emissions baseline for our auto manufacturing, energy and power generation sectors along with 2020 data in our 2022 Task Force for Climate-related Financial Disclosures (TCFD) Report that we expect to publish in the Fall of 2022. We also plan to disclose the financed emissions for our business loan portfolio in 2023.

Achieving our Net Zero Goal and 2030 Targets will require technological advances, clearly defined roadmaps for industry sectors, public policies, including those that improve the cost of capital for net zero transition and better emissions data reporting, as well as ongoing, strong and active engagement with clients, suppliers, investors, government officials and other stakeholders.

Given the extended period of these and other climate-related goals we have established, our initiatives have not resulted in a significant effect on our results of operations or financial condition in the relevant periods presented herein, and are not expected to have a significant effect on our results of operations or financial condition in the near-term.

For more information on our governance framework and climate risk management process, see the Managing Risk and Climate Risk Management sections in the MD&A of the Corporation's 2021 Annual Report on Form 10-K. For more information on climate risk, see Item 1A. Risk Factors – Other of

the Corporation's 2021 Annual Report on Form 10-K. For more information about climate-related matters and the Corporation's climate-related goals and commitments, including our plans to achieve our Net Zero Goal and progress on our sustainable finance goals, see the Corporation's website and the 2021 Annual Report to shareholders available on the Investor Relations portion of our website. The contents of the Corporation's website and the 2021 Annual Report to shareholders are not incorporated by reference into this Quarterly Report on Form 10-Q.

The foregoing discussion and our discussion in the 2021 Annual Report to shareholders regarding our goals and commitments with respect to climate risk management, including environmental transition considerations, include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future results or performance and involve certain known and unknown risks, uncertainties and assumptions that are difficult to predict and are often beyond the Corporation's control. Actual outcomes and results may differ materially from those expressed in, or implied by, any of these forward-looking statements.

Complex Accounting Estimates

Our significant accounting principles, are essential in understanding the MD&A. Many of our significant accounting principles require complex judgments to estimate the values of assets and liabilities. We have procedures and processes in place to facilitate making these judgments. For more information, see Complex Accounting Estimates in the MD&A of the Corporation's 2021 Annual Report on Form 10-K and *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2021 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 2021 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 2022	December 31 2021
Consumer Banking		
Consumer Lending	\$ 11,723	\$ 11,723
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	16,204
Global Corporate and Investment Banking	6,276	6,276
Business Banking	1,546	1,546
Global Markets	5,182	5,182
Total	\$ 69,022	\$ 69,022

We completed our annual goodwill impairment test as of June 30, 2022. Based on our assessment, we have concluded that goodwill was not impaired. For more information regarding the nature of 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 2021 Annual Report on Form 10-K.

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 2022	December 31 2021	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021	2022	2021
(Dollars in millions)						
Shareholders' equity	\$ 269,118	\$ 270,066	\$ 268,197	\$ 274,632	\$ 268,750	\$ 274,341
Goodwill	(69,022)	(69,022)	(69,022)	(69,023)	(69,022)	(68,987)
Intangible assets (excluding MSRs)	(2,114)	(2,153)	(2,127)	(2,212)	(2,136)	(2,179)
Related deferred tax liabilities	920	929	926	915	927	917
Tangible shareholders' equity	\$ 198,902	\$ 199,820	\$ 197,974	\$ 204,312	\$ 198,519	\$ 204,092
Preferred stock	(29,134)	(24,708)	(28,674)	(23,684)	(27,565)	(24,039)
Tangible common shareholders' equity	\$ 169,768	\$ 175,112	\$ 169,300	\$ 180,628	\$ 170,954	\$ 180,053
Total assets	\$ 3,111,606	\$ 3,169,495				
Goodwill	(69,022)	(69,022)				
Intangible assets (excluding MSRs)	(2,114)	(2,153)				
Related deferred tax liabilities	920	929				
Tangible assets	\$ 3,041,390	\$ 3,099,249				

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

Item 4. Controls and Procedures

Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

There have been no changes in the Corporation's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the three months ended June 30, 2022, 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

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
(In millions, except per share information)				
Net interest income				
Interest income	\$ 14,975	\$ 11,387	\$ 27,869	\$ 22,782
Interest expense	2,531	1,154	3,853	2,352
Net interest income	12,444	10,233	24,016	20,430
Noninterest income				
Fees and commissions	8,491	9,705	17,476	19,241
Market making and similar activities	2,717	1,826	5,955	5,355
Other income	(964)	(298)	(1,531)	(739)
Total noninterest income	10,244	11,233	21,900	23,857
Total revenue, net of interest expense	22,688	21,466	45,916	44,287
Provision for credit losses	523	(1,621)	553	(3,481)
Noninterest expense				
Compensation and benefits	8,917	8,653	18,399	18,389
Occupancy and equipment	1,748	1,759	3,508	3,589
Information processing and communications	1,535	1,448	3,075	2,873
Product delivery and transaction related	924	976	1,857	1,953
Marketing	463	810	860	1,181
Professional fees	518	426	968	829
Other general operating	1,168	973	1,925	1,746
Total noninterest expense	15,273	15,045	30,592	30,560
Income before income taxes	6,892	8,042	14,771	17,208
Income tax expense	645	(1,182)	1,457	(66)
Net income	\$ 6,247	\$ 9,224	\$ 13,314	\$ 17,274
Preferred stock dividends	315	260	782	750
Net income applicable to common shareholders	\$ 5,932	\$ 8,964	\$ 12,532	\$ 16,524
Per common share information				
Earnings	\$ 0.73	\$ 1.04	\$ 1.54	\$ 1.91
Diluted earnings	0.73	1.03	1.53	1.90
Average common shares issued and outstanding	8,121.6	8,620.8	8,129.3	8,660.4
Average diluted common shares issued and outstanding	8,163.1	8,735.5	8,182.2	8,776.2

Consolidated Statement of Comprehensive Income

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
(Dollars in millions)				
Net income	\$ 6,247	\$ 9,224	\$ 13,314	\$ 17,274
Other comprehensive income (loss), net-of-tax:				
Net change in debt securities	(1,822)	(250)	(5,269)	(1,090)
Net change in debit valuation adjustments	575	149	836	265
Net change in derivatives	(2,008)	415	(7,187)	(699)
Employee benefit plan adjustments	36	69	60	120
Net change in foreign currency translation adjustments	(38)	26	(10)	(3)
Other comprehensive income (loss)	(3,257)	409	(11,570)	(1,407)
Comprehensive income (loss)	\$ 2,990	\$ 9,633	\$ 1,744	\$ 15,867

See accompanying Notes to Consolidated Financial Statements.

Bank of America Corporation and Subsidiaries

Consolidated Balance Sheet

(Dollars in millions)	June 30 2022	December 31 2021
Assets		
Cash and due from banks	\$ 29,497	\$ 29,222
Interest-bearing deposits with the Federal Reserve, non-U.S. central banks and other banks	168,505	318,999
Cash and cash equivalents	198,002	348,221
Time deposits placed and other short-term investments	6,841	7,144
Federal funds sold and securities borrowed or purchased under agreements to resell (includes \$154,287 and \$150,665 measured at fair value)	272,430	250,720
Trading account assets (includes \$111,994 and \$103,434 pledged as collateral)	294,027	247,080
Derivative assets	62,047	35,344
Debt securities:		
Carried at fair value	274,665	308,073
Held-to-maturity, at cost (fair value – \$575,542 and \$665,890)	658,245	674,554
Total debt securities	932,910	982,627
Loans and leases (includes \$5,496 and \$7,819 measured at fair value)	1,030,766	979,124
Allowance for loan and lease losses	(11,973)	(12,387)
Loans and leases, net of allowance	1,018,793	966,737
Premises and equipment, net	11,016	10,833
Goodwill	69,022	69,022
Loans held-for-sale (includes \$1,870 and \$4,455 measured at fair value)	6,654	15,635
Customer and other receivables	79,893	72,263
Other assets (includes \$7,980 and \$12,144 measured at fair value)	159,971	163,869
Total assets	\$ 3,111,606	\$ 3,169,495
Liabilities		
Deposits in U.S. offices:		
Noninterest-bearing	\$ 741,676	\$ 784,189
Interest-bearing (includes \$444 and \$408 measured at fair value)	1,134,876	1,165,914
Deposits in non-U.S. offices:		
Noninterest-bearing	26,770	27,457
Interest-bearing	81,027	86,886
Total deposits	1,984,349	2,064,446
Federal funds purchased and securities loaned or sold under agreements to repurchase (includes \$145,165 and \$139,641 measured at fair value)	204,307	192,329
Trading account liabilities	97,302	100,690
Derivative liabilities	38,425	37,675
Short-term borrowings (includes \$2,931 and \$4,279 measured at fair value)	27,886	23,753
Accrued expenses and other liabilities (includes \$6,981 and \$11,489 measured at fair value and \$1,461 and \$1,456 of reserve for unfunded lending commitments)	214,522	200,419
Long-term debt (includes \$28,375 and \$29,708 measured at fair value)	275,697	280,117
Total liabilities	2,842,488	2,899,429
Commitments and contingencies (Note 6 – Securitizations and Other Variable Interest Entities and Note 10 – Commitments and Contingencies)		
Shareholders' equity		
Preferred stock, \$0.01 par value; authorized – 100,000,000 shares; issued and outstanding – 4,117,686 and 3,939,686 shares	29,134	24,708
Common stock and additional paid-in capital, \$0.01 par value; authorized – 12,800,000,000 shares; issued and outstanding – 8,035,221,887 and 8,077,831,463 shares	59,499	62,398
Retained earnings	197,159	188,064
Accumulated other comprehensive income (loss)	(16,674)	(5,104)
Total shareholders' equity	269,118	270,066
Total liabilities and shareholders' equity	\$ 3,111,606	\$ 3,169,495
Assets of consolidated variable interest entities included in total assets above (isolated to settle the liabilities of the variable interest entities)		
Trading account assets	\$ 2,294	\$ 5,004
Loans and leases	16,170	17,135
Allowance for loan and lease losses	(832)	(958)
Loans and leases, net of allowance	15,338	16,177
All other assets	177	189
Total assets of consolidated variable interest entities	\$ 17,809	\$ 21,370
Liabilities of consolidated variable interest entities included in total liabilities above		
Short-term borrowings (includes \$32 and \$51 of non-recourse short-term borrowings)	\$ 165	\$ 247
Long-term debt (includes \$4,509 and \$3,587 of non-recourse debt)	4,509	3,587
All other liabilities (includes \$12 and \$7 of non-recourse liabilities)	12	7
Total liabilities of consolidated variable interest entities	\$ 4,686	\$ 3,841

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, 2022	\$ 27,137	8,062.1	\$ 59,968	\$ 192,929	\$ (13,417)	\$ 266,617
Net income				6,247		6,247
Net change in debt securities					(1,822)	(1,822)
Net change in debit valuation adjustments					575	575
Net change in derivatives					(2,008)	(2,008)
Employee benefit plan adjustments					36	36
Net change in foreign currency translation adjustments					(38)	(38)
Dividends declared:						
Common				(1,702)		(1,702)
Preferred				(315)		(315)
Issuance of preferred stock	1,997					1,997
Common stock issued under employee plans, net, and other		0.3	506			506
Common stock repurchased		(27.2)	(975)			(975)
Balance, June 30, 2022	\$ 29,134	8,035.2	\$ 59,499	\$ 197,159	\$ (16,674)	\$ 269,118
Balance, December 31, 2021	\$ 24,708	8,077.8	\$ 62,398	\$ 188,064	\$ (5,104)	\$ 270,066
Net income				13,314		13,314
Net change in debt securities					(5,269)	(5,269)
Net change in debit valuation adjustments					836	836
Net change in derivatives					(7,187)	(7,187)
Employee benefit plan adjustments					60	60
Net change in foreign currency translation adjustments					(10)	(10)
Dividends declared:						
Common				(3,408)		(3,408)
Preferred				(782)		(782)
Issuance of preferred stock	4,426					4,426
Common stock issued under employee plans, net, and other		42.1	726	(29)		697
Common stock repurchased		(84.7)	(3,625)			(3,625)
Balance, June 30, 2022	\$ 29,134	8,035.2	\$ 59,499	\$ 197,159	\$ (16,674)	\$ 269,118
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

See accompanying Notes to Consolidated Financial Statements.

Bank of America Corporation and Subsidiaries

Consolidated Statement of Cash Flows

	Six Months Ended June 30	
	2022	2021
(Dollars in millions)		
Operating activities		
Net income	\$ 13,314	\$ 17,274
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	553	(3,481)
Gains on sales of debt securities	(22)	—
Depreciation and amortization	985	930
Net amortization of premium/discount on debt securities	1,489	3,113
Deferred income taxes	86	(1,457)
Stock-based compensation	1,531	1,463
Loans held-for-sale:		
Originations and purchases	(11,360)	(17,031)
Proceeds from sales and paydowns of loans originally classified as held for sale and instruments from related securitization activities	21,085	16,708
Net change in:		
Trading and derivative assets/liabilities	(91,263)	(58,372)
Other assets	(597)	(26,080)
Accrued expenses and other liabilities	14,250	2,300
Other operating activities, net	(530)	2,994
Net cash used in operating activities	(50,479)	(61,639)
Investing activities		
Net change in:		
Time deposits placed and other short-term investments	303	(810)
Federal funds sold and securities borrowed or purchased under agreements to resell	(21,710)	35,464
Debt securities carried at fair value:		
Proceeds from sales	32,405	1,809
Proceeds from paydowns and maturities	67,709	76,371
Purchases	(92,288)	(126,653)
Held-to-maturity debt securities:		
Proceeds from paydowns and maturities	39,252	64,192
Purchases	(23,995)	(277,949)
Loans and leases:		
Proceeds from sales of loans originally classified as held for investment and instruments from related securitization activities	11,921	4,913
Purchases	(3,378)	(2,097)
Other changes in loans and leases, net	(59,757)	4,723
Other investing activities, net	(2,132)	(1,649)
Net cash used in investing activities	(51,670)	(221,686)
Financing activities		
Net change in:		
Deposits	(80,182)	113,662
Federal funds purchased and securities loaned or sold under agreements to repurchase	11,978	43,464
Short-term borrowings	4,133	2,314
Long-term debt:		
Proceeds from issuance	40,681	48,177
Retirement	(16,347)	(29,240)
Preferred stock:		
Proceeds from issuance	4,426	902
Redemption	—	(1,971)
Common stock repurchased	(3,625)	(7,679)
Cash dividends paid	(4,217)	(3,945)
Other financing activities, net	(612)	(737)
Net cash provided by financing activities	(43,765)	164,947
Effect of exchange rate changes on cash and cash equivalents	(4,305)	(2,055)
Net decrease in cash and cash equivalents	(150,219)	(120,433)
Cash and cash equivalents at January 1	348,221	380,463
Cash and cash equivalents at June 30	\$ 198,002	\$ 260,030

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, which include the Corporation’s interests in affordable housing and renewable energy partnerships, are recorded 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 2021 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 (SEC). Certain prior-period amounts have been reclassified to conform to current-period presentation.

Accounting Standards Issued and Not Yet Adopted

Hedge Accounting

The FASB issued a new accounting standard effective on January 1, 2023, with early adoption permitted, that makes targeted improvements to the application of the fair value hedge accounting guidance for closed portfolios of financial assets. Upon adoption, the application of these hedge strategies would be applied prospectively.

Financial Instruments – Credit Losses

The FASB amended the accounting and disclosure requirements for expected credit losses by removing the recognition and measurement guidance on troubled debt restructurings (TDRs) and enhancing certain disclosures. The amendments are effective on January 1, 2023 with early adoption permitted. The effects of these changes on the Corporation’s financial statements are not expected to have a material impact on its consolidated financial position, results of operations or disclosures in the Notes to the Consolidated Financial Statements.

NOTE 2 Net Interest Income and Noninterest Income

The table below presents the Corporation's net interest income and noninterest income disaggregated by revenue source for the three and six months ended June 30, 2022 and 2021. For more information, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2021 Annual Report on Form 10-K. For a disaggregation of noninterest income by business segment and *All Other*, see *Note 17 – Business Segment Information*.

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Net interest income				
Interest income				
Loans and leases	\$ 8,222	\$ 7,123	\$ 15,574	\$ 14,357
Debt securities	4,049	2,820	7,872	5,550
Federal funds sold and securities borrowed or purchased under agreements to resell ⁽¹⁾	396	(42)	389	(49)
Trading account assets	1,223	954	2,304	1,826
Other interest income	1,085	532	1,730	1,098
Total interest income	14,975	11,387	27,869	22,782
Interest expense				
Deposits	320	128	484	261
Short-term borrowings ⁽¹⁾	553	(85)	441	(164)
Trading account liabilities	370	293	734	539
Long-term debt	1,288	818	2,194	1,716
Total interest expense	2,531	1,154	3,853	2,352
Net interest income	\$ 12,444	\$ 10,233	\$ 24,016	\$ 20,430
Noninterest income				
Fees and commissions				
Card income				
Interchange fees ⁽²⁾	\$ 1,072	\$ 1,210	\$ 2,007	\$ 2,277
Other card income	483	376	951	744
Total card income	1,555	1,586	2,958	3,021
Service charges				
Deposit-related fees	1,417	1,557	2,947	3,052
Lending-related fees	300	317	603	614
Total service charges	1,717	1,874	3,550	3,666
Investment and brokerage services				
Asset management fees	3,102	3,156	6,388	6,158
Brokerage fees	989	967	1,995	2,028
Total investment and brokerage services	4,091	4,123	8,383	8,186
Investment banking fees				
Underwriting income	435	1,314	1,107	2,860
Syndication fees	301	401	613	701
Financial advisory services	392	407	865	807
Total investment banking fees	1,128	2,122	2,585	4,368
Total fees and commissions	8,491	9,705	17,476	19,241
Market making and similar activities	2,717	1,826	5,955	5,355
Other income (loss)	(964)	(298)	(1,531)	(739)
Total noninterest income	\$ 10,244	\$ 11,233	\$ 21,900	\$ 23,857

⁽¹⁾ For more information on negative interest, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2021 Annual Report on Form 10-K.

⁽²⁾ Gross interchange fees and merchant income were \$3.3 billion and \$2.9 billion for the three months ended June 30, 2022 and 2021 and are presented net of \$2.2 billion and \$1.7 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 \$6.2 billion and \$5.4 billion for the six months ended June 30, 2022 and 2021 and are presented net of \$4.2 billion and \$3.1 billion of expenses for rewards and partner payments as well as certain other card costs for the same periods.

NOTE 3 Derivatives

Derivative Balances

Derivatives are entered into on behalf of customers, for trading or to support risk management activities. Derivatives used in risk management activities include derivatives that may or may not be designated in qualifying hedge accounting relationships. Derivatives that are not designated in qualifying hedge accounting relationships are referred to as other risk management derivatives. For more information on the Corporation's derivatives and hedging activities, see *Note 1 – Summary of Significant Accounting Principles* and *Note 3 –*

Derivatives to the Consolidated Financial Statements of the Corporation's 2021 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, 2022 and December 31, 2021. 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, 2022						
	Contract/ Notional ⁽¹⁾	Gross Derivative Assets			Gross Derivative Liabilities		
		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	\$ 23,920.0	\$ 126.3	\$ 13.8	\$ 140.1	\$ 116.2	\$ 23.5	\$ 139.7
Futures and forwards	3,740.5	6.5	—	6.5	5.5	—	5.5
Written options	1,701.3	—	—	—	37.1	—	37.1
Purchased options	1,597.6	39.6	—	39.6	—	—	—
Foreign exchange contracts							
Swaps	1,449.7	41.3	0.4	41.7	40.4	0.3	40.7
Spot, futures and forwards	4,590.5	65.2	0.7	65.9	66.3	—	66.3
Written options	440.4	—	—	—	8.4	—	8.4
Purchased options	405.4	9.1	—	9.1	—	—	—
Equity contracts							
Swaps	381.6	18.5	—	18.5	15.5	—	15.5
Futures and forwards	102.9	4.1	—	4.1	1.1	—	1.1
Written options	774.1	—	—	—	49.0	—	49.0
Purchased options	693.1	53.0	—	53.0	—	—	—
Commodity contracts							
Swaps	61.3	8.8	—	8.8	7.9	—	7.9
Futures and forwards	166.7	3.5	—	3.5	3.1	0.3	3.4
Written options	69.6	—	—	—	5.1	—	5.1
Purchased options	57.5	6.2	—	6.2	—	—	—
Credit derivatives ⁽²⁾							
Purchased credit derivatives:							
Credit default swaps	354.1	5.8	—	5.8	1.6	—	1.6
Total return swaps/options	101.9	1.0	—	1.0	2.4	—	2.4
Written credit derivatives:							
Credit default swaps	340.2	1.3	—	1.3	4.6	—	4.6
Total return swaps/options	112.1	3.6	—	3.6	1.2	—	1.2
Gross derivative assets/liabilities		\$ 393.8	\$ 14.9	\$ 408.7	\$ 365.4	\$ 24.1	\$ 389.5
Less: Legally enforceable master netting agreements				(310.9)			(310.9)
Less: Cash collateral received/paid				(35.8)			(40.2)
Total derivative assets/liabilities				\$ 62.0		\$	38.4

⁽¹⁾ Represents the total contract/notional amount of derivative assets and liabilities outstanding.

⁽²⁾ The net derivative asset (liability) 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 \$320.5 billion at June 30, 2022.

	December 31, 2021							
	Contract/ Notional ⁽¹⁾	Gross Derivative Assets			Gross Derivative Liabilities			Total
		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	\$ 18,068.1	\$ 150.5	\$ 8.9	\$ 159.4	\$ 156.4	\$ 4.4	\$ 160.8	
Futures and forwards	2,243.2	1.1	—	1.1	1.0	—	1.0	
Written options	1,616.1	—	—	—	28.8	—	28.8	
Purchased options	1,673.6	33.1	—	33.1	—	—	—	
Foreign exchange contracts								
Swaps	1,420.9	28.6	0.2	28.8	30.5	0.2	30.7	
Spot, futures and forwards	4,087.2	37.1	0.3	37.4	37.7	0.2	37.9	
Written options	287.2	—	—	—	4.1	—	4.1	
Purchased options	267.6	4.1	—	4.1	—	—	—	
Equity contracts								
Swaps	443.8	12.3	—	12.3	14.5	—	14.5	
Futures and forwards	113.3	0.5	—	0.5	1.7	—	1.7	
Written options	737.7	—	—	—	58.5	—	58.5	
Purchased options	657.0	55.9	—	55.9	—	—	—	
Commodity contracts								
Swaps	47.7	3.1	—	3.1	6.0	—	6.0	
Futures and forwards	101.5	2.3	—	2.3	0.3	1.1	1.4	
Written options	44.4	—	—	—	2.6	—	2.6	
Purchased options	38.3	3.2	—	3.2	—	—	—	
Credit derivatives ⁽²⁾								
Purchased credit derivatives:								
Credit default swaps	297.0	1.9	—	1.9	4.3	—	4.3	
Total return swaps/options	85.3	0.2	—	0.2	1.1	—	1.1	
Written credit derivatives:								
Credit default swaps	279.8	4.2	—	4.2	1.6	—	1.6	
Total return swaps/options	85.3	0.9	—	0.9	0.5	—	0.5	
Gross derivative assets/liabilities		\$ 339.0	\$ 9.4	\$ 348.4	\$ 349.6	\$ 5.9	\$ 355.5	
Less: Legally enforceable master netting agreements				(282.3)			(282.3)	
Less: Cash collateral received/paid				(30.8)			(35.5)	
Total derivative assets/liabilities				\$ 35.3			\$ 37.7	

⁽¹⁾ Represents the total contract/notional amount of derivative assets and liabilities outstanding.

⁽²⁾ The net derivative asset (liability) and notional amount of written credit derivatives for which the Corporation held purchased credit derivatives with identical underlying referenced names were \$2.3 billion and \$258.4 billion at December 31, 2021.

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 2021 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, 2022 and December 31, 2021 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 – Securities Financing Agreements, Collateral and Restricted Cash*.

Offsetting of Derivatives ⁽¹⁾

	Derivative Assets		Derivative Liabilities		Derivative Assets		Derivative Liabilities	
	June 30, 2022				December 31, 2021			
(Dollars in billions)								
Interest rate contracts								
Over-the-counter	\$	140.6	\$	135.0	\$	171.3	\$	166.3
Exchange-traded		0.6		0.1		0.2		—
Over-the-counter cleared		45.9		45.5		22.6		22.5
Foreign exchange contracts								
Over-the-counter		112.5		112.4		67.9		70.5
Over-the-counter cleared		1.6		1.4		1.1		1.1
Equity contracts								
Over-the-counter		31.0		25.8		29.2		32.9
Exchange-traded		43.9		38.4		38.3		38.4
Commodity contracts								
Over-the-counter		14.1		12.8		6.1		7.6
Exchange-traded		3.2		2.8		1.4		1.3
Over-the-counter cleared		0.3		0.3		0.1		0.1
Credit derivatives								
Over-the-counter		10.7		8.9		5.2		5.3
Over-the-counter cleared		0.8		0.9		1.8		1.8
Total gross derivative assets/liabilities, before netting								
Over-the-counter		308.9		294.9		279.7		282.6
Exchange-traded		47.7		41.3		39.9		39.7
Over-the-counter cleared		48.6		48.1		25.6		25.5
Less: Legally enforceable master netting agreements and cash collateral received/paid								
Over-the-counter		(259.5)		(263.7)		(250.3)		(254.6)
Exchange-traded		(39.7)		(39.7)		(37.8)		(37.8)
Over-the-counter cleared		(47.5)		(47.7)		(25.0)		(25.4)
Derivative assets/liabilities, after netting		58.5		33.2		32.1		30.0
Other gross derivative assets/liabilities ⁽²⁾		3.5		5.2		3.2		7.7
Total derivative assets/liabilities		62.0		38.4		35.3		37.7
Less: Financial instruments collateral ⁽³⁾		(22.3)		(6.4)		(11.8)		(10.6)
Total net derivative assets/liabilities	\$	39.7	\$	32.0	\$	23.5	\$	27.1

⁽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, 2022 and 2021.

Gains and Losses on Derivatives Designated as Fair Value Hedges

	Three Months Ended June 30, 2022				Three Months Ended June 30, 2021			
	Derivative		Hedged Item		Derivative		Hedged Item	
(Dollars in millions)								
Interest rate risk on long-term debt ⁽¹⁾	\$	(7,989)	\$	7,974	\$	3,484	\$	(3,454)
Interest rate and foreign currency risk on long-term debt ⁽²⁾		(51)		51		5		(5)
Interest rate risk on available-for-sale securities ⁽³⁾		5,550		(5,600)		(1,863)		1,825
Total	\$	(2,490)	\$	2,425	\$	1,626	\$	(1,634)
	Six Months Ended June 30, 2022				Six Months Ended June 30, 2021			
	Derivative		Hedged Item		Derivative		Hedged Item	
Interest rate risk on long-term debt ⁽¹⁾	\$	(19,023)	\$	19,193	\$	(4,579)	\$	4,548
Interest rate and foreign currency risk on long-term debt ⁽²⁾		(60)		59		(23)		21
Interest rate risk on available-for-sale securities ⁽³⁾		15,135		(15,268)		3,378		(3,325)
Total	\$	(3,948)	\$	3,984	\$	(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, 2022, the derivative amount includes gains (losses) of \$(13) million and \$(34) million in interest expense, \$(39) million and \$(25) million in market making and similar activities, and \$1 million and \$(1) million in accumulated other comprehensive income (OCI). For the same periods in 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 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, 2022		December 31, 2021	
	Carrying Value	Cumulative Fair Value Adjustments ⁽¹⁾	Carrying Value	Cumulative Fair Value Adjustments ⁽¹⁾
(Dollars in millions)				
Long-term debt ⁽²⁾	\$ 183,885	\$ (14,071)	\$ 181,745	\$ 3,987
Available-for-sale debt securities ^(2, 3, 4)	210,017	(12,317)	209,038	(2,294)
Trading account assets ⁽⁵⁾	10,326	5	2,067	32

⁽¹⁾ Increase (decrease) to carrying value.

⁽²⁾ At June 30, 2022 and December 31, 2021, 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 \$431 million and \$1.5 billion and a decrease in the related asset of \$5.6 billion and \$1.0 billion, which are being amortized over the remaining contractual life of the de-designated hedged items.

⁽³⁾ These amounts include the amortized cost of the prepayable financial assets used to designate hedging relationships in which the hedged item is the last layer expected to be remaining at the end of the hedging relationship (i.e. last-of-layer hedging relationship). At June 30, 2022 and December 31, 2021, the amortized cost of the closed portfolios used in these hedging relationships was \$25.8 billion and \$21.1 billion, of which \$10.9 billion and \$6.9 billion was designated in the last-of-layer hedging relationship. At June 30, 2022 and December 31, 2021 the cumulative adjustment associated with these hedging relationships was a decrease of \$114 million and \$172 million.

⁽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, 2022 and 2021. Of the \$9.1 billion after-tax net loss (\$12.1 billion pretax) on derivatives in accumulated OCI at June 30, 2022, losses of \$2.5 billion after-tax (\$3.3 billion pretax) related to both open and terminated cash flow hedges are expected to be reclassified into earnings

in the next 12 months. These net losses reclassified into earnings are expected to primarily decrease 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 three years, with a maximum length of time for certain forecasted transactions of 14 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, 2022				Six Months Ended June 30, 2022			
(Dollars in millions, amounts pretax)								
Cash flow hedges								
Interest rate risk on variable-rate assets ⁽¹⁾	\$	(2,624)	\$	(73)	\$	(9,398)	\$	(81)
Price risk on forecasted MBS purchases ⁽¹⁾		(39)		10		(129)		13
Price risk on certain compensation plans ⁽²⁾		(67)		7		(94)		19
Total	\$	(2,730)	\$	(56)	\$	(9,621)	\$	(49)
Net investment hedges								
Foreign exchange risk ⁽³⁾	\$	1,579	\$	—	\$	1,798	\$	—
Cash flow hedges								
Interest rate risk on variable-rate assets ⁽¹⁾	\$	481	\$	36	\$	(576)	\$	73
Price risk on forecasted MBS purchases ⁽¹⁾		92		6		(301)		15
Price risk on certain compensation plans ⁽²⁾		35		14		59		26
Total	\$	608	\$	56	\$	(818)	\$	114
Net investment hedges								
Foreign exchange risk ⁽³⁾	\$	(224)	\$	—	\$	503	\$	—

⁽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, 2022, amounts excluded from effectiveness testing and recognized in market making and similar activities were losses of \$73 million and \$147 million. For the same periods in 2021 amounts excluded from effectiveness testing and recognized in other income were losses of \$48 million and \$50 million.

Other Risk Management Derivatives

Other risk management derivatives are used by the Corporation to reduce certain risk exposures by economically hedging various assets and liabilities. The table below presents gains (losses) on these derivatives for the three and six months ended June 30, 2022 and 2021. These gains (losses) are largely offset by the income or expense recorded on the hedged item.

Gains and Losses on Other Risk Management Derivatives

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Interest rate risk on mortgage activities ^(1,2)	\$ (110)	\$ 112	\$ (257)	\$ (59)
Credit risk on loans ⁽²⁾	16	(14)	13	(31)
Interest rate and foreign currency risk on asset and liability management activities ⁽³⁾	4,303	(318)	5,613	943
Price risk on certain compensation plans ⁽⁴⁾	(756)	318	(1,091)	598

⁽¹⁾ Includes hedges of interest rate risk on mortgage servicing rights and interest rate lock commitments to originate mortgage loans that will be held for sale.

⁽²⁾ Gains (losses) on these derivatives are recorded in other income.

⁽³⁾ Gains (losses) on these derivatives are recorded in market making and similar activities.

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

Transfers of Financial Assets with Risk Retained through Derivatives

The Corporation enters into certain transactions involving the transfer of financial assets that are accounted for as sales where substantially all of the economic exposure to the transferred financial assets is retained through derivatives (e.g., interest rate and/or credit), but the Corporation does not retain control over the assets transferred. At both June 30, 2022 and December 31, 2021, the Corporation had transferred \$4.8 billion of non-U.S. government-guaranteed mortgage-backed securities to a third-party trust and retained economic exposure to the transferred assets through derivative contracts. In connection with these transfers, the Corporation received gross cash proceeds of \$4.8 billion at the transfer dates. At June 30, 2022 and December 31, 2021, the fair value of the transferred securities was \$4.9 billion and \$5.0 billion.

account assets and liabilities. It is the Corporation's policy to include these derivative instruments in its trading activities, which include derivatives and non-derivative cash instruments. The resulting risk from these derivatives is managed on a portfolio basis as part of the Corporation's *Global Markets* business segment. For more information on sales and trading revenue, see *Note 3 – Derivatives* to the Consolidated Financial Statements of the Corporation's 2021 Annual Report on Form 10-K.

The table below, which includes both derivatives and non-derivative cash instruments, identifies the amounts in the respective income statement line items attributable to the Corporation's sales and trading revenue in *Global Markets*, categorized by primary risk, for the three and six months ended June 30, 2022 and 2021. 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 transactions and to manage risk exposures arising from trading

Sales and Trading Revenue

(Dollars in millions)	Three Months Ended June 30, 2022				Six Months Ended June 30, 2022			
	Market making and similar activities	Net Interest Income	Other ⁽¹⁾	Total	Market making and similar activities	Net Interest Income	Other ⁽¹⁾	Total
Interest rate risk	\$ 491	\$ 497	\$ 82	\$ 1,070	\$ 1,080	\$ 949	\$ 151	\$ 2,180
Foreign exchange risk	503	(9)	2	496	1,010	(26)	3	987
Equity risk	1,378	(235)	487	1,630	2,942	(295)	988	3,635
Credit risk	71	539	46	656	310	1,015	60	1,385
Other risk ⁽²⁾	213	(42)	28	199	504	(75)	61	490
Total sales and trading revenue	\$ 2,656	\$ 750	\$ 645	\$ 4,051	\$ 5,846	\$ 1,568	\$ 1,263	\$ 8,677

(Dollars in millions)	Three Months Ended June 30, 2021				Six Months Ended June 30, 2021			
	Market making and similar activities	Net Interest Income	Other ⁽¹⁾	Total	Market making and similar activities	Net Interest Income	Other ⁽¹⁾	Total
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

⁽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 \$504 million and \$1.0 billion for the three and six months ended June 30, 2022 compared to \$462 million and \$1.0 billion for the same periods in 2021.

⁽²⁾ Includes commodity risk.

Credit Derivatives

The Corporation enters into credit derivatives primarily to facilitate client transactions and to manage credit risk exposures. Credit derivatives are classified as investment and non-investment grade based on the credit quality of the underlying referenced obligation. The Corporation considers ratings of BBB- or higher as investment grade. Non-investment grade includes non-rated credit derivative instruments. The Corporation discloses internal categorizations of investment

grade and non-investment grade consistent with how risk is managed for these instruments. For more information on credit derivatives, see *Note 3 – Derivatives* to the Consolidated Financial Statements of the Corporation's 2021 Annual Report on Form 10-K.

Credit derivative instruments where the Corporation is the seller of credit protection and their expiration at June 30, 2022 and December 31, 2021 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, 2022					
Carrying Value					
(Dollars in millions)					
Credit default swaps:					
Investment grade	\$ 12	\$ 117	\$ 495	\$ 166	\$ 790
Non-investment grade	252	924	1,732	902	3,810
Total	264	1,041	2,227	1,068	4,600
Total return swaps/options:					
Investment grade	215	354	—	—	569
Non-investment grade	571	3	60	5	639
Total	786	357	60	5	1,208
Total credit derivatives	\$ 1,050	\$ 1,398	\$ 2,287	\$ 1,073	\$ 5,808
Credit-related notes:					
Investment grade	\$ —	\$ —	\$ —	\$ 572	\$ 572
Non-investment grade	—	3	6	1,048	1,057
Total credit-related notes	\$ —	\$ 3	\$ 6	\$ 1,620	\$ 1,629
Maximum Payout/Notional					
Credit default swaps:					
Investment grade	\$ 34,468	\$ 66,032	\$ 113,893	\$ 17,731	\$ 232,124
Non-investment grade	16,213	30,548	53,539	7,776	108,076
Total	50,681	96,580	167,432	25,507	340,200
Total return swaps/options:					
Investment grade	62,511	10,007	—	—	72,518
Non-investment grade	36,814	639	1,441	736	39,630
Total	99,325	10,646	1,441	736	112,148
Total credit derivatives	\$ 150,006	\$ 107,226	\$ 168,873	\$ 26,243	\$ 452,348
December 31, 2021					
Carrying Value					
Credit default swaps:					
Investment grade	\$ —	\$ 5	\$ 79	\$ 49	\$ 133
Non-investment grade	34	250	453	769	1,506
Total	34	255	532	818	1,639
Total return swaps/options:					
Investment grade	35	388	—	—	423
Non-investment grade	105	—	16	—	121
Total	140	388	16	—	544
Total credit derivatives	\$ 174	\$ 643	\$ 548	\$ 818	\$ 2,183
Credit-related notes:					
Investment grade	\$ —	\$ —	\$ 36	\$ 412	\$ 448
Non-investment grade	5	—	9	1,334	1,348
Total credit-related notes	\$ 5	\$ —	\$ 45	\$ 1,746	\$ 1,796
Maximum Payout/Notional					
Credit default swaps:					
Investment grade	\$ 34,503	\$ 66,334	\$ 73,444	\$ 17,844	\$ 192,125
Non-investment grade	16,119	29,233	34,356	7,961	87,669
Total	50,622	95,567	107,800	25,805	279,794
Total return swaps/options:					
Investment grade	49,626	11,494	78	—	61,198
Non-investment grade	22,621	717	642	73	24,053
Total	72,247	12,211	720	73	85,251
Total credit derivatives	\$ 122,869	\$ 107,778	\$ 108,520	\$ 25,878	\$ 365,045

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 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, 2022 and December 31, 2021, the Corporation held cash and securities collateral of \$107.3 billion and \$91.4 billion and posted cash and securities collateral of \$81.4 billion and \$79.3 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 OTC 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 2021 Annual Report on Form 10-K.

At June 30, 2022, 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 \$3.0 billion, including \$1.6 billion for Bank of America, National Association (BANA).

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, 2022 and December 31, 2021, 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, 2022 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, 2022

(Dollars in millions)	One Incremental Notch	Second Incremental Notch
Additional collateral required to be posted upon downgrade		
Bank of America Corporation	\$ 566	\$ 1,030
Bank of America, N.A. and subsidiaries ⁽¹⁾	184	754
Derivative liabilities subject to unilateral termination upon downgrade		
Derivative liabilities	\$ 14	\$ 778
Collateral posted	5	528

⁽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, 2022 and 2021. For more information on the valuation adjustments on derivatives, see *Note 3 – Derivatives* to the Consolidated Financial Statements of the Corporation's 2021 Annual Report on Form 10-K.

Valuation Adjustments Gains (Losses) on Derivatives ⁽¹⁾

(Dollars in millions)	Three Months Ended June 30	
	2022	2021
Derivative assets (CVA)	\$ (114)	\$ 3
Derivative assets/liabilities (FVA)	45	(33)
Derivative liabilities (DVA)	220	(31)
Six Months Ended June 30		
	2022	2021
Derivative assets (CVA)	\$ (173)	\$ 158
Derivative assets/liabilities (FVA)	80	15
Derivative liabilities (DVA)	341	(8)

⁽¹⁾ At June 30, 2022 and December 31, 2021, cumulative CVA reduced the derivative assets balance by \$611 million and \$438 million, cumulative FVA reduced the net derivative balance by \$99 million and \$179 million, and cumulative DVA reduced the derivative liabilities balance by \$653 million and \$312 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, 2022 and December 31, 2021.

Debt Securities

	June 30, 2022				December 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(Dollars in millions)								
Available-for-sale debt securities								
Mortgage-backed securities:								
Agency	\$ 29,999	\$ 46	\$ (1,320)	\$ 28,725	\$ 45,268	\$ 1,257	\$ (186)	\$ 46,339
Agency-collateralized mortgage obligations	2,741	4	(132)	2,613	3,331	74	(25)	3,380
Commercial	13,038	130	(608)	12,560	19,036	647	(79)	19,604
Non-agency residential ⁽¹⁾	477	16	(63)	430	591	25	(33)	583
Total mortgage-backed securities	46,255	196	(2,123)	44,328	68,226	2,003	(323)	69,906
U.S. Treasury and government agencies	195,527	540	(2,012)	194,055	197,853	1,610	(318)	199,145
Non-U.S. securities	11,879	—	(43)	11,836	11,933	—	—	11,933
Other taxable securities	3,318	6	(54)	3,270	2,725	39	(3)	2,761
Tax-exempt securities	12,976	44	(255)	12,765	15,155	317	(39)	15,433
Total available-for-sale debt securities	269,955	786	(4,487)	266,254	295,892	3,969	(683)	299,178
Other debt securities carried at fair value ⁽²⁾	8,645	41	(275)	8,411	8,873	105	(83)	8,895
Total debt securities carried at fair value	278,600	827	(4,762)	274,665	304,765	4,074	(766)	308,073
Held-to-maturity debt securities								
Agency mortgage-backed securities	528,297	21	(67,193)	461,125	553,721	3,855	(10,366)	547,210
U.S. Treasury and government agencies	121,574	—	(14,896)	106,678	111,859	254	(2,395)	109,718
Other taxable securities	8,413	1	(675)	7,739	9,011	147	(196)	8,962
Total held-to-maturity debt securities	658,284	22	(82,764)	575,542	674,591	4,256	(12,957)	665,890
Total debt securities ^(3,4)	\$ 936,884	\$ 849	\$ (87,526)	\$ 850,207	\$ 979,356	\$ 8,330	\$ (13,723)	\$ 973,963

⁽¹⁾ At June 30, 2022 and December 31, 2021, the underlying collateral type included approximately 17 percent and 21 percent prime and 83 percent and 79 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 \$97.0 billion and \$111.9 billion at June 30, 2022 and December 31, 2021.

⁽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 \$310.2 billion and \$187.8 billion, and a fair value of \$270.6 billion and \$162.8 billion at June 30, 2022, and an amortized cost of \$345.3 billion and \$205.3 billion, and a fair value of \$342.5 billion and \$202.4 billion at December 31, 2021.

At June 30, 2022, the accumulated net unrealized loss on AFS debt securities, excluding the amount related to debt securities previously transferred to held to maturity, included in accumulated OCI was \$2.8 billion, net of the related income tax benefit of \$906 million. At June 30, 2022 and December 31, 2021, nonperforming AFS debt securities held by the Corporation were not significant.

At June 30, 2022 and December 31, 2021, the Corporation had \$238.0 billion and \$268.5 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 \$28.3 billion and \$30.7 billion in AFS debt securities at June 30, 2022 and December 31, 2021, the amount of expected credit losses was not significant. 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, 2022 and December 31, 2021, the Corporation held equity securities at an aggregate fair value of \$519 million and \$513 million and other equity securities, as valued under the measurement alternative, at a carrying value of \$310 million and \$266 million, both of which are included in other assets. At June 30, 2022 and December 31, 2021, the Corporation also held money market investments at a fair value of \$774 million and \$707 million, which are included in time deposits placed and other short-term investments.

During the three and six months ended June 30, 2022, the Corporation recorded net realized gains of \$16 million and \$22 million on the sales of AFS debt securities, which were comprised of gross realized gains of \$666 million and \$702 million and gross realized losses of \$650 million and \$680 million. For the same periods in 2021, gross gains and losses were not significant.

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, 2022 and December 31, 2021.

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
(Dollars in millions)						
Continuously unrealized loss-positioned AFS debt securities						
June 30, 2022						
Mortgage-backed securities:						
Agency	\$ 24,891	\$ (1,239)	\$ 859	\$ (81)	\$ 25,750	\$ (1,320)
Agency-collateralized mortgage obligations	2,289	(130)	65	(2)	2,354	(132)
Commercial	7,887	(496)	806	(112)	8,693	(608)
Non-agency residential	302	(50)	102	(13)	404	(63)
Total mortgage-backed securities	35,369	(1,915)	1,832	(208)	37,201	(2,123)
U.S. Treasury and government agencies	152,855	(1,674)	15,518	(338)	168,373	(2,012)
Non-U.S. securities	9,949	(25)	742	(18)	10,691	(43)
Other taxable securities	2,024	(16)	499	(38)	2,523	(54)
Tax-exempt securities	868	(147)	2,794	(108)	3,662	(255)
Total AFS debt securities in a continuous unrealized loss position	\$ 201,065	\$ (3,777)	\$ 21,385	\$ (710)	\$ 222,450	\$ (4,487)
December 31, 2021						
Continuously unrealized loss-positioned AFS debt securities						
Mortgage-backed securities:						
Agency	\$ 11,733	\$ (166)	\$ 815	\$ (20)	\$ 12,548	\$ (186)
Agency-collateralized mortgage obligations	1,427	(22)	122	(3)	1,549	(25)
Commercial	3,451	(41)	776	(38)	4,227	(79)
Non-agency residential	241	(13)	174	(20)	415	(33)
Total mortgage-backed securities	16,852	(242)	1,887	(81)	18,739	(323)
U.S. Treasury and government agencies	103,307	(272)	4,850	(46)	108,157	(318)
Other taxable securities	—	—	82	(3)	82	(3)
Tax-exempt securities	502	(16)	109	(23)	611	(39)
Total AFS debt securities in a continuous unrealized loss position	\$ 120,661	\$ (530)	\$ 6,928	\$ (153)	\$ 127,589	\$ (683)

The remaining contractual maturity distribution and yields of the Corporation's debt securities carried at fair value and HTM debt securities at June 30, 2022 are summarized in the table below. Actual duration and yields may differ as prepayments on the loans underlying the mortgage-backed securities (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	\$ —	— %	\$ 5	5.40 %	\$ 47	4.55 %	\$ 29,947	3.29 %	\$ 29,999	3.29 %
Agency-collateralized mortgage obligations	—	—	—	—	18	2.56	2,723	2.91	2,741	2.91
Commercial	74	2.38	3,580	2.64	7,509	1.82	1,888	2.12	13,051	2.09
Non-agency residential	—	—	—	—	—	—	887	7.33	887	7.33
Total mortgage-backed securities	74	2.38	3,585	2.64	7,574	1.84	35,445	3.30	46,678	3.01
U.S. Treasury and government agencies	12,918	1.50	61,277	2.02	121,490	1.61	32	2.91	195,717	1.73
Non-U.S. securities	17,748	0.71	2,030	4.28	3	6.03	130	4.03	19,911	1.10
Other taxable securities	899	3.02	1,834	2.61	286	3.22	299	3.01	3,318	2.81
Tax-exempt securities	938	1.21	5,117	1.93	2,800	2.42	4,121	2.01	12,976	2.01
Total amortized cost of debt securities carried at fair value	\$ 32,577	1.11	\$ 73,843	2.12	\$ 132,153	1.64	\$ 40,027	3.17	\$ 278,600	1.93
Amortized cost of HTM debt securities										
Agency mortgage-backed securities	\$ —	— %	\$ —	— %	\$ 15	2.60 %	\$ 528,282	2.13 %	\$ 528,297	2.13 %
U.S. Treasury and government agencies	—	—	4,534	1.80	117,040	1.37	—	—	121,574	1.39
Other taxable securities	39	8.65	1,074	2.24	442	2.98	6,858	2.49	8,413	2.51
Total amortized cost of HTM debt securities	\$ 39	8.65	\$ 5,608	1.88	\$ 117,497	1.37	\$ 535,140	2.13	\$ 658,284	1.99
Debt securities carried at fair value										
Mortgage-backed securities:										
Agency	\$ —		\$ 5		\$ 48		\$ 28,672		\$ 28,725	
Agency-collateralized mortgage obligations	—		—		18		2,595		2,613	
Commercial	74		3,619		7,159		1,720		12,572	
Non-agency residential	—		3		—		836		839	
Total mortgage-backed securities	74		3,627		7,225		33,823		44,749	
U.S. Treasury and government agencies	13,032		61,242		119,940		31		194,245	
Non-U.S. securities	17,500		2,000		3		131		19,634	
Other taxable securities	896		1,827		282		267		3,272	
Tax-exempt securities	940		5,112		2,779		3,934		12,765	
Total debt securities carried at fair value	\$ 32,442		\$ 73,808		\$ 130,229		\$ 38,186		\$ 274,665	
Fair value of HTM debt securities										
Agency mortgage-backed securities	\$ —		\$ —		\$ 14		\$ 461,111		\$ 461,125	
U.S. Treasury and government agencies	—		4,297		102,381		—		106,678	
Other taxable securities	39		1,030		423		6,247		7,739	
Total fair value of HTM debt securities	\$ 39		\$ 5,327		\$ 102,818		\$ 467,358		\$ 575,542	

⁽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, 2022 and December 31, 2021.

	June 30, 2022						Loans Accounted for Under the Fair Value Option	Total Outstandings
	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⁾			
(Dollars in millions)								
Consumer real estate								
Residential mortgage	\$ 944	\$ 237	\$ 1,179	\$ 2,360	\$ 225,610		\$	227,970
Home equity	75	32	279	386	26,734			27,120
Credit card and other consumer								
Credit card	311	204	493	1,008	83,002			84,010
Direct/Indirect consumer ⁽²⁾	149	42	22	213	108,613			108,826
Other consumer	—	—	—	—	195			195
Total consumer	1,479	515	1,973	3,967	444,154			448,121
Consumer loans accounted for under the fair value option ⁽³⁾						\$	377	377
Total consumer loans and leases	1,479	515	1,973	3,967	444,154		377	448,498
Commercial								
U.S. commercial	603	290	485	1,378	354,353			355,731
Non-U.S. commercial	157	116	360	633	125,163			125,796
Commercial real estate ⁽⁴⁾	129	167	71	367	63,886			64,253
Commercial lease financing	18	55	10	83	13,529			13,612
U.S. small business commercial ⁽⁵⁾	220	51	146	417	17,340			17,757
Total commercial	1,127	679	1,072	2,878	574,271			577,149
Commercial loans accounted for under the fair value option ⁽³⁾							5,119	5,119
Total commercial loans and leases	1,127	679	1,072	2,878	574,271		5,119	582,268
Total loans and leases ⁽⁶⁾	\$ 2,606	\$ 1,194	\$ 3,045	\$ 6,845	\$ 1,018,425	\$	5,496	\$ 1,030,766
Percentage of outstandings	0.25 %	0.12 %	0.30 %	0.67 %	98.80 %		0.53 %	100.00 %

⁽¹⁾ Consumer real estate loans 30-59 days past due includes fully-insured loans of \$173 million and nonperforming loans of \$92 million. Consumer real estate loans 60-89 days past due includes fully-insured loans of \$68 million and nonperforming loans of \$87 million. Consumer real estate loans 90 days or more past due includes fully-insured loans of \$492 million. Consumer real estate loans current or less than 30 days past due includes \$1.7 billion, and direct/indirect consumer includes \$43 million of nonperforming loans.

⁽²⁾ Total outstandings primarily includes auto and specialty lending loans and leases of \$50.8 billion, U.S. securities-based lending loans of \$54.0 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 \$79 million and home equity loans of \$298 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 \$2.2 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 \$60.1 billion and non-U.S. commercial real estate loans of \$4.1 billion.

⁽⁵⁾ Includes Paycheck Protection Program loans.

⁽⁶⁾ Total outstandings includes loans and leases pledged as collateral of \$13.1 billion. The Corporation also pledged \$164.1 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
	December 31, 2021						
(Dollars in millions)							
Consumer real estate							
Residential mortgage	\$ 1,005	\$ 297	\$ 1,571	\$ 2,873	\$ 219,090		\$ 221,963
Home equity	123	69	369	561	27,374		27,935
Credit card and other consumer							
Credit card	298	212	487	997	80,441		81,438
Direct/Indirect consumer ⁽²⁾	147	52	18	217	103,343		103,560
Other consumer	—	—	—	—	190		190
Total consumer	1,573	630	2,445	4,648	430,438		435,086
Consumer loans accounted for under the fair value option ⁽³⁾						\$ 618	618
Total consumer loans and leases	1,573	630	2,445	4,648	430,438	618	435,704
Commercial							
U.S. commercial	815	308	396	1,519	324,417		325,936
Non-U.S. commercial	148	20	83	251	113,015		113,266
Commercial real estate ⁽⁴⁾	115	34	285	434	62,575		63,009
Commercial lease financing	104	28	13	145	14,680		14,825
U.S. small business commercial ⁽⁵⁾	129	259	89	477	18,706		19,183
Total commercial	1,311	649	866	2,826	533,393		536,219
Commercial loans accounted for under the fair value option ⁽³⁾						7,201	7,201
Total commercial loans and leases	1,311	649	866	2,826	533,393	7,201	543,420
Total loans and leases ⁽⁶⁾	\$ 2,884	\$ 1,279	\$ 3,311	\$ 7,474	\$ 963,831	\$ 7,819	\$ 979,124
Percentage of outstandings	0.29 %	0.13 %	0.34 %	0.76 %	98.44 %	0.80 %	100.00 %

⁽¹⁾ Consumer real estate loans 30-59 days past due includes fully-insured loans of \$164 million and nonperforming loans of \$118 million. Consumer real estate loans 60-89 days past due includes fully-insured loans of \$89 million and nonperforming loans of \$100 million. Consumer real estate loans 90 days or more past due includes fully-insured loans of \$633 million. Consumer real estate loans current or less than 30 days past due includes \$1.4 billion, and direct/indirect consumer includes \$55 million of nonperforming loans.

⁽²⁾ Total outstandings primarily includes auto and specialty lending loans and leases of \$48.5 billion, U.S. securities-based lending loans of \$51.1 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 \$279 million and home equity loans of \$339 million. Commercial loans accounted for under the fair value option includes U.S. commercial loans of \$4.6 billion and non-U.S. commercial loans of \$2.6 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 \$58.2 billion and non-U.S. commercial real estate loans of \$4.8 billion.

⁽⁵⁾ Includes Paycheck Protection Program loans.

⁽⁶⁾ Total outstandings includes loans and leases pledged as collateral of \$13.0 billion. The Corporation also pledged \$146.6 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 \$10.5 billion at June 30, 2022 and December 31, 2021, 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 \$1.3 billion at June 30, 2022 from \$1.6 billion at December 31, 2021. Consumer nonperforming loans decreased to \$2.9 billion at June 30, 2022 from \$3.0 billion at December 31, 2021 primarily due to decreases from consumer real estate loan

sales, partially offset by increases from loans with expired deferrals that were modified in TDRs during the first quarter of 2022.

The following table presents the Corporation's nonperforming loans and leases, including nonperforming TDRs, and loans accruing past due 90 days or more at June 30, 2022 and December 31, 2021. 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 2021 Annual Report on Form 10-K.

Credit Quality

	Nonperforming Loans and Leases		Accruing Past Due 90 Days or More	
	June 30 2022	December 31 2021	June 30 2022	December 31 2021
(Dollars in millions)				
Residential mortgage ⁽¹⁾	\$ 2,245	\$ 2,284	\$ 492	\$ 634
With no related allowance ⁽²⁾	1,956	1,950	—	—
Home equity ⁽¹⁾	563	630	—	—
With no related allowance ⁽²⁾	371	414	—	—
Credit Card	n/a	n/a	493	487
Direct/indirect consumer	58	75	15	11
Total consumer	2,866	2,989	1,000	1,132
U.S. commercial	742	825	357	171
Non-U.S. commercial	279	268	184	19
Commercial real estate	218	382	18	40
Commercial lease financing	44	80	3	8
U.S. small business commercial	15	23	143	87
Total commercial	1,298	1,578	705	325
Total nonperforming loans	\$ 4,164	\$ 4,567	\$ 1,705	\$ 1,457
Percentage of outstanding loans and leases	0.41 %	0.47 %	0.17 %	0.15 %

⁽¹⁾ Residential mortgage loans accruing past due 90 days or more are fully-insured loans. At June 30, 2022 and December 31, 2021 residential mortgage includes \$395 million and \$444 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 \$97 million and \$190 million of loans on which interest was still accruing.

⁽²⁾ 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 2021 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, 2022, 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

	Total as of June 30, 2022	Term Loans by Origination Year					
		2022	2021	2020	2019	2018	Prior
(Dollars in millions)							
Residential Mortgage							
Refreshed LTV							
Less than or equal to 90 percent	\$ 213,285	\$ 29,035	\$ 83,405	\$ 38,908	\$ 19,897	\$ 6,116	\$ 35,924
Greater than 90 percent but less than or equal to 100 percent	1,858	768	855	156	28	10	41
Greater than 100 percent	686	306	222	71	24	11	52
Fully-insured loans	12,141	312	3,840	3,256	1,015	177	3,541
Total Residential Mortgage	\$ 227,970	\$ 30,421	\$ 88,322	\$ 42,391	\$ 20,964	\$ 6,314	\$ 39,558
Residential Mortgage							
Refreshed FICO score							
Less than 620	\$ 2,063	\$ 230	\$ 488	\$ 345	\$ 121	\$ 94	\$ 785
Greater than or equal to 620 and less than 680	4,909	603	1,415	913	416	273	1,289
Greater than or equal to 680 and less than 740	24,768	3,229	8,857	4,582	2,314	827	4,959
Greater than or equal to 740	184,089	26,047	73,722	33,295	17,098	4,943	28,984
Fully-insured loans	12,141	312	3,840	3,256	1,015	177	3,541
Total Residential Mortgage	\$ 227,970	\$ 30,421	\$ 88,322	\$ 42,391	\$ 20,964	\$ 6,314	\$ 39,558

Home Equity - Credit Quality Indicators

	Total	Home Equity Loans and Reverse Mortgages ⁽¹⁾		Revolving Loans		Revolving Loans Converted to Term Loans	
		June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2022		
(Dollars in millions)							
Home Equity							
Refreshed LTV							
Less than or equal to 90 percent	\$ 26,876	\$ 1,518	\$ 19,583	\$ 5,775			
Greater than 90 percent but less than or equal to 100 percent	98	41	30	27			
Greater than 100 percent	146	54	44	48			
Total Home Equity	\$ 27,120	\$ 1,613	\$ 19,657	\$ 5,850			
Home Equity							
Refreshed FICO score							
Less than 620	\$ 731	\$ 197	\$ 174	\$ 360			
Greater than or equal to 620 and less than 680	1,252	180	470	602			
Greater than or equal to 680 and less than 740	4,254	405	2,438	1,411			
Greater than or equal to 740	20,883	831	16,575	3,477			
Total Home Equity	\$ 27,120	\$ 1,613	\$ 19,657	\$ 5,850			

⁽¹⁾ Includes reverse mortgages of \$1.1 billion and home equity loans of \$482 million, which are no longer originated.

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

	Total Direct/ Indirect as of June 30, 2022	Revolving Loans	Direct/Indirect Term Loans by Origination Year						Credit Card		
			2022	2021	2020	2019	2018	Prior	Total Credit Card as of June 30, 2022	Revolving Loans	Revolving Loans Converted to Term Loans ⁽¹⁾
(Dollars in millions)											
Refreshed FICO score											
Less than 620	\$ 691	\$ 12	\$ 71	\$ 237	\$ 108	\$ 103	\$ 55	\$ 105	\$ 3,094	\$ 2,939	\$ 155
Greater than or equal to 620 and less than 680	2,347	13	570	964	326	214	99	161	9,545	9,362	183
Greater than or equal to 680 and less than 740	8,723	54	2,472	3,426	1,262	753	310	446	28,737	28,565	172
Greater than or equal to 740	39,165	87	9,742	13,504	7,072	4,520	1,820	2,420	42,634	42,589	45
Other internal credit metrics ^(2,3)	57,900	57,052	170	288	87	67	42	194	—	—	—
Total credit card and other consumer	\$ 108,826	\$ 57,218	\$ 13,025	\$ 18,419	\$ 8,855	\$ 5,657	\$ 2,326	\$ 3,326	\$ 84,010	\$ 83,455	\$ 555

⁽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 \$57.1 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 June 30, 2022.

Commercial – Credit Quality Indicators By Vintage ⁽¹⁾

(Dollars in millions)	Term Loans								Revolving Loans
	Amortized Cost Basis by Origination Year								
	Total as of June 30, 2022	2022	2021	2020	2019	2018	Prior		
U.S. Commercial									
Risk ratings									
Pass rated	\$ 346,850	\$ 38,819	\$ 47,170	\$ 21,131	\$ 20,079	\$ 10,660	\$ 33,699	\$ 175,292	
Reservable criticized	8,881	41	491	676	881	1,268	1,085	4,439	
Total U.S. Commercial	\$ 355,731	\$ 38,860	\$ 47,661	\$ 21,807	\$ 20,960	\$ 11,928	\$ 34,784	\$ 179,731	
Non-U.S. Commercial									
Risk ratings									
Pass rated	\$ 123,181	\$ 13,828	\$ 22,677	\$ 7,001	\$ 5,022	\$ 3,412	\$ 5,137	\$ 66,104	
Reservable criticized	2,615	79	366	311	334	140	542	843	
Total Non-U.S. Commercial	\$ 125,796	\$ 13,907	\$ 23,043	\$ 7,312	\$ 5,356	\$ 3,552	\$ 5,679	\$ 66,947	
Commercial Real Estate									
Risk ratings									
Pass rated	\$ 59,121	\$ 6,569	\$ 13,558	\$ 6,667	\$ 9,710	\$ 5,299	\$ 9,615	\$ 7,703	
Reservable criticized	5,132	6	468	567	1,648	1,113	1,185	145	
Total Commercial Real Estate	\$ 64,253	\$ 6,575	\$ 14,026	\$ 7,234	\$ 11,358	\$ 6,412	\$ 10,800	\$ 7,848	
Commercial Lease Financing									
Risk ratings									
Pass rated	\$ 13,296	\$ 1,036	\$ 2,811	\$ 2,186	\$ 2,185	\$ 1,661	\$ 3,417	\$ —	
Reservable criticized	316	2	24	30	86	57	117	—	
Total Commercial Lease Financing	\$ 13,612	\$ 1,038	\$ 2,835	\$ 2,216	\$ 2,271	\$ 1,718	\$ 3,534	\$ —	
U.S. Small Business Commercial ⁽²⁾									
Risk ratings									
Pass rated	\$ 9,228	\$ 803	\$ 2,547	\$ 1,947	\$ 945	\$ 694	\$ 2,159	\$ 133	
Reservable criticized	345	9	21	33	82	62	135	3	
Total U.S. Small Business Commercial	\$ 9,573	\$ 812	\$ 2,568	\$ 1,980	\$ 1,027	\$ 756	\$ 2,294	\$ 136	
Total	\$ 568,965	\$ 61,192	\$ 90,133	\$ 40,549	\$ 40,972	\$ 24,366	\$ 57,091	\$ 254,662	

⁽¹⁾ Excludes \$5.1 billion of loans accounted for under the fair value option at June 30, 2022.

⁽²⁾ Excludes U.S. Small Business Card loans of \$8.2 billion. Refreshed FICO scores for this portfolio are \$210 million for less than 620; \$723 million for greater than or equal to 620 and less than 680; \$2.2 billion for greater than or equal to 680 and less than 740; and \$5.1 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, 2021, including revolving loans that converted to term loans without an additional credit decision after origination or through a TDR.

Residential Mortgage – Credit Quality Indicators By Vintage

(Dollars in millions)	Total as of December 31, 2021	Term Loans by Origination Year					
		2021	2020	2019	2018	2017	Prior
Residential Mortgage							
Refreshed LTV							
Less than or equal to 90 percent	\$ 206,562	\$ 87,051	\$ 43,597	\$ 23,205	\$ 7,392	\$ 10,956	\$ 34,361
Greater than 90 percent but less than or equal to 100 percent	1,938	1,401	331	81	17	14	94
Greater than 100 percent	759	520	112	29	11	12	75
Fully-insured loans	12,704	3,845	3,486	1,150	216	235	3,772
Total Residential Mortgage	\$ 221,963	\$ 92,817	\$ 47,526	\$ 24,465	\$ 7,636	\$ 11,217	\$ 38,302
Residential Mortgage							
Refreshed FICO score							
Less than 620	\$ 2,451	\$ 636	\$ 442	\$ 140	\$ 120	\$ 104	\$ 1,009
Greater than or equal to 620 and less than 680	5,199	1,511	1,123	477	294	307	1,487
Greater than or equal to 680 and less than 740	24,532	8,822	5,454	2,785	1,057	1,434	4,980
Greater than or equal to 740	177,077	78,003	37,021	19,913	5,949	9,137	27,054
Fully-insured loans	12,704	3,845	3,486	1,150	216	235	3,772
Total Residential Mortgage	\$ 221,963	\$ 92,817	\$ 47,526	\$ 24,465	\$ 7,636	\$ 11,217	\$ 38,302

Home Equity - Credit Quality Indicators

(Dollars in millions)	Total	Home Equity Loans and Reverse Mortgages ⁽¹⁾		Revolving Loans Converted to Term Loans	
		Total	Revolving Loans	Total	Revolving Loans
December 31, 2021					
Home Equity					
Refreshed LTV					
Less than or equal to 90 percent	\$ 27,594	\$ 1,773	\$ 19,095	\$ 6,726	
Greater than 90 percent but less than or equal to 100 percent	130	55	34	41	
Greater than 100 percent	211	85	54	72	
Total Home Equity	\$ 27,935	\$ 1,913	\$ 19,183	\$ 6,839	
Home Equity					
Refreshed FICO score					
Less than 620	\$ 893	\$ 244	\$ 209	\$ 440	
Greater than or equal to 620 and less than 680	1,434	222	495	717	
Greater than or equal to 680 and less than 740	4,625	468	2,493	1,664	
Greater than or equal to 740	20,983	979	15,986	4,018	
Total Home Equity	\$ 27,935	\$ 1,913	\$ 19,183	\$ 6,839	

⁽¹⁾ Includes reverse mortgages of \$1.3 billion and home equity loans of \$582 million, which are no longer originated.

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

(Dollars in millions)	Direct/Indirect												
	Total Direct/Indirect as of December 31, 2021	Revolving Loans	Term Loans by Origination Year						Credit Card				
			2021	2020	2019	2018	2017	Prior	Total Credit Card as of December 31, 2021	Revolving Loans	Revolving Loans Converted to Term Loans ⁽¹⁾		
Refreshed FICO score													
Less than 620	\$ 685	\$ 13	\$ 179	\$ 115	\$ 129	\$ 79	\$ 101	\$ 69	\$ 3,017	\$ 2,857	\$ 160		
Greater than or equal to 620 and less than 680	2,313	14	1,170	414	313	148	134	120	9,264	9,064	200		
Greater than or equal to 680 and less than 740	8,530	60	4,552	1,659	1,126	466	314	353	28,347	28,155	192		
Greater than or equal to 740	37,164	94	15,876	8,642	6,465	2,679	1,573	1,835	40,810	40,762	48		
Other internal credit metrics ^(2,3)	54,868	54,173	283	53	77	75	63	144	—	—	—		
Total credit card and other consumer	\$ 103,560	\$ 54,354	\$ 22,060	\$ 10,883	\$ 8,110	\$ 3,447	\$ 2,185	\$ 2,521	\$ 81,438	\$ 80,838	\$ 600		

⁽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 \$54.2 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, 2021.

Commercial – Credit Quality Indicators By Vintage ⁽¹⁾

(Dollars in millions)	Term Loans								
	Total as of December 31, 2021	Amortized Cost Basis by Origination Year						Prior	Revolving Loans
		2021	2020	2019	2018	2017			
U.S. Commercial									
Risk ratings									
Pass rated	\$ 315,618	\$ 55,862	\$ 25,012	\$ 23,373	\$ 11,439	\$ 10,426	\$ 23,877	\$ 165,629	
Reservable criticized	10,318	598	687	1,308	1,615	514	1,072	4,524	
Total U.S. Commercial	\$ 325,936	\$ 56,460	\$ 25,699	\$ 24,681	\$ 13,054	\$ 10,940	\$ 24,949	\$ 170,153	
Non-U.S. Commercial									
Risk ratings									
Pass rated	\$ 110,787	\$ 25,749	\$ 8,703	\$ 7,133	\$ 4,521	\$ 3,016	\$ 3,062	\$ 58,603	
Reservable criticized	2,479	223	324	487	275	257	216	697	
Total Non-U.S. Commercial	\$ 113,266	\$ 25,972	\$ 9,027	\$ 7,620	\$ 4,796	\$ 3,273	\$ 3,278	\$ 59,300	
Commercial Real Estate									
Risk ratings									
Pass rated	\$ 55,511	\$ 14,402	\$ 7,244	\$ 11,237	\$ 5,710	\$ 3,326	\$ 6,831	\$ 6,761	
Reservable criticized	7,498	277	990	2,237	1,710	596	1,464	224	
Total Commercial Real Estate	\$ 63,009	\$ 14,679	\$ 8,234	\$ 13,474	\$ 7,420	\$ 3,922	\$ 8,295	\$ 6,985	
Commercial Lease Financing									
Risk ratings									
Pass rated	\$ 14,438	\$ 3,280	\$ 2,485	\$ 2,427	\$ 2,030	\$ 1,741	\$ 2,475	\$ —	
Reservable criticized	387	25	18	91	67	48	138	—	
Total Commercial Lease Financing	\$ 14,825	\$ 3,305	\$ 2,503	\$ 2,518	\$ 2,097	\$ 1,789	\$ 2,613	\$ —	
U.S. Small Business Commercial ⁽²⁾									
Risk ratings									
Pass rated	\$ 11,618	\$ 4,257	\$ 2,922	\$ 1,059	\$ 763	\$ 623	\$ 1,853	\$ 141	
Reservable criticized	433	12	29	91	87	64	147	3	
Total U.S. Small Business Commercial	\$ 12,051	\$ 4,269	\$ 2,951	\$ 1,150	\$ 850	\$ 687	\$ 2,000	\$ 144	
Total	\$ 529,087	\$ 104,685	\$ 48,414	\$ 49,443	\$ 28,217	\$ 20,611	\$ 41,135	\$ 236,582	

⁽¹⁾ Excludes \$7.2 billion of loans accounted for under the fair value option at December 31, 2021.

⁽²⁾ Excludes U.S. Small Business Card loans of \$7.1 billion. Refreshed FICO scores for this portfolio are \$192 million for less than 620; \$618 million for greater than or equal to 620 and less than 680; \$1.9 billion for greater than or equal to 680 and less than 740; and \$4.4 billion greater than or equal to 740.

During the six months ended June 30, 2022, commercial credit quality showed signs of stabilization as the economy continued to improve. Commercial reservable criticized utilized exposure decreased to \$18.1 billion at June 30, 2022 from \$22.4 billion (to 2.95 percent from 3.91 percent of total commercial reservable utilized exposure) at December 31, 2021, which was broad-based across industries.

Troubled Debt Restructurings

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 \$242 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, 2022, of which \$64 million were classified as nonperforming and \$42 million were loans fully insured.

At June 30, 2022 and December 31, 2021, 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 \$115 million and \$101 million at June 30, 2022 and December 31, 2021. The carrying value of consumer real estate loans, including fully-insured loans, for which formal foreclosure proceedings were in process at June 30, 2022 and December 31, 2021 was \$1.0 billion and \$1.1 billion. During the six months ended June 30, 2022 and 2021, the Corporation reclassified \$99 million and \$20 million of consumer real estate loans to foreclosed properties or, for properties acquired upon foreclosure of certain government-guaranteed loans (principally FHA-insured loans), to other assets. The reclassifications represent non-cash investing activities and, accordingly, are not reflected in the Consolidated Statement of Cash Flows.

The table below presents the June 30, 2022 and 2021 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, 2022 and 2021. 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, 2022 and 2021

	Unpaid Principal Balance		Carrying Value		Pre-Modification Interest Rate		Post-Modification Interest Rate ⁽¹⁾	
	2022	2021	2022	2021	2022	2021	2022	2021
(Dollars in millions)	Three Months Ended June 30, 2022				Six Months Ended June 30, 2022			
Residential mortgage	\$ 540	\$ 489	3.47 %	3.38 %	\$ 858	\$ 774	3.53 %	3.35 %
Home equity	129	110	3.80	3.89	170	140	3.77	3.84
Total	\$ 669	\$ 599	3.53	3.48	\$ 1,028	\$ 914	3.57	3.43
	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

⁽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, 2022 and 2021 carrying value for consumer real estate loans that were modified in a TDR during the three and six months ended June 30, 2022 and 2021, by type of modification.

Consumer Real Estate – Modification Programs

	TDRs Entered into During the			
	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
(Dollars in millions)				
Modifications under government programs	\$ —	\$ 1	\$ —	\$ 3
Modifications under proprietary programs	536	479	816	665
Loans discharged in Chapter 7 bankruptcy ⁽¹⁾	4	12	8	22
Trial modifications	59	21	90	40
Total modifications	\$ 599	\$ 513	\$ 914	\$ 730

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

The following table presents the carrying value of consumer real estate loans that entered into payment default during the three and six months ended June 30, 2022 and 2021 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

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
(Dollars in millions)				
Modifications under government programs	\$ —	\$ 1	\$ —	\$ 2
Modifications under proprietary programs	32	33	72	45
Loans discharged in Chapter 7 bankruptcy ⁽¹⁾	—	2	1	5
Trial modifications ⁽²⁾	7	6	11	12
Total modifications	\$ 39	\$ 42	\$ 84	\$ 64

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

⁽²⁾ Includes trial modification offers to which the customer did not respond.

Credit Card and Other Consumer

The Corporation seeks to assist customers who are experiencing financial difficulty by modifying loans while ensuring compliance with federal and local laws and guidelines. Credit card and other consumer loan modifications generally involve reducing the interest rate on the account, placing the customer on a fixed payment plan not exceeding 60 months and canceling the customer's available line of credit, all of which are considered TDRs. The Corporation makes loan modifications directly with borrowers for debt held only by the Corporation (internal programs). Additionally, the Corporation makes loan modifications for borrowers working with third-party renegotiation

agencies that provide solutions to customers' entire unsecured debt structures (external programs). The Corporation classifies other secured consumer loans that have been discharged in Chapter 7 bankruptcy as TDRs, which are written down to collateral value and placed on nonaccrual status no later than the time of discharge.

The table below provides information on the Corporation's Credit Card and Other Consumer TDR portfolio including the June 30, 2022 and 2021 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, 2022 and 2021.

Credit Card and Other Consumer – TDRs Entered into During the Three and Six Months Ended June 30, 2022 and 2021

	Unpaid Principal Balance		Carrying Value ⁽¹⁾		Pre-Modification Interest Rate		Post-Modification Interest Rate	
(Dollars in millions)								
	Three Months Ended June 30, 2022				Six Months Ended June 30, 2022			
Credit card	\$ 65	\$ 69	19.77 %	3.78 %	\$ 127	\$ 132	19.60 %	3.76 %
Direct/Indirect consumer	3	2	5.41	5.41	5	5	5.62	5.62
Total	\$ 68	\$ 71	19.37	3.83	\$ 132	\$ 137	19.09	3.83
	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

⁽¹⁾ Includes accrued interest and fees.

The table below presents the June 30, 2022 and 2021 carrying value for Credit Card and Other Consumer loans that were modified in a TDR during the three and six months ended June 30, 2022 and 2021 by program type.

Credit Card and Other Consumer – TDRs by Program Type ⁽¹⁾

	TDRs Entered into During the Three Months Ended June 30		TDRs Entered into During the Six Months Ended June 30	
	2022	2021	2022	2021
(Dollars in millions)				
Internal programs	\$ 58	\$ 57	\$ 112	\$ 121
External programs	10	13	20	29
Other	3	2	5	4
Total	\$ 71	\$ 72	\$ 137	\$ 154

⁽¹⁾ Includes accrued interest and fees.

Credit card and other consumer loans are deemed to be in payment default during the quarter in which a borrower misses the second of two consecutive payments. Payment defaults are one of the factors considered when projecting future cash flows in the calculation of the allowance for loan and lease losses for credit card and other consumer. Based on historical experience, the Corporation estimates that 10 percent of new credit card TDRs and 17 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, 2022, the carrying value of the Corporation's commercial loans that were modified as TDRs was \$796 million and \$1.3 billion compared to \$320 million and \$865 million for the same periods in 2021. At June 30, 2022 and December 31, 2021, the Corporation had commitments to lend \$369 million and \$283 million to commercial borrowers whose loans were classified as TDRs. The balance of commercial TDRs in payment default was \$136 million and \$262 million at June 30, 2022 and December 31, 2021.

Loans Held-for-sale

The Corporation had LHFS of \$6.7 billion and \$15.6 billion at June 30, 2022 and December 31, 2021. Cash and non-cash proceeds from sales and paydowns of loans originally classified as LHFS were \$21.4 billion and \$18.2 billion for the six months ended June 30, 2022 and 2021. Cash used for originations and purchases of LHFS totaled \$11.4 billion and \$17.0 billion for the six months ended June 30, 2022 and 2021. Also included were non-cash net transfers into LHFS of \$1.6 billion for the six months ended June 30, 2022, primarily driven by the transfer of a \$1.6 billion affinity card loan portfolio to held for sale in anticipation of its sale later in 2022, and \$709 million for the six months ended June 30, 2021.

Accrued Interest Receivable

Accrued interest receivable for loans and leases and loans held-for-sale at June 30, 2022 and December 31, 2021 was \$2.5 billion and \$2.2 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, 2022, the Corporation reversed \$80 million and \$160 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 compared to \$124 million and \$282 million for the same periods in 2021.

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, 2022 and 2021, interest and fee income reversed at the time the loans were classified as nonperforming was not significant. For more information on the Corporation's nonperforming loan policies, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2021 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 2021 Annual Report on Form 10-K.

The June 30, 2022 estimate for allowance for credit losses was based on various economic outlooks that included a baseline scenario, which is derived from consensus estimates, a downside scenario that assumed a significantly longer period until full economic recovery, a tail risk scenario similar to the severely adverse scenario used in stress testing, and a scenario to account for persistent inflation and higher interest rates at levels above what is already factored into the Corporation's baseline and other downside scenarios. The Corporation's upside scenario was removed as of March 31, 2022 due to geopolitical events reducing the likelihood of an upside outlook at such time and continued to be excluded as of June 30, 2022 given the dampening macroeconomic outlook. The weighted economic outlook assumes that the U.S. average unemployment rate will be five percent by the fourth quarter of 2022 and will stay just above five percent in the fourth quarter of 2023. Additionally, in this economic outlook, U.S. gross domestic product is forecasted to grow at 0.6 percent and 0.8 percent year-over-year in the fourth quarters of 2022 and 2023. While asset quality continues to improve and economic uncertainty around the pandemic has largely dissipated, uncertainty remains regarding broader economic impacts as a result of the current geopolitical situation, supply chain disruptions and inflationary pressures and could lead to adverse impacts to credit quality metrics in future periods. As such, the Corporation has factored the aforementioned uncertainties into its allowance for credit losses.

The allowance for credit losses at June 30, 2022 was \$13.4 billion, a decrease of \$409 million compared to December 31, 2021. The decrease in the allowance for credit losses was primarily driven by asset quality improvement and reduced pandemic uncertainties, partially offset by reserve builds related to loan growth, a dampening macroeconomic outlook and Russian exposure. The change in the allowance for credit losses was comprised of a net decrease of \$414 million in the allowance for loan and lease losses and a \$5 million increase in the reserve for unfunded lending commitments. The decrease in the allowance for credit losses was attributed to \$178 million in the consumer real estate portfolio, and \$260 million in the credit card and other consumer portfolio, partially offset by an increase of \$29 million in the commercial portfolio. The provision for credit losses increased \$2.1 billion to an expense of \$523 million, and \$4.0 billion to an expense of \$553 million for the three and six months ended June 30, 2022 compared to the same periods in 2021. The provision for credit losses for the three and six months ended June 30, 2022 was primarily driven by loan growth and a dampening macroeconomic outlook, partially offset by asset quality improvement and reduced pandemic uncertainties. The increase in the six-month period

was also driven by a reserve build related to Russian exposure. For the same periods in the prior year, the provision for credit losses benefited from reserve releases due to an improved macroeconomic outlook.

Outstanding loans and leases excluding loans accounted for under the fair value option increased \$54.0 billion during the six months ended June 30, 2022 driven by commercial loans,

which increased \$40.9 billion, driven by broad-based growth, and consumer loans, which increased \$13.0 billion, primarily driven by residential mortgage, securities-based lending and credit card.

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

	Consumer Real Estate	Credit Card and Other Consumer	Commercial	Total
(Dollars in millions)				
Three Months Ended June 30, 2022				
Allowance for loan and lease losses, April 1	\$ 473	\$ 6,242	\$ 5,389	\$ 12,104
Loans and leases charged off	(160)	(692)	(92)	(944)
Recoveries of loans and leases previously charged off	98	229	46	373
Net charge-offs	(62)	(463)	(46)	(571)
Provision for loan and lease losses	(16)	438	19	441
Other	1	(1)	(1)	(1)
Allowance for loan and lease losses, June 30	396	6,216	5,361	11,973
Reserve for unfunded lending commitments, April 1	91	—	1,288	1,379
Provision for unfunded lending commitments	(12)	—	94	82
Reserve for unfunded lending commitments, June 30	79	—	1,382	1,461
Allowance for credit losses, June 30	\$ 475	\$ 6,216	\$ 6,743	\$ 13,434
Three Months Ended June 30, 2021				
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
(Dollars in millions)				
Six Months Ended June 30, 2022				
Allowance for loan and lease losses, January 1	\$ 557	\$ 6,476	\$ 5,354	\$ 12,387
Loans and leases charged off	(183)	(1,311)	(184)	(1,678)
Recoveries of loans and leases previously charged off	161	468	86	715
Net charge-offs	(22)	(843)	(98)	(963)
Provision for loan and lease losses	(141)	581	109	549
Other	2	2	(4)	—
Allowance for loan and lease losses, June 30	396	6,216	5,361	11,973
Reserve for unfunded lending commitments, January 1	96	—	1,360	1,456
Provision for unfunded lending commitments	(18)	—	22	4
Other	1	—	—	1
Reserve for unfunded lending commitments, June 30	79	—	1,382	1,461
Allowance for credit losses, June 30	\$ 475	\$ 6,216	\$ 6,743	\$ 13,434
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

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, 2022 and December 31, 2021 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, 2022 and December 31, 2021 resulting from its involvement with consolidated VIEs 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 2021 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 three and six months ended June 30, 2022 or the year ended December 31, 2021 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 \$927 million and \$968 million at June 30, 2022 and December 31, 2021.

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, 2022 and 2021.

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	
	2022	2021	2022	2021	2022	2021	2022	2021
(Dollars in millions)								
Proceeds from loan sales ⁽¹⁾	\$ 1,419	\$ 1,652	\$ 3,741	\$ 2,895	\$ 1,988	\$ 2,175	\$ 4,416	\$ 2,840
Gains on securitizations ⁽²⁾	—	3	8	5	13	31	26	64
Repurchases from securitization trusts ⁽³⁾	9	98	25	178	—	—	—	—

⁽¹⁾ The Corporation transfers residential mortgage loans to securitizations sponsored primarily by the government-sponsored enterprises (GSEs) or Government National Mortgage Association (GNMA) in the normal course of business and primarily receives residential mortgage-backed securities 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 \$10 million and \$30 million net of hedges, during the three and six months ended June 30, 2022 and compared to \$40 million and \$73 million for the same periods in 2021, 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 mortgage servicing rights (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 \$105.8 billion and \$138.7 billion at June 30, 2022 and 2021. Servicing fee and ancillary fee income on serviced loans was \$74 million and \$144 million during the three and six months ended June 30, 2022 compared to \$104 million and \$217 million for the same periods in 2021. Servicing advances on serviced loans, including loans serviced for others and loans held for investment, were \$1.7 billion and \$2.0 billion at

June 30, 2022 and December 31, 2021. For more information on MSRs, see *Note 14 – Fair Value Measurements*.

During the three and six months ended June 30, 2022, the Corporation deconsolidated agency residential mortgage securitization trusts with total assets of \$36 million and \$563 million, with no significant deconsolidations during the three and six months ended June 30, 2021.

The following table summarizes select information related to first-lien mortgage securitization trusts in which the Corporation held a variable interest at June 30, 2022 and December 31, 2021.

First-lien Mortgage VIEs

	Residential Mortgage									
	Agency		Non-agency				Commercial Mortgage			
			Prime		Subprime		Alt-A			
	June 30 2022	December 31 2021	June 30 2022	December 31 2021	June 30 2022	December 31 2021	June 30 2022	December 31 2021	June 30 2022	December 31 2021
(Dollars in millions)										
Unconsolidated VIEs										
Maximum loss exposure ⁽¹⁾	\$ 9,881	\$ 11,600	\$ 108	\$ 121	\$ 807	\$ 908	\$ 15	\$ 14	\$ 1,496	\$ 1,445
On-balance sheet assets										
Senior securities:										
Trading account assets	\$ 213	\$ 175	\$ 3	\$ 8	\$ 37	\$ 44	\$ 13	\$ 12	\$ 25	\$ 21
Debt securities carried at fair value	3,542	5,009	—	—	455	537	—	—	—	—
Held-to-maturity securities	6,126	6,416	—	—	—	—	—	—	1,268	1,157
All other assets	—	—	3	3	34	29	2	2	59	93
Total retained positions	\$ 9,881	\$ 11,600	\$ 6	\$ 11	\$ 526	\$ 610	\$ 15	\$ 14	\$ 1,352	\$ 1,271
Principal balance outstanding ⁽²⁾	\$ 85,819	\$ 93,142	\$ 4,251	\$ 4,710	\$ 5,471	\$ 6,179	\$ 12,279	\$ 13,627	\$ 84,991	\$ 85,540
Consolidated VIEs										
Maximum loss exposure ⁽¹⁾	\$ 1,648	\$ 1,644	\$ —	\$ 49	\$ 89	\$ —	\$ —	\$ —	\$ —	\$ —
On-balance sheet assets										
Trading account assets	\$ 1,648	\$ 1,644	\$ —	\$ —	\$ 89	\$ —	\$ —	\$ —	\$ —	\$ —
Loans and leases, net	—	—	—	58	—	—	—	—	—	—
Total assets	\$ 1,648	\$ 1,644	\$ —	\$ 58	\$ 89	\$ —	\$ —	\$ —	\$ —	\$ —
Total liabilities	\$ —	\$ —	\$ —	\$ 9	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

⁽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, 2022 and December 31, 2021.

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

	Home Equity ⁽¹⁾		Credit Card ⁽²⁾		Resecuritization Trusts		Municipal Bond Trusts	
	June 30 2022	December 31 2021	June 30 2022	December 31 2021	June 30 2022	December 31 2021	June 30 2022	December 31 2021
	(Dollars in millions)							
Unconsolidated VIEs								
Maximum loss exposure	\$ 130	\$ 152	\$ —	\$ —	\$ 5,799	\$ 6,089	\$ 3,379	\$ 4,094
On-balance sheet assets								
Securities ⁽³⁾ :								
Trading account assets	\$ —	\$ —	\$ —	\$ —	\$ 1,599	\$ 1,030	\$ —	\$ —
Debt securities carried at fair value	1	1	—	—	1,467	1,903	—	—
Held-to-maturity securities	—	—	—	—	2,733	3,156	—	—
Total retained positions	\$ 1	\$ 1	\$ —	\$ —	\$ 5,799	\$ 6,089	\$ —	\$ —
Total assets of VIEs	\$ 366	\$ 430	\$ —	\$ —	\$ 14,993	\$ 18,633	\$ 3,907	\$ 4,655
Consolidated VIEs								
Maximum loss exposure	\$ 38	\$ 45	\$ 8,937	\$ 10,279	\$ 149	\$ 680	\$ 155	\$ 210
On-balance sheet assets								
Trading account assets	\$ —	\$ —	\$ —	\$ —	\$ 156	\$ 686	\$ 63	\$ 122
Loans and leases	116	140	13,981	14,434	—	—	—	—
Allowance for loan and lease losses	13	14	(843)	(970)	—	—	—	—
All other assets	2	3	59	70	—	—	92	88
Total assets	\$ 131	\$ 157	\$ 13,197	\$ 13,534	\$ 156	\$ 686	\$ 155	\$ 210
On-balance sheet liabilities								
Short-term borrowings	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 133	\$ 196
Long-term debt	94	113	4,248	3,248	7	6	—	—
All other liabilities	—	—	12	7	—	—	—	—
Total liabilities	\$ 94	\$ 113	\$ 4,260	\$ 3,255	\$ 7	\$ 6	\$ 133	\$ 196

⁽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, 2022 and December 31, 2021, loans and leases in the consolidated credit card trust included \$2.7 billion and \$4.3 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 preceding table. 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.

Senior debt securities totaling \$1.0 billion were issued to third-party investors from the credit card securitization trust during the six months ended June 30, 2022 and 2021.

At June 30, 2022 and December 31, 2021, the Corporation held subordinate securities issued by the credit card securitization trust with a notional principal amount of \$6.7 billion and \$6.5 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 subordinate securities issued by the credit card securitization trust during the six months ended June 30, 2022 and 2021.

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 \$4.6 billion and \$14.2 billion of securities during the three and six months ended June 30, 2022 compared to \$5.9 billion and \$14.7 billion for the same periods in 2021. 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, 2022 and 2021, resecuritization proceeds included securities with an initial fair value of \$1.0 billion and \$1.7 billion compared to \$233 million and \$519 million, of which substantially all of the securities were classified as trading account assets for both periods and 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 \$3.4 billion and \$4.1 billion at June 30, 2022 and December 31, 2021. The weighted-average remaining life of bonds held in the trusts at June 30, 2022 was 7.2 years. There were no significant write-downs or downgrades of assets or issuers during the six months ended June 30, 2022 and 2021.

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, 2022 and December 31, 2021.

Other VIEs

	June 30, 2022			December 31, 2021		
	Consolidated	Unconsolidated	Total	Consolidated	Unconsolidated	Total
(Dollars in millions)						
Maximum loss exposure	\$ 2,241	\$ 29,021	\$ 31,262	\$ 4,819	\$ 27,790	\$ 32,609
On-balance sheet assets						
Trading account assets	\$ 338	\$ 562	\$ 900	\$ 2,552	\$ 626	\$ 3,178
Debt securities carried at fair value	—	7	7	—	7	7
Loans and leases	2,073	83	2,156	2,503	47	2,550
Allowance for loan and lease losses	(2)	(12)	(14)	(2)	(12)	(14)
All other assets	24	27,911	27,935	28	26,628	26,656
Total	\$ 2,433	\$ 28,551	\$ 30,984	\$ 5,081	\$ 27,296	\$ 32,377
On-balance sheet liabilities						
Short-term borrowings	\$ 32	\$ —	\$ 32	\$ 51	\$ —	\$ 51
Long-term debt	160	—	160	211	—	211
All other liabilities	—	7,132	7,132	—	6,548	6,548
Total	\$ 192	\$ 7,132	\$ 7,324	\$ 262	\$ 6,548	\$ 6,810
Total assets of VIEs	\$ 2,433	\$ 93,885	\$ 96,318	\$ 5,081	\$ 92,249	\$ 97,330

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 \$993 million and \$2.9 billion at June 30, 2022 and December 31, 2021, 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 \$124 million and \$235 million at June 30, 2022 and December 31, 2021.

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, 2022 and December 31, 2021, the Corporation's consolidated investment VIEs had total assets of \$657 million and \$1.0 billion. The Corporation also held investments in unconsolidated VIEs with total assets of \$7.8 billion and \$7.1 billion at June 30, 2022 and December 31, 2021. The Corporation's maximum loss exposure associated with both consolidated and unconsolidated investment VIEs totaled \$1.8 billion and \$2.0 billion at June 30, 2022 and December 31, 2021 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 \$1.4 billion and \$1.5 billion at June 30, 2022 and December 31, 2021. 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 \$26.7 billion and \$25.7 billion at June 30, 2022 and December 31, 2021. 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 \$13.4 billion and \$12.6 billion, including unfunded commitments to provide capital contributions of \$6.4 billion and \$5.8 billion, at June 30, 2022 and December 31, 2021. The unfunded commitments are expected to be paid over the next five years. During the three and six months ended June 30, 2022, the Corporation recognized tax credits and other tax benefits from investments in affordable housing partnerships of \$375 million and \$748 million and reported pretax losses in other income of \$314 million and \$627 million. For the same periods in 2021, the Corporation recognized tax credits and other tax benefits of \$334 million and \$727 million and reported pretax losses in other income of \$279 million and \$555 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, 2022 and December 31, 2021. 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, 2022 and determined there was no impairment. For more information regarding the nature of 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 2021 Annual Report on Form 10-K.

Goodwill

	June 30 2022	December 31 2021
(Dollars in millions)		
Consumer Banking	\$ 30,137	\$ 30,137
Global Wealth & Investment Management	9,677	9,677
Global Banking	24,026	24,026
Global Markets	5,182	5,182
Total goodwill	\$ 69,022	\$ 69,022

Intangible Assets

At June 30, 2022 and December 31, 2021, the net carrying value of intangible assets was \$2.1 billion and \$2.2 billion. At both June 30, 2022 and December 31, 2021, 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 \$39 million for the three and six months ended June 30, 2022 compared to \$20 million and \$37 million for the same periods in 2021.

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 2021 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, 2022 and December 31, 2021.

Net Investment ⁽¹⁾

(Dollars in millions)	June 30 2022		December 31 2021	
Lease receivables	\$	15,628	\$	16,806
Unguaranteed residuals		1,870		2,078
Total net investment in sales-type and direct financing leases	\$	17,498	\$	18,884

⁽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 \$6.8 billion and \$7.1 billion at June 30, 2022 and December 31, 2021.

The table below presents lease income for the three and six months ended June 30, 2022 and 2021.

Lease Income

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30					
	2022	2021	2022	2021				
Sales-type and direct financing leases	\$	137	\$	152	\$	279	\$	316
Operating leases		231		223		463		454
Total lease income	\$	368	\$	375	\$	742	\$	770

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, 2022 and December 31, 2021.

Lessee Arrangements

(Dollars in millions)	June 30 2022		December 31 2021	
Right-of-use asset	\$	9,963	\$	10,233
Lease liabilities		10,560		10,858

NOTE 9 Securities Financing Agreements, Collateral and Restricted Cash

The Corporation enters into securities financing agreements which include securities borrowed or purchased under agreements to resell and securities loaned or sold under agreements to repurchase. These financing agreements (also referred to as "matched-book transactions") are to accommodate customers, obtain securities to cover short positions and finance inventory positions. The Corporation elects to account for certain securities financing agreements under the fair value option. For more information on the fair value option, see *Note 15 – Fair Value Option*.

Offsetting of Securities Financing Agreements

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, 2022 and December 31, 2021. 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*. For more information on the securities financing agreements and the offsetting of securities financing transactions, see *Note 10 – Securities Financing Agreements, Short-term Borrowings and Restricted Cash* to the Consolidated Financial Statements of the Corporation's 2021 Annual Report on Form 10-K.

Securities Financing Agreements

	Gross		Net Balance Sheet		Financial		Net Assets/Liabilities
	Assets/Liabilities ⁽¹⁾	Amounts Offset	Amount	Instruments ⁽²⁾			
(Dollars in millions)							
June 30, 2022							
Securities borrowed or purchased under agreements to resell ⁽³⁾	\$ 533,938	\$ (261,508)	\$ 272,430	\$ (242,902)	\$	\$	29,528
Securities loaned or sold under agreements to repurchase	\$ 465,815	\$ (261,508)	\$ 204,307	\$ (194,375)	\$	\$	9,932
Other ⁽⁴⁾	6,761	—	6,761	(6,761)			—
Total	\$ 472,576	\$ (261,508)	\$ 211,068	\$ (201,136)			9,932
December 31, 2021							
Securities borrowed or purchased under agreements to resell ⁽³⁾	\$ 527,054	\$ (276,334)	\$ 250,720	\$ (229,525)	\$	\$	21,195
Securities loaned or sold under agreements to repurchase	\$ 468,663	\$ (276,334)	\$ 192,329	\$ (181,860)	\$	\$	10,469
Other ⁽⁴⁾	11,391	—	11,391	(11,391)			—
Total	\$ 480,054	\$ (276,334)	\$ 203,720	\$ (193,251)			10,469

⁽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 \$11.7 billion and \$20.1 billion reported in loans and leases on the Consolidated Balance Sheet at June 30, 2022 and December 31, 2021.

⁽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 – Securities Financing Agreements, Short-term Borrowings and Restricted Cash* to the Consolidated Financial Statements of the Corporation's 2021 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, 2022									
Securities sold under agreements to repurchase	\$ 185,699	\$ 154,162	\$ 37,718	\$ 26,783	\$	\$	\$	\$	404,362
Securities loaned	55,681	404	888	4,480					61,453
Other	6,761	—	—	—					6,761
Total	\$ 248,141	\$ 154,566	\$ 38,606	\$ 31,263					472,576
December 31, 2021									
Securities sold under agreements to repurchase	\$ 148,023	\$ 194,964	\$ 36,939	\$ 36,501	\$	\$	\$	\$	416,427
Securities loaned	46,231	466	1,428	4,111					52,236
Other	11,391	—	—	—					11,391
Total	\$ 205,645	\$ 195,430	\$ 38,367	\$ 40,612					480,054

⁽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, 2022							
(Dollars in millions)								
U.S. government and agency securities	\$	194,141	\$	—	\$	—	\$	194,141
Corporate securities, trading loans and other		14,183		2,032		514		16,729
Equity securities		11,888		59,020		6,247		77,155
Non-U.S. sovereign debt		180,423		401		—		180,824
Mortgage trading loans and ABS		3,727		—		—		3,727
Total	\$	404,362	\$	61,453	\$	6,761	\$	472,576
	December 31, 2021							
U.S. government and agency securities	\$	201,546	\$	27	\$	—	\$	201,573
Corporate securities, trading loans and other		12,838		3,440		1,148		17,426
Equity securities		19,907		48,650		10,192		78,749
Non-U.S. sovereign debt		178,019		119		51		178,189
Mortgage trading loans and ABS		4,117		—		—		4,117
Total	\$	416,427	\$	52,236	\$	11,391	\$	480,054

Collateral

The Corporation accepts securities and loans as collateral that it is permitted by contract or practice to sell or repledge. At June 30, 2022 and December 31, 2021, the fair value of this collateral was \$759.9 billion and \$854.8 billion, of which \$702.6 billion and \$782.7 billion were sold or repledged. The primary source of this collateral is securities borrowed or purchased under agreements to resell. For more information on collateral, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2021 Annual Report on Form 10-K.

Restricted Cash

At June 30, 2022 and December 31, 2021, the Corporation held restricted cash included within cash and cash equivalents on the Consolidated Balance Sheet of \$6.4 billion and \$5.9 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 2021 Annual Report on Form 10-K.

Credit Extension Commitments

The Corporation enters into commitments to extend credit such as loan commitments, standby letters of credit (SBLCs) and commercial letters of credit to meet the financing needs of its customers. The following table includes the notional amount of unfunded legally binding lending commitments net of amounts distributed (i.e., syndicated or participated) to other financial institutions. The distributed amounts were \$11.2 billion and \$10.7 billion at June 30, 2022 and December 31, 2021. The carrying value of the Corporation's credit extension commitments at June 30, 2022 and December 31, 2021, excluding commitments accounted for under the fair value option, were both \$1.5 billion, which predominantly related to the reserve for unfunded lending commitments. The carrying value of these commitments is classified in accrued expenses and other liabilities on the Consolidated Balance Sheet.

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

The following table includes the notional amount of commitments of \$3.6 billion and \$4.8 billion at June 30, 2022 and December 31, 2021 that are accounted for under the fair value option. However, the table excludes the cumulative net fair value for these commitments of \$220 million and \$97 million at June 30, 2022 and December 31, 2021, 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

	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
(Dollars in millions)					
June 30, 2022					
Notional amount of credit extension commitments					
Loan commitments ⁽¹⁾	\$ 119,081	\$ 176,567	\$ 199,835	\$ 27,012	\$ 522,495
Home equity lines of credit	1,111	6,169	10,961	22,490	40,731
Standby letters of credit and financial guarantees ⁽²⁾	25,634	9,213	2,458	559	37,864
Letters of credit	1,028	94	22	69	1,213
Other commitments ⁽³⁾	30	23	84	1,172	1,309
Legally binding commitments	146,884	192,066	213,360	51,302	603,612
Credit card lines ⁽⁴⁾	419,054	—	—	—	419,054
Total credit extension commitments	\$ 565,938	\$ 192,066	\$ 213,360	\$ 51,302	\$ 1,022,666
December 31, 2021					
Notional amount of credit extension commitments					
Loan commitments ⁽¹⁾	\$ 102,464	\$ 190,687	\$ 174,978	\$ 26,635	\$ 494,764
Home equity lines of credit	890	5,097	10,268	24,276	40,531
Standby letters of credit and financial guarantees ⁽²⁾	22,359	10,742	2,017	422	35,540
Letters of credit	1,145	124	56	98	1,423
Other commitments ⁽³⁾	18	59	81	1,233	1,391
Legally binding commitments	126,876	206,709	187,400	52,664	573,649
Credit card lines ⁽⁴⁾	406,169	—	—	—	406,169
Total credit extension commitments	\$ 533,045	\$ 206,709	\$ 187,400	\$ 52,664	\$ 979,818

⁽¹⁾ At June 30, 2022 and December 31, 2021, \$3.8 billion and \$4.6 billion of these loan commitments were held in the form of a security.

⁽²⁾ The notional amounts of SBLCs and financial guarantees classified as investment grade and non-investment grade based on the credit quality of the underlying reference name within the instrument were \$27.2 billion and \$10.5 billion at June 30, 2022, and \$26.3 billion and \$8.7 billion at December 31, 2021. Amounts in the table include consumer SBLCs of \$146 million and \$512 million at June 30, 2022 and December 31, 2021.

⁽³⁾ Primarily includes second-loss positions on lease-end residual value guarantees.

⁽⁴⁾ Includes business card unused lines of credit.

Other Commitments

At June 30, 2022 and December 31, 2021, the Corporation had commitments to purchase loans (e.g., residential mortgage and commercial real estate) of \$1.2 billion and \$181 million, which upon settlement will be included in trading account assets, loans or LHFS, and commitments to purchase commercial loans of \$275 million and \$518 million, which upon settlement will be included in trading account assets.

At June 30, 2022 and December 31, 2021, the Corporation had commitments to purchase commodities, primarily liquefied natural gas, of \$410 million and \$949 million, which upon settlement will be included in trading account assets.

At June 30, 2022 and December 31, 2021, the Corporation had commitments to enter into resale and forward-dated resale and securities borrowing agreements of \$96.2 billion and \$92.0 billion, and commitments to enter into forward-dated repurchase and securities lending agreements of \$63.3 billion and \$32.6 billion. These commitments generally expire within the next 12 months.

At June 30, 2022 and December 31, 2021, the Corporation had a commitment to originate or purchase up to \$3.8 billion and \$4.0 billion on a rolling 12-month basis, of auto loans and leases from a strategic partner. This commitment extends through November 2026 and can be terminated with 12 months prior notice.

At June 30, 2022 and December 31, 2021, the Corporation had unfunded equity investment commitments of \$958 million and \$395 million.

Other Guarantees

Bank-owned Life Insurance Book Value Protection

The Corporation sells products that offer book value protection to insurance carriers who offer group life insurance policies to corporations, primarily banks. At June 30, 2022 and December 31, 2021, the notional amount of these guarantees

totalled \$4.4 billion and \$6.3 billion. At June 30, 2022 and December 31, 2021, the Corporation's maximum exposure related to these guarantees totalled \$654 million and \$928 million, 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 payment network rules and regulations, which include, but are not limited to, the type of charge, type of payment used and time limits. The total amount of transactions subject to reversal under payment network rules and regulations processed for the preceding six-month period, which was \$482.0 billion, is an estimate of the Corporation's maximum potential exposure as of June 30, 2022. 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 2021 Annual Report on Form 10-K.

The reserve for representations and warranties obligations and corporate guarantees was \$1.2 billion at both June 30, 2022 and December 31, 2021 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 \$39.9 billion and \$42.0 billion at June 30, 2022 and December 31, 2021.

Other Guarantees

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 2021 Annual Report on Form 10-K (the prior commitments and contingencies disclosure).

In the ordinary course of business, the Corporation and its subsidiaries are routinely defendants in or parties to many pending and threatened legal, regulatory and governmental actions and proceedings. In view of the inherent difficulty of

predicting the outcome of such matters, particularly where the claimants seek very large or indeterminate damages or where the matters present novel legal theories or involve a large number of parties, the Corporation generally cannot predict the eventual outcome of the pending matters, timing of the ultimate resolution of these matters, or eventual loss, fines or penalties related to each pending matter.

As a matter develops, the Corporation, in conjunction with any outside counsel handling the matter, evaluates whether such matter presents a loss contingency that is probable and estimable, and, for the matters 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 \$498 million and \$604 million was recognized for the three and six months ended June 30, 2022 compared to \$55 million and \$89 million for the same periods in 2021.

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 \$1.0 billion in excess of the accrued liability, if any, as of June 30, 2022.

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 and 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 those matters could be material to the Corporation's business or results of operations for any particular reporting period, or cause significant reputational harm.

Prepaid Debit Card Investigations

On July 14, 2022, BANA agreed to settle two separate proceedings with the Office of the Comptroller of the Currency (OCC) and Consumer Financial Protection Bureau (CFPB) related to BANA's administration of prepaid debit cards to distribute unemployment benefits. The orders found that BANA's fraud

prevention measures and resolution of potentially unauthorized transactions improperly delayed or denied access by certain cardholders to account funds. Without admitting or denying the findings, BANA consented to orders requiring it to improve its processes, review accounts and compensate cardholders, and pay penalties of \$125 million and \$100 million to the OCC and CFPB, respectively. The Corporation continues to defend civil litigation, including putative class actions, concerning BANA's administration of these prepaid debit card programs.

Record-keeping Investigations

Certain of the Corporation's U.S. broker-dealer subsidiaries have been cooperating with investigations by the SEC and U.S. Commodity Futures Trading Commission (CFTC) regarding compliance by financial institutions with record-keeping obligations for broker-dealers, investment advisors, and swaps dealers pertaining to business-related electronic communications sent over unapproved electronic messaging channels. These subsidiaries are engaged in settlement negotiations with the SEC and CFTC and anticipate that resolution will include the payment of civil money penalties.

NOTE 11 Shareholders' Equity Common Stock

Declared Quarterly Cash Dividends on Common Stock ⁽¹⁾

Declaration Date	Record Date	Payment Date	Dividend Per Share
July 20, 2022	September 2, 2022	September 30, 2022	\$ 0.22
April 27, 2022	June 3, 2022	June 24, 2022	0.21
February 2, 2022	March 4, 2022	March 25, 2022	0.21

⁽¹⁾ In 2022, and through July 29, 2022.

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, 2022 and 2021.

(Dollars in millions)	Debt Securities	Debit Valuation Adjustments	Derivatives	Employee Benefit Plans	Foreign Currency	Total
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)
Balance, December 31, 2021	\$ 3,045	\$ (1,636)	\$ (1,880)	\$ (3,642)	\$ (991)	\$ (5,104)
Net change	(5,269)	836	(7,187)	60	(10)	(11,570)
Balance, June 30, 2022	\$ (2,224)	\$ (800)	\$ (9,067)	\$ (3,582)	\$ (1,001)	\$ (16,674)

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, 2022 and 2021.

On July 20, 2022, the Board of Directors declared a quarterly common stock dividend of \$0.22 per share.

During the three and six months ended June 30, 2022, the Corporation repurchased and retired 27 million and 85 million shares of common stock, which reduced shareholders' equity by \$975 million and \$3.6 billion.

During the six months ended June 30, 2022, in connection with employee stock plans, the Corporation issued 68 million shares of its common stock and, to satisfy tax withholding obligations, repurchased 26 million shares of its common stock. At June 30, 2022, the Corporation had reserved 496 million unissued shares of common stock for future issuances under employee stock plans, convertible notes and preferred stock.

Preferred Stock

During the three months ended June 30, 2022 and March 31, 2022, the Corporation declared \$315 million and \$467 million of cash dividends on preferred stock, or a total of \$782 million for the six months ended June 30, 2022. On April 22, 2022, the Corporation issued 80,000 shares of 6.125% Fixed-Rate Reset Non-Cumulative Preferred Stock, Series TT for \$2.0 billion, with quarterly dividends commencing in July 2022. The Series TT preferred stock has a liquidation preference of \$25,000 per share and is subject to certain restrictions in the event the Corporation fails to declare and pay full dividends. 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 2021 Annual Report on Form 10-K.

	2022		2021			
	Pretax	Tax effect	After-tax	Pretax	Tax effect	After-tax
	Six Months Ended June 30					
(Dollars in millions)						
Debt securities:						
Net increase (decrease) in fair value	\$ (6,972)	\$ 1,719	\$ (5,253)	\$ (1,445)	\$ 355	\$ (1,090)
Net realized gains reclassified into earnings ⁽¹⁾	(22)	6	(16)	—	—	—
Net change	(6,994)	1,725	(5,269)	(1,445)	355	(1,090)
Debit valuation adjustments:						
Net increase (decrease) in fair value	1,100	(267)	833	336	(76)	260
Net realized losses reclassified into earnings ⁽¹⁾	3	—	3	7	(2)	5
Net change	1,103	(267)	836	343	(78)	265
Derivatives:						
Net increase (decrease) in fair value	(9,621)	2,397	(7,224)	(820)	205	(615)
Reclassifications into earnings:						
Net interest income	70	(18)	52	(84)	20	(64)
Compensation and benefits expense	(19)	4	(15)	(26)	6	(20)
Net realized gains reclassified into earnings	51	(14)	37	(110)	26	(84)
Net change	(9,570)	2,383	(7,187)	(930)	231	(699)
Employee benefit plans:						
Net actuarial losses and other reclassified into earnings ⁽²⁾	89	(29)	60	142	(22)	120
Net change	89	(29)	60	142	(22)	120
Foreign currency:						
Net increase (decrease) in fair value	407	(417)	(10)	116	(119)	(3)
Net change	407	(417)	(10)	116	(119)	(3)
Total other comprehensive income (loss)	\$ (14,965)	\$ 3,395	\$ (11,570)	\$ (1,774)	\$ 367	\$ (1,407)

⁽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, 2022 and 2021 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 2021 Annual Report on Form 10-K.

	Three Months Ended June 30		Six Months Ended June 30			
	2022	2021	2022	2021		
(In millions, except per share information)						
Earnings per common share						
Net income	\$ 6,247	\$ 9,224	\$ 13,314	\$ 17,274		
Preferred stock dividends	(315)	(260)	(782)	(750)		
Net income applicable to common shareholders	\$ 5,932	\$ 8,964	\$ 12,532	\$ 16,524		
Average common shares issued and outstanding	8,121.6	8,620.8	8,129.3	8,660.4		
Earnings per common share	\$ 0.73	\$ 1.04	\$ 1.54	\$ 1.91		
Diluted earnings per common share						
Net income applicable to common shareholders	\$ 5,932	\$ 8,964	\$ 12,532	\$ 16,524		
Add preferred stock dividends due to assumed conversions	—	56	—	112		
Net income allocated to common shareholders	\$ 5,932	\$ 9,020	\$ 12,532	\$ 16,636		
Average common shares issued and outstanding	8,121.6	8,620.8	8,129.3	8,660.4		
Dilutive potential common shares ⁽¹⁾	41.5	114.7	52.9	115.8		
Total diluted average common shares issued and outstanding	8,163.1	8,735.5	8,182.2	8,776.2		
Diluted earnings per common share	\$ 0.73	\$ 1.03	\$ 1.53	\$ 1.90		

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

For both the three and six months ended June 30, 2022, 62 million average dilutive potential common shares associated with the Series L preferred stock were antidilutive, whereas they were included in the diluted share count under the "if-converted" method for the three and six months ended June 30, 2021.

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, 2022, 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 2021 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, 2022 and December 31, 2021, including financial instruments that the Corporation accounts for under the fair value option, are summarized in the following tables.

(Dollars in millions)	June 30, 2022				
	Fair Value Measurements				Assets/Liabilities at Fair Value
	Level 1	Level 2	Level 3	Netting Adjustments ⁽¹⁾	
Assets					
Time deposits placed and other short-term investments	\$ 774	\$ —	\$ —	\$ —	\$ 774
Federal funds sold and securities borrowed or purchased under agreements to resell	—	154,287	—	—	154,287
Trading account assets:					
U.S. Treasury and government agencies	46,899	287	—	—	47,186
Corporate securities, trading loans and other	—	45,434	2,367	—	47,801
Equity securities	99,723	31,104	179	—	131,006
Non-U.S. sovereign debt	9,177	25,200	470	—	34,847
Mortgage trading loans, MBS and ABS:					
U.S. government-sponsored agency guaranteed	—	22,869	96	—	22,965
Mortgage trading loans, ABS and other MBS	—	8,932	1,290	—	10,222
Total trading account assets ⁽²⁾	155,799	133,826	4,402	—	294,027
Derivative assets	21,180	384,582	2,967	(346,682)	62,047
AFS debt securities:					
U.S. Treasury and government agencies	193,080	975	—	—	194,055
Mortgage-backed securities:					
Agency	—	28,725	—	—	28,725
Agency-collateralized mortgage obligations	—	2,613	—	—	2,613
Non-agency residential	—	131	299	—	430
Commercial	—	12,560	—	—	12,560
Non-U.S. securities	1	11,636	199	—	11,836
Other taxable securities	—	3,269	1	—	3,270
Tax-exempt securities	—	12,713	52	—	12,765
Total AFS debt securities	193,081	72,622	551	—	266,254
Other debt securities carried at fair value:					
U.S. Treasury and government agencies	190	—	—	—	190
Non-agency residential MBS	—	297	112	—	409
Non-U.S. and other securities	4,051	3,761	—	—	7,812
Total other debt securities carried at fair value	4,241	4,058	112	—	8,411
Loans and leases	—	5,240	256	—	5,496
Loans held-for-sale	—	1,525	345	—	1,870
Other assets ⁽³⁾	4,980	1,250	1,750	—	7,980
Total assets ⁽⁴⁾	\$ 380,055	\$ 757,390	\$ 10,383	\$ (346,682)	\$ 801,146
Liabilities					
Interest-bearing deposits in U.S. offices	\$ —	\$ 444	\$ —	\$ —	\$ 444
Federal funds purchased and securities loaned or sold under agreements to repurchase	—	145,165	—	—	145,165
Trading account liabilities:					
U.S. Treasury and government agencies	19,495	326	—	—	19,821
Equity securities	37,397	7,430	—	—	44,827
Non-U.S. sovereign debt	13,495	10,685	—	—	24,180
Corporate securities and other	—	8,460	14	—	8,474
Total trading account liabilities	70,387	26,901	14	—	97,302
Derivative liabilities	19,572	365,284	4,649	(351,080)	38,425
Short-term borrowings	—	2,931	—	—	2,931
Accrued expenses and other liabilities	5,457	1,461	63	—	6,981
Long-term debt	—	27,563	812	—	28,375
Total liabilities ⁽⁴⁾	\$ 95,416	\$ 569,749	\$ 5,538	\$ (351,080)	\$ 319,623

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

⁽²⁾ Includes securities with a fair value of \$11.3 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 \$2.0 billion that is accounted for at the lower of cost or net realizable value, which is the current selling price less any costs to sell.

⁽³⁾ Includes MSR of \$963 million, which are classified as Level 3 assets.

⁽⁴⁾ Total recurring Level 3 assets were 0.33 percent of total consolidated assets, and total recurring Level 3 liabilities were 0.19 percent of total consolidated liabilities.

(Dollars in millions)	December 31, 2021					Assets/Liabilities at Fair Value
	Fair Value Measurements			Netting Adjustments ⁽¹⁾		
	Level 1	Level 2	Level 3			
Assets						
Time deposits placed and other short-term investments	\$ 707	\$ —	\$ —	\$ —		\$ 707
Federal funds sold and securities borrowed or purchased under agreements to resell	—	150,665	—	—		150,665
Trading account assets:						
U.S. Treasury and government agencies	44,599	803	—	—		45,402
Corporate securities, trading loans and other	—	31,601	2,110	—		33,711
Equity securities	61,425	38,383	190	—		99,998
Non-U.S. sovereign debt	3,822	25,612	396	—		29,830
Mortgage trading loans, MBS and ABS:						
U.S. government-sponsored agency guaranteed	—	25,645	109	—		25,754
Mortgage trading loans, ABS and other MBS	—	10,967	1,418	—		12,385
Total trading account assets ⁽²⁾	109,846	133,011	4,223	—		247,080
Derivative assets	34,748	310,581	3,133	(313,118)		35,344
AFS debt securities:						
U.S. Treasury and government agencies	198,071	1,074	—	—		199,145
Mortgage-backed securities:						
Agency	—	46,339	—	—		46,339
Agency-collateralized mortgage obligations	—	3,380	—	—		3,380
Non-agency residential	—	267	316	—		583
Commercial	—	19,604	—	—		19,604
Non-U.S. securities	—	11,933	—	—		11,933
Other taxable securities	—	2,690	71	—		2,761
Tax-exempt securities	—	15,381	52	—		15,433
Total AFS debt securities	198,071	100,668	439	—		299,178
Other debt securities carried at fair value:						
U.S. Treasury and government agencies	575	—	—	—		575
Non-agency residential MBS	—	343	242	—		585
Non-U.S. and other securities	2,580	5,155	—	—		7,735
Total other debt securities carried at fair value	3,155	5,498	242	—		8,895
Loans and leases	—	7,071	748	—		7,819
Loans held-for-sale	—	4,138	317	—		4,455
Other assets ⁽³⁾	7,657	2,915	1,572	—		12,144
Total assets ⁽⁴⁾	\$ 354,184	\$ 714,547	\$ 10,674	\$ (313,118)		\$ 766,287
Liabilities						
Interest-bearing deposits in U.S. offices	\$ —	\$ 408	\$ —	\$ —		\$ 408
Federal funds purchased and securities loaned or sold under agreements to repurchase	—	139,641	—	—		139,641
Trading account liabilities:						
U.S. Treasury and government agencies	19,826	313	—	—		20,139
Equity securities	41,744	6,491	—	—		48,235
Non-U.S. sovereign debt	10,400	13,781	—	—		24,181
Corporate securities and other	—	8,124	11	—		8,135
Total trading account liabilities	71,970	28,709	11	—		100,690
Derivative liabilities	35,282	314,380	5,795	(317,782)		37,675
Short-term borrowings	—	4,279	—	—		4,279
Accrued expenses and other liabilities	8,359	3,130	—	—		11,489
Long-term debt	—	28,633	1,075	—		29,708
Total liabilities ⁽⁴⁾	\$ 115,611	\$ 519,180	\$ 6,881	\$ (317,782)		\$ 323,890

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

⁽²⁾ Includes securities with a fair value of \$10.6 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 \$752 million that is accounted for at the lower of cost or net realizable value, which is the current selling price less any costs to sell.

⁽³⁾ Includes MSRs of \$818 million, which are classified as Level 3 assets.

⁽⁴⁾ Total recurring Level 3 assets were 0.34 percent of total consolidated assets, and total recurring Level 3 liabilities were 0.24 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, 2022 and 2021, including net realized and unrealized gains (losses) included in earnings and accumulated OCI. Transfers into Level 3 occur primarily due to

decreased price observability, and transfers out of Level 3 occur primarily due to increased price observability. Transfers occur on a regular basis for long-term debt instruments due to changes in the impact of unobservable inputs on the value of the embedded derivative in relation to the instrument as a whole.

Level 3 – Fair Value Measurements ⁽¹⁾

(Dollars in millions)	Balance April 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				
Three Months Ended June 30, 2022											
Trading account assets:											
Corporate securities, trading loans and other	\$ 2,189	\$ (67)	\$ (1)	\$ 755	\$ (45)	\$ —	\$ (99)	\$ 152	\$ (517)	\$ 2,367	\$ (90)
Equity securities	183	(9)	—	12	(9)	—	—	18	(16)	179	(7)
Non-U.S. sovereign debt	496	(1)	(33)	5	(2)	—	—	5	—	470	—
Mortgage trading loans, MBS and ABS	1,615	(86)	—	78	(162)	—	(73)	65	(51)	1,386	(95)
Total trading account assets	4,483	(163)	(34)	850	(218)	—	(172)	240	(584)	4,402	(192)
Net derivative assets (liabilities) ⁽⁴⁾	(2,134)	725	—	67	(166)	—	237	(36)	(375)	(1,682)	763
AFS debt securities:											
Non-agency residential MBS	244	(2)	2	—	—	—	(19)	74	—	299	(2)
Non-U.S. and other taxable securities	155	3	(8)	126	—	—	(9)	—	(67)	200	—
Tax-exempt securities	52	—	—	—	—	—	—	—	—	52	—
Total AFS debt securities	451	1	(6)	126	—	—	(28)	74	(67)	551	(2)
Other debt securities carried at fair value – Non-agency residential MBS											
MBS	138	(1)	—	—	—	—	(8)	—	(17)	112	(1)
Loans and leases ^(5,6)	690	(11)	—	—	(153)	—	(21)	—	(249)	256	(9)
Loans held-for-sale ^(5,6)	382	17	(7)	66	(6)	—	(115)	8	—	345	13
Other assets ^(6,7)	1,695	82	(8)	—	—	45	(64)	—	—	1,750	61
Trading account liabilities – Corporate securities and other	(11)	(1)	—	—	—	—	(2)	—	—	(14)	—
Accrued expenses and other liabilities ⁽⁵⁾	(50)	(13)	—	—	—	—	—	—	—	(63)	(13)
Long-term debt ⁽⁵⁾	(877)	(13)	46	—	14	—	(1)	13	6	(812)	(13)
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. and other taxable securities	86	(1)	1	—	—	—	(1)	—	—	85	—
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											
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)

⁽¹⁾ Assets (liabilities). For assets, increase (decrease) to Level 3 and for liabilities, (increase) decrease to Level 3.

⁽²⁾ Includes gains (losses) reported in earnings in the following income statement line items: Trading account assets/liabilities - predominantly market making and similar activities; Net derivative assets (liabilities) - market making and similar activities and other income; AFS debt securities - other income; Other debt securities carried at fair value - other income; Loans and leases - market making and similar activities and other income; Loans held-for-sale - other income; Other assets - primarily market making and similar activities and other income related to MSR; Accrued expenses and other liabilities - market making and similar activities and other income; 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 \$(9) million and \$67 million related to financial instruments still held at June 30, 2022 and 2021.

⁽⁴⁾ Net derivative assets (liabilities) include derivative assets of \$3.0 billion and \$3.3 billion and derivative liabilities of \$4.6 billion and \$6.2 billion at June 30, 2022 and 2021.

⁽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				
(Dollars in millions)											
Six Months Ended June 30, 2022											
Trading account assets:											
Corporate securities, trading loans and other	\$ 2,110	\$ (69)	\$ (1)	\$ 767	\$ (198)	\$ —	\$ (117)	\$ 520	\$ (645)	\$ 2,367	\$ (53)
Equity securities	190	7	—	28	(15)	—	(4)	26	(53)	179	(11)
Non-U.S. sovereign debt	396	19	20	7	(2)	—	(15)	50	(5)	470	16
Mortgage trading loans, MBS and ABS	1,527	(178)	—	207	(317)	—	(94)	316	(75)	1,386	(124)
Total trading account assets	4,223	(221)	19	1,009	(532)	—	(230)	912	(778)	4,402	(172)
Net derivative assets (liabilities) ⁽⁴⁾	(2,662)	1,342	—	125	(351)	—	344	(179)	(301)	(1,682)	1,238
AFS debt securities:											
Non-agency residential MBS	316	2	(22)	—	(8)	—	(63)	74	—	299	2
Non-U.S. and other taxable securities	71	3	(9)	126	—	—	(9)	87	(69)	200	3
Tax-exempt securities	52	—	—	—	—	—	—	—	—	52	(1)
Total AFS debt securities	439	5	(31)	126	(8)	—	(72)	161	(69)	551	4
Other debt securities carried at fair value – Non-agency residential MBS											
Loans and leases ^(5,6)	748	(41)	—	—	(154)	—	(48)	—	(249)	256	(34)
Loans held-for-sale ^(5,6)	317	24	5	170	(6)	—	(173)	8	—	345	18
Other assets ^(6,7)	1,572	226	(5)	—	1	85	(133)	4	—	1,750	193
Trading account liabilities – Corporate securities and other											
Accrued expenses and other liabilities ⁽⁵⁾	(11)	(1)	—	—	—	—	(2)	—	—	(14)	—
Long-term debt ⁽⁵⁾	(1,075)	(63)	—	—	—	—	—	—	—	(63)	(64)
Total	(1,075)	(122)	79	—	14	(1)	17	(6)	282	(812)	(125)
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, MBS and ABS	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. and other taxable securities	89	(1)	(5)	8	—	—	(6)	—	—	85	—
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											
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											
Long-term debt ⁽⁵⁾	(1,164)	(18)	2	2	—	(2)	37	(32)	115	(1,060)	(34)

⁽¹⁾ Assets (liabilities). For assets, increase (decrease) to Level 3 and for liabilities, (increase) decrease to Level 3.

⁽²⁾ Includes gains (losses) reported in earnings in the following income statement line items: Trading account assets/liabilities - predominantly market making and similar activities; Net derivative assets (liabilities) - market making and similar activities and other income; AFS debt securities - other income; Other debt securities carried at fair value - other income; Loans and leases - market making and similar activities and other income; Loans held-for-sale - other income; Other assets - primarily market making and similar activities and other income related to MSR; Accrued expenses and other liabilities - market making and similar activities and other income; 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 \$7.1 million and \$(5) million related to financial instruments still held at June 30, 2022 and 2021.

⁽⁴⁾ Net derivative assets (liabilities) include derivative assets of \$3.0 billion and \$3.3 billion and derivative liabilities of \$4.6 billion and \$6.2 billion at June 30, 2022 and 2021.

⁽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, 2022 and December 31, 2021.

Quantitative Information about Level 3 Fair Value Measurements at June 30, 2022

(Dollars in millions)

Financial Instrument	Fair Value	Valuation Technique	Inputs		
			Significant Unobservable Inputs	Ranges of Inputs	Weighted Average ⁽¹⁾
Loans and Securities⁽²⁾					
Instruments backed by residential real estate assets					
Trading account assets – Mortgage trading loans, MBS and ABS	\$ 806	Discounted cash flow, Market comparables	Yield	0% to 25%	7%
Loans and leases	238		Prepayment speed	0% to 33% CPR	14% CPR
AFS debt securities – Non-agency residential	157		Default rate	0% to 3% CDR	1% CDR
Other debt securities carried at fair value – Non-agency residential	299		Price	\$0 to \$120	\$28
	112		Loss severity	0% to 100%	24%
Instruments backed by commercial real estate assets					
Trading account assets – Corporate securities, trading loans and other	\$ 467	Discounted cash flow	Yield	0% to 25%	6%
Trading account assets – Mortgage trading loans, MBS and ABS	377		Price	\$0 to \$100	\$75
Loans held-for-sale	73				
	17				
Commercial loans, debt securities and other					
Trading account assets – Corporate securities, trading loans and other	\$ 4,214	Discounted cash flow, Market comparables	Yield	3% to 145%	16%
Trading account assets – Non-U.S. sovereign debt	1,990		Prepayment speed	10% to 20%	16%
Trading account assets – Mortgage trading loans, MBS and ABS	470		Default rate	3% to 4%	4%
AFS debt securities – Tax-exempt securities	1,075		Loss severity	35% to 40%	37%
AFS debt securities – Non-U.S. and other taxable securities	52		Price	\$0 to \$157	\$73
Loans and leases	200				
Loans held-for-sale	99				
	328				
Other assets, primarily auction rate securities					
	\$ 787	Discounted cash flow, Market comparables	Price	\$10 to \$95	\$93
			Discount rate	10%	n/a
MSRs					
	\$ 963	Discounted cash flow	Weighted-average life, fixed rate ⁽⁵⁾	0 to 14 years	5 years
			Weighted-average life, variable rate ⁽⁵⁾	0 to 12 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					
	\$ (812)	Discounted cash flow, Market comparables, Industry standard derivative pricing ⁽³⁾	Yield	20% to 145%	22%
			Equity correlation	0% to 92%	58%
			Price	\$0 to \$100	\$71
			Natural gas forward price	\$3/MMBtu to \$8/MMBtu	\$5/MMBtu
Net derivative assets (liabilities)					
Credit derivatives					
	\$ (26)	Discounted cash flow, Stochastic recovery correlation model	Credit spreads	2 to 176 bps	69 bps
			Upfront points	0 to 100 points	68 points
			Prepayment speed	15% CPR	n/a
			Default rate	2% CDR	n/a
			Credit correlation	19% to 60%	43%
			Price	\$0 to \$151	\$58
Equity derivatives					
	\$ (1,283)	Industry standard derivative pricing ⁽³⁾	Equity correlation	4% to 100%	86%
			Long-dated equity volatilities	5% to 91%	45%
Commodity derivatives					
	\$ (434)	Discounted cash flow, Industry standard derivative pricing ⁽³⁾	Natural gas forward price	\$3/MMBtu to \$8/MMBtu	\$5/MMBtu
			Power forward price	\$17 to \$197	\$50
Interest rate derivatives					
	\$ 61	Industry standard derivative pricing ⁽⁴⁾	Correlation (IR/IR)	(1)% to 92%	66%
			Correlation (FX/IR)	0% to 58%	45%
			Long-dated inflation rates	(16)% to 39%	1%
			Long-dated inflation volatilities	2% to 5%	3%
			Interest rate volatilities	0% to 2%	1%
Total net derivative assets (liabilities)					
	\$ (1,682)				

(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 86: Trading account assets – Corporate securities, trading loans and other of \$2.4 billion, Trading account assets – Non-U.S. sovereign debt of \$470 million, Trading account assets – Mortgage trading loans, MBS and ABS of \$1.4 billion, AFS debt securities of \$551 million, Other debt securities carried at fair value - Non-agency residential of \$112 million, Other assets, including MSRs, of \$1.8 billion, Loans and leases of \$256 million and LHFS of \$345 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, 2021

(Dollars in millions)

Financial Instrument	Fair Value	Valuation Technique	Inputs		
			Significant Unobservable Inputs	Ranges of Inputs	Weighted Average ⁽¹⁾
Loans and Securities ⁽²⁾					
Instruments backed by residential real estate assets					
Trading account assets – Mortgage trading loans, MBS and ABS	\$ 1,269	Discounted cash flow, Market comparables	Yield	0% to 25%	6%
Loans and leases	338		Prepayment speed	1% to 40% CPR	19% CPR
AFS debt securities - Non-agency residential	373		Default rate	0% to 3% CDR	1% CDR
Other debt securities carried at fair value - Non-agency residential	316		Price	\$0 to \$168	\$92
	242		Loss severity	0% to 43%	13%
Instruments backed by commercial real estate assets					
Trading account assets – Corporate securities, trading loans and other	\$ 298	Discounted cash flow	Yield	0% to 25%	4%
Trading account assets – Mortgage trading loans, MBS and ABS	138		Price	\$0 to \$101	\$57
AFS debt securities – Non-U.S. and other taxable securities	77				
Loans held-for-sale	71				
Commercial loans, debt securities and other	12				
Commercial loans, debt securities and other					
Trading account assets – Corporate securities, trading loans and other	\$ 4,212	Discounted cash flow, Market comparables	Yield	0% to 19%	10%
Trading account assets – Non-U.S. sovereign debt	1,972		Prepayment speed	10% to 20%	16%
Trading account assets – Mortgage trading loans, MBS and ABS	396		Default rate	3% to 4%	4%
AFS debt securities – Tax-exempt securities	1,112		Loss severity	35% to 40%	37%
Loans and leases	52		Price	\$0 to \$189	\$73
Loans held-for-sale	375		Long-dated equity volatilities	45%	n/a
	305				
Other assets, primarily auction rate securities					
	\$ 754	Discounted cash flow, Market comparables	Price	\$10 to \$96	\$91
			Discount rate	9%	n/a
MSRs					
	\$ 818	Discounted cash flow	Weighted-average life, fixed rate ⁽⁵⁾	0 to 14 years	4 years
			Weighted-average life, variable rate ⁽⁵⁾	0 to 10 years	3 years
			Option-adjusted spread, fixed rate	7% to 14%	9%
			Option-adjusted spread, variable rate	9% to 15%	12%
Structured liabilities					
Long-term debt					
	\$ (1,075)	Discounted cash flow, Market comparables, Industry standard derivative pricing ⁽³⁾	Yield	0% to 19%	18%
			Equity correlation	3% to 100%	80%
			Long-dated equity volatilities	5% to 78%	36%
			Price	\$0 to \$125	\$82
			Natural gas forward price	\$2/MMBtu to \$8/MMBtu	\$4/MMBtu
Net derivative assets (liabilities)					
Credit derivatives					
	\$ (104)	Discounted cash flow, Stochastic recovery correlation model	Credit spreads	7 to 155 bps	61 bps
			Upfront points	16 to 100 points	68 points
			Prepayment speed	15% CPR	n/a
			Default rate	2% CDR	n/a
			Credit correlation	20% to 60%	55%
			Price	\$0 to \$120	\$53
Equity derivatives					
	\$ (1,710)	Industry standard derivative pricing ⁽³⁾	Equity correlation	3% to 100%	80%
			Long-dated equity volatilities	5% to 78%	36%
Commodity derivatives					
	\$ (976)	Discounted cash flow, Industry standard derivative pricing ⁽³⁾	Natural gas forward price	\$2/MMBtu to \$8/MMBtu	\$4/MMBtu
			Correlation	65% to 85%	76%
			Power forward price	\$11 to \$103	\$32
			Volatilities	41% to 69%	63%
Interest rate derivatives					
	\$ 128	Industry standard derivative pricing ⁽⁴⁾	Correlation (IR/IR)	(1)% to 90%	54%
			Correlation (FX/IR)	(1)% to 58%	44%
			Long-dated inflation rates	(10)% to 11%	3%
			Long-dated inflation volatilities	0% to 2%	2%
			Interest rates volatilities	0% to 2%	1%
Total net derivative assets (liabilities)					
	\$ (2,662)				

⁽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 \$2.1 billion, Trading account assets – Non-U.S. sovereign debt of \$396 million, Trading account assets – Mortgage trading loans, MBS and ABS of \$1.5 billion, AFS debt securities of \$439 million, Other debt securities carried at fair value - Non-agency residential of \$242 million, Other assets, including MSRs, of \$1.6 billion, Loans and leases of \$748 million and LHFS of \$317 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 2021 Annual Report on Form 10-K.

Fair Value Option Elections

	June 30, 2022			December 31, 2021		
	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	\$ 154,287	\$ 154,412	\$ (125)	\$ 150,665	\$ 150,677	\$ (12)
Loans reported as trading account assets ⁽¹⁾	11,234	19,087	(7,853)	10,864	18,895	(8,031)
Trading inventory – other	18,638	n/a	n/a	21,986	n/a	n/a
Consumer and commercial loans	5,496	5,670	(174)	7,819	7,888	(69)
Loans held-for-sale ⁽¹⁾	1,870	2,876	(1,006)	4,455	5,343	(888)
Other assets	583	n/a	n/a	544	n/a	n/a
Long-term deposits	444	486	(42)	408	401	7
Federal funds purchased and securities loaned or sold under agreements to repurchase	145,165	145,296	(131)	139,641	139,682	(41)
Short-term borrowings	2,931	3,196	(265)	4,279	4,127	152
Unfunded loan commitments	220	n/a	n/a	97	n/a	n/a
Long-term debt	28,375	32,954	(4,579)	29,708	30,903	(1,195)

⁽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					
	2022			2021		
	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	\$ (153)	\$ —	\$ (153)	\$ 171	\$ —	\$ 171
Trading inventory – other ⁽¹⁾	(2,588)	—	(2,588)	2,304	—	2,304
Consumer and commercial loans	(48)	(65)	(113)	43	26	69
Loans held-for-sale ⁽²⁾	—	(90)	(90)	—	23	23
Short-term borrowings	3	—	3	61	—	61
Unfunded loan commitments	—	(81)	(81)	—	(11)	(11)
Long-term debt ⁽³⁾	2,363	(9)	2,354	(1,047)	(8)	(1,055)
Other ⁽⁴⁾	(1)	7	6	(1)	(46)	(47)
Total ⁽⁵⁾	\$ (424)	\$ (238)	\$ (662)	\$ 1,531	\$ (16)	\$ 1,515

	Six Months Ended June 30					
	2022			2021		
	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	\$ (149)	\$ —	\$ (149)	\$ 283	\$ —	\$ 283
Trading inventory – other ⁽¹⁾	(2,128)	—	(2,128)	1,574	—	1,574
Consumer and commercial loans	(70)	(78)	(148)	114	45	159
Loans held-for-sale ⁽²⁾	—	(222)	(222)	—	11	11
Short-term borrowings	562	—	562	474	—	474
Unfunded loan commitments	—	(88)	(88)	—	(6)	(6)
Long-term debt ⁽³⁾	3,487	(20)	3,467	(661)	(24)	(685)
Other ⁽⁴⁾	(6)	24	18	11	(24)	(13)
Total ⁽⁵⁾	\$ 1,696	\$ (384)	\$ 1,312	\$ 1,795	\$ 2	\$ 1,797

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

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

⁽³⁾ The net gains (losses) in market making and similar activities relate to the embedded derivatives in structured liabilities and are typically offset by (losses) gains on derivatives and securities that hedge these liabilities. For the cumulative impact of changes in the Corporation's own credit spreads and the amount recognized in accumulated OCI, see Note 12 – Accumulated Other Comprehensive Income (Loss). For more information on how the Corporation's own credit spread is determined, see Note 20 – Fair Value Measurements to the Consolidated Financial Statements of the Corporation's 2021 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.

⁽⁵⁾ The net gains (losses) related to borrower-specific credit risk for the three and six months ended June 30, 2022 were \$(432) million and \$(501) million compared to \$133 million and \$211 million for the same periods in 2021.

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 2021 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, 2022 and December 31, 2021 are presented in the following table.

Fair Value of Financial Instruments

	Carrying Value	Fair Value		
		Level 2	Level 3	Total
		June 30, 2022		
(Dollars in millions)				
Financial assets				
Loans	\$ 999,851	\$ 50,836	\$ 938,695	\$ 989,531
Loans held-for-sale	6,654	3,977	2,856	6,833
Financial liabilities				
Deposits ⁽¹⁾	1,984,349	1,984,126	—	1,984,126
Long-term debt	275,697	270,794	1,044	271,838
Commercial unfunded lending commitments ⁽²⁾	1,682	157	8,811	8,968
December 31, 2021				
Financial assets				
Loans	\$ 946,142	\$ 53,544	\$ 919,980	\$ 973,524
Loans held-for-sale	15,635	15,016	627	15,643
Financial liabilities				
Deposits ⁽¹⁾	2,064,446	2,064,438	—	2,064,438
Long-term debt	280,117	286,802	1,288	288,090
Commercial unfunded lending commitments ⁽²⁾	1,554	97	6,384	6,481

⁽¹⁾ Includes demand deposits of \$947.5 billion and \$1.0 trillion with no stated maturities at June 30, 2022 and December 31, 2021.

⁽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

2021 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, 2022 and 2021, and total assets at June 30, 2022 and 2021 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	Total Corporation ⁽¹⁾		Consumer Banking		Global Wealth & Investment Management	
	2022	2021	2022	2021	2022	2021
	(Dollars in millions)					
Net interest income	\$ 12,547	\$ 10,343	\$ 7,087	\$ 5,973	\$ 1,802	\$ 1,355
Noninterest income	10,244	11,233	2,049	2,213	3,631	3,710
Total revenue, net of interest expense	22,791	21,576	9,136	8,186	5,433	5,065
Provision for credit losses	523	(1,621)	350	(697)	33	(62)
Noninterest expense	15,273	15,045	4,959	4,859	3,875	3,813
Income before income taxes	6,995	8,152	3,827	4,024	1,525	1,314
Income tax expense	748	(1,072)	938	986	374	322
Net income	\$ 6,247	\$ 9,224	\$ 2,889	\$ 3,038	\$ 1,151	\$ 992
Period-end total assets	\$ 3,111,606	\$ 3,029,894	\$ 1,154,366	\$ 1,063,650	\$ 393,948	\$ 378,220
Global Banking Global Markets All Other						
	2022	2021	2022	2021	2022	2021
Net interest income	\$ 2,634	\$ 1,984	\$ 981	\$ 990	\$ 43	\$ 41
Noninterest income	2,372	3,106	3,521	3,730	(1,329)	(1,526)
Total revenue, net of interest expense	5,006	5,090	4,502	4,720	(1,286)	(1,485)
Provision for credit losses	157	(831)	8	22	(25)	(53)
Noninterest expense	2,799	2,599	3,109	3,471	531	303
Income before income taxes	2,050	3,322	1,385	1,227	(1,792)	(1,735)
Income tax expense	543	897	367	319	(1,474)	(3,596)
Net income	\$ 1,507	\$ 2,425	\$ 1,018	\$ 908	\$ (318)	\$ 1,861
Period-end total assets	\$ 591,490	\$ 607,969	\$ 835,129	\$ 773,714	\$ 136,673	\$ 206,341

⁽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	
	2022	2021	2022	2021	2022	2021
Net interest income	\$ 24,225	\$ 20,651	\$ 13,767	\$ 11,893	\$ 3,470	\$ 2,685
Noninterest income	21,900	23,857	4,182	4,362	7,439	7,351
Total revenue, net of interest expense	46,125	44,508	17,949	16,255	10,909	10,036
Provision for credit losses	553	(3,481)	298	(1,314)	(8)	(127)
Noninterest expense	30,592	30,560	9,880	9,990	7,890	7,682
Income before income taxes	14,980	17,429	7,771	7,579	3,027	2,481
Income tax expense	1,666	155	1,904	1,857	742	608
Net income	\$ 13,314	\$ 17,274	\$ 5,867	\$ 5,722	\$ 2,285	\$ 1,873
Period-end total assets	\$ 3,111,606	\$ 3,029,894	\$ 1,154,366	\$ 1,063,650	\$ 393,948	\$ 378,220

	Global Banking		Global Markets		All Other	
	2022	2021	2022	2021	2022	2021
Net interest income	\$ 4,978	\$ 3,964	\$ 1,974	\$ 1,981	\$ 36	\$ 128
Noninterest income	5,222	5,758	7,820	8,937	(2,763)	(2,551)
Total revenue, net of interest expense	10,200	9,722	9,794	10,918	(2,727)	(2,423)
Provision for credit losses	322	(1,957)	13	17	(72)	(100)
Noninterest expense	5,482	5,380	6,226	6,898	1,114	610
Income before income taxes	4,396	6,299	3,555	4,003	(3,769)	(2,933)
Income tax expense	1,165	1,701	942	1,041	(3,087)	(5,052)
Net income	\$ 3,231	\$ 4,598	\$ 2,613	\$ 2,962	\$ (682)	\$ 2,119
Period-end total assets	\$ 591,490	\$ 607,969	\$ 835,129	\$ 773,714	\$ 136,673	\$ 206,341

⁽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, 2022 and 2021 for each business segment, *All Other* and the total Corporation. For more information, see *Note 2 – Net Interest Income and Noninterest Income*.

Noninterest Income by Business Segment and All Other

	Total Corporation		Consumer Banking		Global Wealth & Investment Management	
	Three Months Ended June 30					
	2022	2021	2022	2021	2022	2021
(Dollars in millions)						
Fees and commissions:						
Card income						
Interchange fees	\$ 1,072	\$ 1,210	\$ 853	\$ 945	\$ 4	\$ 12
Other card income	483	376	467	367	13	9
Total card income	1,555	1,586	1,320	1,312	17	21
Service charges						
Deposit-related fees	1,417	1,557	679	851	19	18
Lending-related fees	300	317	—	—	—	—
Total service charges	1,717	1,874	679	851	19	18
Investment and brokerage services						
Asset management fees	3,102	3,156	50	45	3,056	3,109
Brokerage fees	989	967	26	33	430	427
Total investment and brokerage services	4,091	4,123	76	78	3,486	3,536
Investment banking fees						
Underwriting income	435	1,314	—	—	41	88
Syndication fees	301	401	—	—	—	—
Financial advisory services	392	407	—	—	—	—
Total investment banking fees	1,128	2,122	—	—	41	88
Total fees and commissions	8,491	9,705	2,075	2,241	3,563	3,663
Market making and similar activities	2,717	1,826	2	—	23	11
Other income (loss)	(964)	(298)	(28)	(28)	45	36
Total noninterest income	\$ 10,244	\$ 11,233	\$ 2,049	\$ 2,213	\$ 3,631	\$ 3,710

	Global Banking		Global Markets		All Other ⁽¹⁾	
	Three Months Ended June 30					
	2022	2021	2022	2021	2022	2021
Fees and commissions:						
Card income						
Interchange fees	\$ 194	\$ 178	\$ 17	\$ 73	\$ 4	\$ 2
Other card income	2	2	—	—	1	(2)
Total card income	\$ 196	180	17	73	5	—
Service charges						
Deposit-related fees	688	641	28	45	3	2
Lending-related fees	245	259	55	58	—	—
Total service charges	933	900	83	103	3	2
Investment and brokerage services						
Asset management fees	—	—	—	—	(4)	2
Brokerage fees	13	40	518	474	2	(7)
Total investment and brokerage services	13	40	518	474	(2)	(5)
Investment banking fees						
Underwriting income	179	587	282	737	(67)	(98)
Syndication fees	152	210	149	191	—	—
Financial advisory services	361	376	30	31	1	—
Total investment banking fees	692	1,173	461	959	(66)	(98)
Total fees and commissions	1,834	2,293	1,079	1,609	(60)	(101)
Market making and similar activities	80	28	2,657	1,964	(45)	(177)
Other income (loss)	458	785	(215)	157	(1,224)	(1,248)
Total noninterest income	\$ 2,372	\$ 3,106	\$ 3,521	\$ 3,730	\$ (1,329)	\$ (1,526)

⁽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					
	2022	2021	2022	2021	2022	2021
(Dollars in millions)						
Fees and commissions:						
Card income						
Interchange fees	\$ 2,007	\$ 2,277	\$ 1,596	\$ 1,781	\$ 11	\$ 22
Other card income	951	744	909	720	24	18
Total card income	2,958	3,021	2,505	2,501	35	40
Service charges						
Deposit-related fees	2,947	3,052	1,523	1,682	38	36
Lending-related fees	603	614	—	—	—	—
Total service charges	3,550	3,666	1,523	1,682	38	36
Investment and brokerage services						
Asset management fees	6,388	6,158	102	87	6,290	6,071
Brokerage fees	1,995	2,028	57	68	850	857
Total investment and brokerage services	8,383	8,186	159	155	7,140	6,928
Investment banking fees						
Underwriting income	1,107	2,860	—	—	107	223
Syndication fees	613	701	—	—	—	—
Financial advisory services	865	807	—	—	—	—
Total investment banking fees	2,585	4,368	—	—	107	223
Total fees and commissions	17,476	19,241	4,187	4,338	7,320	7,227
Market making and similar activities	5,955	5,355	2	—	36	22
Other income (loss)	(1,531)	(739)	(7)	24	83	102
Total noninterest income	\$ 21,900	\$ 23,857	\$ 4,182	\$ 4,362	\$ 7,439	\$ 7,351

	Global Banking		Global Markets		All Other ⁽¹⁾	
	Six Months Ended June 30					
	2022	2021	2022	2021	2022	2021
Fees and commissions:						
Card income						
Interchange fees	\$ 369	\$ 324	\$ 31	\$ 150	\$ —	\$ —
Other card income	3	6	—	—	15	—
Total card income	372	330	31	150	15	—
Service charges						
Deposit-related fees	1,325	1,243	56	87	5	4
Lending-related fees	494	504	109	110	—	—
Total service charges	1,819	1,747	165	197	5	4
Investment and brokerage services						
Asset management fees	—	—	—	—	(4)	—
Brokerage fees	25	81	1,063	1,033	—	(11)
Total investment and brokerage services	25	81	1,063	1,033	(4)	(11)
Investment banking fees						
Underwriting income	454	1,241	684	1,536	(138)	(140)
Syndication fees	318	371	295	330	—	—
Financial advisory services	800	733	64	74	1	—
Total investment banking fees	1,572	2,345	1,043	1,940	(137)	(140)
Total fees and commissions	3,788	4,503	2,302	3,320	(121)	(147)
Market making and similar activities	129	59	5,847	5,434	(59)	(160)
Other income (loss)	1,305	1,196	(329)	183	(2,583)	(2,244)
Total noninterest income	\$ 5,222	\$ 5,758	\$ 7,820	\$ 8,937	\$ (2,763)	\$ (2,551)

⁽¹⁾ All Other includes eliminations of intercompany transactions.

Business Segment Reconciliations

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Segments' total revenue, net of interest expense	\$ 24,077	\$ 23,061	\$ 48,852	\$ 46,931
Adjustments ⁽¹⁾ :				
Asset and liability management activities	(65)	(154)	(132)	(44)
Liquidating businesses, eliminations and other	(1,221)	(1,331)	(2,595)	(2,379)
FTE basis adjustment	(103)	(110)	(209)	(221)
Consolidated revenue, net of interest expense	\$ 22,688	\$ 21,466	\$ 45,916	\$ 44,287
Segments' total net income	6,565	7,363	13,996	15,155
Adjustments, net-of-tax ⁽¹⁾ :				
Asset and liability management activities	(24)	(113)	(82)	(30)
Liquidating businesses, eliminations and other	(294)	1,974	(600)	2,149
Consolidated net income	\$ 6,247	\$ 9,224	\$ 13,314	\$ 17,274

	June 30	
	2022	2021
Segments' total assets	\$ 2,974,933	\$ 2,823,553
Adjustments ⁽¹⁾ :		
Asset and liability management activities, including securities portfolio	1,179,629	1,250,633
Elimination of segment asset allocations to match liabilities	(1,106,832)	(1,111,500)
Other	63,876	67,208
Consolidated total assets	\$ 3,111,606	\$ 3,029,894

⁽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 active users over the past 90 days.

Active Mobile Banking Users – Mobile active users over the past 90 days.

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

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

Dividend Payout Ratio – Common dividends declared divided by net income applicable to common shareholders.

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

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 2021 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, 2022. 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.

	Total Common Shares Repurchased ^(1,2)	Weighted-Average Per Share Price	Total Shares Purchased as Part of Publicly Announced Programs ⁽²⁾	Remaining Buyback Authority Amounts ⁽³⁾
April 1 - 30, 2022	5,305	\$ 37.82	5,290	\$ 16,779
May 1 - 31, 2022	13,361	35.85	13,248	16,550
June 1 - 30, 2022	8,704	34.54	8,686	16,412
Three months ended June 30, 2022	27,370	35.81	27,224	

(Dollars in millions, except per share information; shares in thousands)

April 1 - 30, 2022

May 1 - 31, 2022

June 1 - 30, 2022

Three months ended June 30, 2022

⁽¹⁾ Includes 146 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 October 20, 2021, the Corporation announced its Board of Directors (Board) authorized the repurchase of up to \$25 billion of common stock over time (October Authorization). The Board also authorized repurchases to offset shares awarded under equity-based compensation plans. This October Authorization replaced the April 15, 2021 authorization for repurchases of up to \$25 billion of common stock. During the three months ended June 30, 2022, pursuant to the Board's authorization, the Corporation repurchased 27 million shares, or \$975 million, 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⁾ Remaining Buyback Authority Amounts represents the remaining buyback authority of the October Authorization. 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, 2022.

Item 5. Other Information

Pursuant to Section 13(r) of the Securities Exchange Act of 1934, as amended (Exchange Act), an issuer is required to disclose in its annual or quarterly reports, as applicable, whether it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with individuals or entities designated pursuant to certain Executive Orders. Disclosure may be required even where the activities, transactions or dealings were conducted in compliance with applicable law. Except as set forth below, as of the date of this Quarterly Report on Form 10-Q, the Corporation is not aware of any other activity, transaction or dealing by any of its affiliates during the quarter ended June 30, 2022 that requires disclosure under Section 13(r) of the Exchange Act.

During the second quarter of 2022, Bank of America, National Association (BANA), a U.S. subsidiary of Bank of America Corporation, processed transactions pursuant to a specific license and a general license issued by the U.S. Department of the Treasury's Office of Foreign Assets Control

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 2021 Annual Report on Form 10-K.

(OFAC). First, pursuant to a specific license issued on May 28, 2021, BANA processed two authorized wire deposits totaling \$494,576 on behalf of a U.S. client into its account at BANA. The wire deposits settled invoices owed to the U.S. client and were unblocked funds belonging to Jammal Trust Bank, which at the time of the deposits was designated pursuant to Executive Order 13224. Second, BANA processed five authorized payments pursuant to a general license issued by OFAC regarding Afghanistan and governing institutions in Afghanistan. BANA processed the payments, which totaled \$212,804, for U.S. and non-U.S. clients, where the beneficiaries were located in Afghanistan and involved processing by Afghan state-owned banks, which are subject to Executive Order 13224.

There was no measurable gross revenue or net profit to the Corporation relating to these transactions, except for nominal fees received by BANA for processing payments. The Corporation may in the future engage in similar transactions for its clients to the extent permitted by U.S. law.

Item 6. Exhibits

Exhibit No.	Description	Notes	Form	Exhibit	Filing Date	File No.
3.1	Restated Certificate of Incorporation, as amended and in effect on the date hereof		10-Q	3.1	4/29/22	1-6523
3.2	Amended and Restated Bylaws of the Corporation as in effect on the date hereof		10-Q	3.2	4/29/22	1-6523
22	Subsidiary Issuers of Guaranteed Securities		10-Q	22	10/29/21	1-6523
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	1				
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	1				
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	1				
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	1				
101.INS	Inline XBRL Instance Document	2				
101.SCH	Inline XBRL Taxonomy Extension Schema Document	1				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	1				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	1				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	1				
101.DEF	Inline XBRL Taxonomy Extension Definitions Linkbase Document	1				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					

⁽¹⁾ Filed herewith.

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

Signature

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

Bank of America Corporation
Registrant

Date: July 29, 2022

/s/ Rudolf A. Bless

Rudolf A. Bless
Chief Accounting Officer

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002
FOR THE CHIEF EXECUTIVE OFFICER**

I, Brian T. Moynihan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bank of America Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2022

/s/ Brian T. Moynihan
Brian T. Moynihan
Chief Executive Officer

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002
FOR THE CHIEF FINANCIAL OFFICER**

I, Alastair M. Borthwick, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bank of America Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2022

/s/ Alastair M. Borthwick
Alastair M. Borthwick
Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Brian T. Moynihan, state and attest that:

1. I am the Chief Executive Officer of Bank of America Corporation (the registrant).
2. I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:
 - the Quarterly Report on Form 10-Q of the registrant for the quarter ended June 30, 2022 (the periodic report) containing financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
 - the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Date: July 29, 2022

/s/ Brian T. Moynihan
Brian T. Moynihan
Chief Executive Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Alastair M. Borthwick, state and attest that:

1. I am the Chief Financial Officer of Bank of America Corporation (the registrant).
2. I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:
 - the Quarterly Report on Form 10-Q of the registrant for the quarter ended June 30, 2022 (the periodic report) containing financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
 - the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Date: July 29, 2022

/s/ Alastair M. Borthwick
Alastair M. Borthwick
Chief Financial Officer