



Office of the City Clerk

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OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL
MAYOR

December 9, 2015

TO THE HONORABLE, THE CITY COUNCIL OF THE CITY OF
CHICAGO

Ladies and Gentlemen:

At the request of the Chief Financial Officer and the Commissioner of Aviation, I transmit herewith an ordinance authorizing an issuance of Midway International Airport Revenue Bonds.

Your favorable consideration of this ordinance will be appreciated.

Mayor

Very truly yours,

Ordinance

Whereas, the City of Chicago (the "City") is a duly constituted and existing municipality within the meaning of Section 1 of Article VII of the 1970 Constitution of the State of Illinois (the "Constitution") having a population in excess of 25,000 and is a home rule unit of local government under Section 6(a) of Article VII of the Constitution; and

Whereas, the City owns and operates an airport known as Chicago Midway International Airport (the

"Airport"); and

Whereas, the City has heretofore issued various series of its Chicago Midway Airport Revenue Bonds (such Bonds as are currently outstanding are herein called the "Outstanding First Lien Bonds") pursuant to the terms and provisions of the Master Indenture of Trust Securing Chicago Midway Airport Revenue Bonds dated as of April 1, 1994 (the "First Lien Master Indenture") from the City to The Bank of New York Mellon Trust Company, N.A. (as successor in trust to American National Bank and Trust Company of Chicago), as Trustee (the "First Lien Trustee"), and, with respect to each such series, a supplemental indenture between the City and the First Lien Trustee authorizing such series; and

Whereas, the City has also heretofore issued various series of its Chicago Midway Airport Second Lien Revenue Bonds (such Bonds as are currently outstanding are herein called the "Outstanding Second Lien Bonds") pursuant to the terms and provisions of the Master Indenture of Trust Securing Chicago Midway Airport Second Lien Obligations dated as of September 1, 1998 (the "Second Lien Master Indenture") from the City to The Bank of New York Mellon Trust Company, N.A. (as successor in trust to American National Bank and Trust Company of Chicago), as Trustee (the "Second Lien Trustee") and, with respect to each such series, a supplemental indenture between the City and the Second Lien Trustee authorizing such series; and

Whereas, the City has previously established a commercial paper program providing for the issuance from time to time of commercial paper notes for Airport purposes ("Midway Commercial Paper Notes") pursuant to the terms and provisions of an ordinance approved by the City Council on July 29, 2003 and the Amended and Restated Trust Indenture dated as of February 1, 2013 from the City to Deutsche Bank National Trust Company, as trustee; and

Whereas, the Outstanding First Lien Bonds, the Outstanding Second Lien Bonds and any Midway Commercial Paper Notes currently (or subsequently) outstanding are referred to collectively herein as the "Outstanding Airport Obligations"; and

Whereas, it is necessary and desirable at this time to authorize the issuance by the City of its Chicago Midway Airport Revenue Refunding Bonds and/or its Chicago Midway Airport Second Lien Revenue Refunding Bonds (the "Refunding Midway Bonds") in one or more series from time to time to refund Outstanding Airport Obligations and for the other purposes described herein; and

Whereas, the City has determined to authorize the issuance by the City of its Chicago Midway Airport Revenue Bonds and/or its Chicago Midway Airport Second Lien Revenue

Bonds (the "New Money Midway Bonds" and together with the Refunding Midway Bonds, the "Midway Revenue Bonds") in one or more series from time to time to pay the costs of certain projects for the Airport that constitute Airport Projects as defined in the First Lien Master Indenture and the Second Lien Master Indenture ("Airport Projects") as herein described; and

Whereas, the City has heretofore issued its Chicago Midway Airport Second Lien Revenue Bonds, Series, 20IOC (Taxable) (the "Outstanding CFC-Backed Midway Bonds"), which are additionally secured by Customer Facility Charges (as defined herein); and

Whereas, the City has determined that it may be in the best interest of the City and the Airport to

establish a new master indenture (the "CFC Master Indenture") to govern the terms of the issuance of revenue bonds secured by Customer Facility Charges (the "CFC Revenue Bonds" and together with the Midway Revenue Bonds, the "Bonds") separate from either the First Lien Master Indenture or the Second Lien Master Indenture for the Airport; and

Whereas, it is desirable at this time to authorize the issuance by the City of CFC Revenue Bonds in one or more series to refund the Outstanding CFC-Backed Midway Bonds and for the purposes described herein, now therefore,

Be It Ordained by the City Council of the City of Chicago:

Section 1. Authorization. This Ordinance is adopted pursuant to Section 6(a) of Article VII of the Constitution. This Ordinance authorizes the issuance of (i) New Money Midway Bonds in an aggregate principal amount not to exceed \$500,000,000 (ii) Refunding Midway Bonds in an aggregate principal amount not to exceed \$200,000,000 and (iii) CFC Revenue Bonds in an aggregate principal amount not to exceed \$200,000,000, in any case, in one or more series at one or more times, in such principal amounts and with such terms and provisions as set forth therein and in the First Lien Master Indenture, the Second Lien Master Indenture and/or the CFC Master Indenture, as appropriate, and in the related Supplemental Indentures therein approved and such other matters ' and actions as are described in this Ordinance.

Section 2. Findings and Determinations. The City hereby finds and determines as follows:

a) that the issuance of the Refunding Midway Bonds and the refunding of certain Outstanding Airport Obligations of such series and maturities and in such amounts as shall be determined by the Mayor or Authorized Officer (as defined below in Section 2(f)) without further action by this City Council will result in debt service savings or provide other benefits to the City and the Airport;

b) that the Airport Projects to be financed by the City with the proceeds of the New Money Midway Bonds are necessary and essential to the efficient operation of the Airport;

c) that the City's ability to issue Bonds from time to time without further action by this City Council at various times, in various principal amounts as First Lien

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Bonds, Second Lien Bonds and/or CFC Revenue Bonds and with various interest rates, maturities, redemption provisions and other terms will enhance the City's opportunities to obtain financing for the Airport upon the most favorable terms available;

d) that the transfer, modification and/or termination of any swap agreement previously executed and currently in effect with respect to the Outstanding Airport Obligations to be refunded by the Refunding Midway Bonds (or with respect to any other Outstanding Airport Obligations) and the payment of such amounts in respect of such transfer, modification and/or termination of such swap agreement without further action of this City Council will provide benefits to the Airport and is in the best financial interest of the City and the Airport;

e) that the execution of the CFC Master Indenture and the issuance of the CFC Revenue

Bonds to refund, and the refunding of, the Outstanding CFC-Backed Midway Bonds of such maturities and in such amounts as shall be determined by the Mayor or Authorized Officer without further action by this City Council will result in debt service savings or provide other benefits to the City and the Airport; and

f) that the delegations of authority that are contained in this Ordinance, including, without limitation, the authority to make the specific determinations described in clauses (a) through (e) above, are necessary and desirable because this City Council cannot itself as advantageously, expeditiously or conveniently exercise such authority and make such specific determinations. Thus, authority is granted to the Mayor or the Chief Financial Officer, or if there is not a Chief Financial Officer, the City Comptroller (such officer being referred to herein as the "Authorized Officer") to (i) determine to sell one or more series of Bonds at one or more times, as and to the extent the Authorized Officer determines that such sale or sales is desirable and in the best financial interest of the City and the Airport, (ii) determine which Outstanding Airport Obligations will be refunded by the Refunding Midway Bonds, and (iii) determine to transfer, modify and/or terminate such swap' agreement as provided in Section 2(d) above and to pay such amounts in respect of such transfer, modification and/or termination, all as and to the extent that such officer determines is desirable and in the best financial interest of the City and the Airport.

Section 3. Forms of Documents. There have been presented to this City Council forms of the following documents:

- (a) form of First Lien Supplemental Indenture (Exhibit A); and
- (b) form of Second Lien Supplemental Indenture (Exhibit B).

Section 4. Definitions. Terms used in this Ordinance and not otherwise defined herein shall have the meanings assigned in the First Lien Master Indenture or the Second Lien Master Indenture,, as appropriate. In addition, unless the context shall otherwise require, the following words and terms shall have the following respective meanings:

"Authorized Officer" is defined in Section 2(f).

"CFC Ordinance" means the ordinance duly adopted and approved by the City Council of the City on July 27, 2005, as supplemented by the ordinance duly adopted and approved by the City Council of the City on July 28, 2010, which collectively authorize the imposition and collection of Customer Facility Charges and the irrevocable pledge of such Customer Facility Charges for the payment of the CFC-Backed Midway Bonds.

"CFC Statute" means Section 6-305 of the Illinois Vehicle Code, 625 ILCS 5/6-3050.

"CFC Trustee" means any trustee specified in the CFC Master Indenture.

"Code" means the Internal Revenue Code of 1986, as amended.

"Customer Facility Charges" means the customer facility charges authorized by the CFC Ordinance and the CFC Statute to be charged with respect to the Airport.

"First Lien Master Indenture" means the Master Indenture of Trust Securing Chicago Midway Airport Revenue Bonds, dated as of April 1, 1994, from the City to the First Lien Trustee, as amended and supplemented.

"First Lien Supplemental Indenture" means the Supplemental Indenture Securing Chicago Midway Airport Revenue Bonds from the City to the First Lien Trustee relating to the First Lien Bonds issued under this Ordinance, in the form attached hereto as Exhibit A, together with such modifications and completions as may be approved by the officers of the City executing the First Lien Supplemental Indenture.

"First Lien Trustee" means The Bank of New York Mellon Trust Company, N.A. (as successor in trust to American National Bank and Trust Company of Chicago), as Trustee under the First Lien Master Indenture, and its successors.

"Second Lien Master Indenture" means the Master Indenture of Trust Securing Chicago Midway Airport Second Lien Obligations, dated as of September 1, 1998, from the City to the Second Lien Trustee, as amended and supplemented.

"Second Lien Supplemental Indenture" means the Supplemental Indenture Securing Chicago Midway Airport Second Lien Revenue Bonds from the City to the Second Lien Trustee relating to the Second Lien Bonds issued under this Ordinance, in the form attached hereto as Exhibit B, together with such modifications and completions as may be approved by the officers of the City executing the Second Lien Supplemental Indenture.

"Second Lien Trustee" means The Bank of New York Mellon Trust Company, N.A. (as successor in trust to American National Bank and Trust Company of Chicago), as Trustee under the Second Lien Master Indenture, and its successors.

Section 5. Authorization of Bonds, (a) The Bonds are hereby authorized to be issued for the purposes described in Section 6 of this Ordinance, as applicable. The Midway Revenue

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Bonds may be issued as First Lien Bonds pursuant to the First Lien Master Indenture and one or more supplemental indentures substantially in the form of the First Lien Supplemental Indenture or as Second Lien Bonds pursuant to the Second Lien Master Indenture and one or more supplemental indentures substantially in the applicable form of the Second Lien Supplemental Indenture or as a combination thereof. The CFC Revenue Bonds may be issued pursuant to the CFC Master Indenture and one or more Supplemental Indentures. The Bonds may be issued bearing interest at a fixed interest rate or rates, as more fully set forth in the related Supplemental Indenture. Any limitation on the amount of Bonds authorized to be issued hereunder shall be exclusive of any original issue discount or premium; provided that any original issue discount or premium shall not exceed 15 percent of the par amount of the Bonds and provided further that such limitation as to original issue discount or premium shall not apply to any Bond issued as a capital appreciation Bond. Any Bonds may be issued as current interest Bonds, as capital appreciation Bonds or as capital appreciation Bonds that convert to current interest Bonds at a future date after their issuance.

b) The Bonds shall mature not later than January 1, 2056, and shall bear interest as provided in the First Lien Master Indenture, the Second Lien Master Indenture or the CFC Master Indenture, as appropriate, and the related Supplemental Indenture at a rate or rates not in excess of 18 percent per annum. Each series of Bonds may be subject to mandatory redemption (pursuant to the application of Sinking Fund Payments), optional redemption and extraordinary (mandatory and/or optional) redemption upon the terms and conditions set forth in the First Lien Master Indenture, the Second Lien Master Indenture or the CFC Master Indenture, as appropriate, and the related Supplemental Indenture.

c) The Midway Revenue Bonds shall be entitled "Chicago Midway Airport Revenue Bonds" and may be issued in one or more separate series, appropriately designated to indicate the year, their lien status, the purpose of issuance and order of their issuance. The CFC Revenue Bonds shall be entitled with such label as may be designated by the Mayor or the Authorized Officer and may be issued in one or more separate series, appropriately designated to indicate the year, their lien status, the purpose of issuance and order of their issuance. Each Bond shall be issued in fully registered form and in the denominations set forth in the related Supplemental Indenture; and shall be dated and numbered and further designated and identified as provided in the First Lien Master Indenture, the Second Lien Master Indenture or the CFC Master Indenture, as appropriate, and the related Supplemental Indenture.

d) Principal of and premium, if any, on the Bonds shall be payable at the corporate trust office of the First Lien Trustee, the Second Lien Trustee or the CFC Trustee, as appropriate, or any Paying Agent as provided in the First Lien Master Indenture, the Second Lien Master Indenture or the CFC Master Indenture, as appropriate, and related Supplemental Indenture. Payment of interest on the Bonds shall be made to the registered owner and shall be paid by check or draft of the First Lien Trustee, the Second Lien Trustee or the CFC Trustee, as appropriate, mailed to the registered owner at his or her address as it appears on the registration books of the City kept by the First Lien Trustee, the Second Lien Trustee or the CFC Trustee, as appropriate, or at such other address as is furnished to the First Lien Trustee, the Second Lien Trustee or the CFC Master Trustee, as appropriate, in writing by such registered owner, or by wire transfer as further provided in the First Lien Master Indenture, the Second Lien Master Indenture or the CFC Master Indenture, as appropriate, and related Supplemental Indenture.

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(e) Subject to the limitations set forth in this Section, authority is hereby delegated to the Mayor or the Authorized Officer to determine the aggregate principal amount of the Bonds to be issued (subject to the limitations specified in Section 1 of this Ordinance), the date thereof, the maturities thereof, any provisions for mandatory sinking fund redemption or optional redemption or extraordinary redemption thereof (which optional redemption or extraordinary redemption shall be at Redemption Prices not exceeding 120 percent of the principal amount of the Bonds to be so redeemed, plus accrued interest; provided, however that to the extent that the Bonds are issued as bonds the interest on which is includable in gross income for federal income tax purposes, such Redemption Price may exceed 120 percent and may be expressed as a "make whole" amount or similar calculation or formula as shall be determined by the Mayor or the Authorized Officer), the schedule of Sinking Fund Payments, if any, to be applied to the mandatory redemption thereof (which mandatory redemption shall be at a redemption price equal to the principal amount of each Bond to be redeemed, without premium, plus accrued interest), the rate or rates of interest payable thereon and the first interest payment date thereof and, in the case of Refunding Midway Bonds, the series, maturities and principal amounts of the Outstanding Airport Obligations to be refunded.

Section 6. Purposes of Bonds, (a) The New Money Midway Bonds may be issued for any or all of the

following purposes, as determined by the Authorized Officer at the time of the sale of the New Money Midway Bonds:

- i) the payment, or the reimbursement for the payment, of costs of one or more Airport Projects;
- ii) the payment of any amounts in respect of the transfer, modification and/or termination of any swap agreement with respect to any Outstanding Airport Obligations to be refunded by the Refunding Midway Bonds (or with respect to any other Outstanding Airport Obligations);
- iii) with respect to the Midway Revenue Bonds or any other series of bonds previously issued pursuant to the First Lien Master Indenture and/or the Second Lien Master Indenture, the funding of capitalized interest and funding of deposits into a program fee account, a debt service reserve account and such other accounts and subaccounts (including capitalized interest accounts, if appropriate) as may be provided for in the First Lien Master Indenture or Second Lien Master Indenture, as appropriate, and the Supplemental Indenture relating to such series; and
- iv) the payment of Costs of Issuance of the New Money Midway Bonds.

(b) The Refunding Midway Bonds may be issued for any or all of the following purposes, as determined by the Authorized Officer at the time of the sale of the Refunding Midway Bonds:

- i) the payment and retirement at or prior to maturity of all or any portion of the Outstanding Airport Obligations;
- ii) the payment of any amounts in respect of the transfer, modification and/or termination of any swap agreement with respect to any Outstanding Airport Obligations

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to be refunded by the Refunding Midway Bonds (or with respect to any other Outstanding Airport Obligations);

- iii) with respect to the Refunding Midway Bonds or any other series of bonds previously issued pursuant to the First Lien Master Indenture and/or the Second Lien Master Indenture, the funding of capitalized interest and funding of deposits into a program fee account, a debt service reserve account and such other accounts and subaccounts (including capitalized interest accounts if appropriate) as may be provided for in the First Lien Master Indenture or Second Lien Master Indenture, as appropriate, and the Supplemental Indenture relating to such series; and
- iv) the payment of Costs of Issuance of the Refunding Midway Bonds.

The proceeds of each series of Midway Revenue Bonds shall be applied for the purposes set forth above in the manner and in the amounts specified in a Certificate of an Authorized Officer (as defined in the First Lien Master Indenture or Second Lien Master Indenture, as appropriate) delivered in connection with the issuance of such series pursuant to the First Lien Master Indenture or Second Lien Master Indenture, as appropriate, and/or the related Supplemental Indenture.

(c) The CFC Revenue Bonds may be issued for any or all of the following purposes, as determined by the Authorized Officer at the time of the sale of the CFC Revenue Bonds:

i) the payment and retirement at or prior to maturity of all or a part of the Outstanding CFC -Backed Midway Bonds;

ii) the funding of capitalized interest and funding of deposits into a program fee account, a debt service reserve account and such other accounts and subaccounts (including capitalized interest accounts if appropriate) as may be provided for in the CFC Master Indenture, and the Supplemental Indenture relating to such series; and

(iii) the payment of Costs of Issuance of the CFC Revenue Bonds.

The proceeds of each series of CFC Revenue Bonds shall be applied for the purposes set forth above in the manner and in the amounts specified in a Certificate of an Authorized Officer (as defined in the CFC Master Indenture) delivered in connection with the issuance of such series pursuant to the CFC Master Indenture and/or the related Supplemental Indenture.

Section 7. Pledge of Revenues for Bonds. The Bonds, together with interest thereon, shall be limited obligations of the City secured by and payable from Revenues of the Airport or the Customer Facility Charges as provided in the First Lien Master Indenture, the Second Lien Master Indenture or the CFC Master Indenture, as appropriate, and related Supplemental Indenture, and shall be valid claims of the registered owners thereof only against the funds and assets and other money held by the applicable Trustee with respect thereto. The Bonds and the obligation to pay interest thereon do not now and shall never constitute an indebtedness or a loan of credit of the City, or a charge against its general credit or taxing powers, within the meaning of any constitutional or statutory limitation of the State of Illinois.

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Section 8. Approval of First Lien Supplemental Indenture. The form of First Lien Supplemental Indenture attached hereto is hereby approved in all respects. The Mayor or the Authorized Officer is hereby authorized, with respect to each applicable series of First Lien Bonds, to execute and deliver a Supplemental Indenture in substantially the form of the First Lien Supplemental Indenture attached hereto as Exhibit A for and on behalf of the City, and the City Clerk is hereby authorized to attest the same and to affix thereto the corporate seal of the City or a facsimile thereof. Each such Supplemental Indenture may contain such changes or revisions consistent with the purposes and intent of this Ordinance as shall be approved by the Mayor or the Authorized Officer, the execution and delivery thereof to constitute conclusive evidence of this City Council's approval of any and all changes or revisions therein.

Section 9. Approval of Second Lien Supplemental Indenture. The form of Second Lien Supplemental Indenture attached hereto is hereby approved in all respects. The Mayor or the Authorized Officer is hereby authorized, with respect to each applicable series of Second Lien Bonds, to execute and deliver a Supplemental Indenture in substantially the form of the Second Lien Supplemental Indenture attached hereto as Exhibit B for and on behalf of the City, and the City Clerk is hereby authorized to attest the same and to affix thereto the corporate seal of the City or a facsimile thereof. Each such Supplemental Indenture may contain such changes or revisions consistent with the purposes and intent of this Ordinance as shall be approved by the Mayor or the Authorized Officer, the execution and delivery thereof to constitute conclusive evidence of this City Council's approval of any and all changes or revisions therein.

Section 10. Approval of CFC Master Indenture and Supplemental Indenture. The

Mayor or the Authorized Officer is hereby authorized to execute and deliver the CFC Master Indenture and any Supplemental Indenture in substantially the form previously used in similar financings of the City with appropriate revisions in text as the Mayor or the Authorized Officer shall determine are necessary or desirable in connection with the sale of the CFC Revenue Bonds, and the City Clerk is hereby authorized to attest the same and to affix thereto the corporate seal of the City or a facsimile thereof. The execution and delivery of the CFC Master Indenture or any Supplemental Indenture that is consistent with the purposes and intent of this Ordinance shall constitute conclusive evidence of this City Council's approval of any and all changes or revisions therein.

Section 11. Reserve Fund Assets or Qualified Reserve Account Instruments. The Authorized Officer is authorized to arrange for the provision of one or more Reserve Fund Assets (defined in the First Lien Master Indenture), Qualified Reserve Account Instruments (defined in the Second Lien Master Indenture) or comparable instrument permitted under the CFC Master Indenture as security for all or a portion of the Bonds, as applicable, if the Authorized Officer determines that it would be in the best financial interest of the City and the Airport. The Authorized Officer is also authorized to sell or liquidate any Reserve Fund Assets or Qualified Reserve Account Instruments previously executed and currently in effect with respect to any Outstanding Airport Obligations to be refunded by the Refunding Midway Bonds and to apply amounts received in respect of such sale or liquidation, all as the Authorized Officer determines such to be in the best financial interest of the City and the Airport.

Section 12. Sale of Bonds, (a) Subject to the limitations contained in this Ordinance, authority is hereby delegated to the Mayor or the Authorized Officer to sell the Bonds in one or

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more series from time to time (i) to an underwriter or a group of underwriters (the "Underwriters") to be designated by the Authorized Officer with respect to one or more series of the Bonds pursuant to a separate contract of purchase (each a "Bond Purchase Agreement") between the Underwriters and the City or (ii) in a private placement with an individual investor or group of investors to be designated by the Authorized Officer (the "Placement Purchasers") with respect to one or more series of the Bonds pursuant to a separate placement agreement between the Placement Purchasers and the City or other similar agreement for the sale and purchase of the Bonds or (iii) to one or more banks or financial institutions (each a "Credit Provider" and together with the Underwriters and the Placement Purchasers, a "Purchaser") providing a direct loan(s) or line(s) of credit pursuant to a loan agreement (each a "Loan Agreement" and together with the Bond Purchase Agreement and the Placement Agreement, a "Purchase and Sale Agreement"); provided that the aggregate purchase price of each series of Bonds shall not be less than 85 percent of the principal amount thereof to be issued (less any original issue discount which may be used in the marketing thereof) plus accrued interest thereon from their date to the date of delivery thereof and payment thereof. Any Bonds authorized to be issued pursuant to this Ordinance may be sold with a delayed delivery date (not beyond January 1, 2017), if determined by the Authorized Officer to be beneficial to the City and the Airport. In addition, all or a portion of the Bonds may be issued as bonds the interest on which will be includable in the gross income of the owners thereof for federal income tax purposes under the Code if determined by the Authorized Officer to be beneficial to the City and the Airport.

b) The Mayor or the Authorized Officer, with the concurrence of the Chairman of the Committee on Finance of this City Council, is hereby authorized and directed to execute and deliver one or more Purchase and Sale Agreements relating to the Bonds, which (i) in the case of a Bond Purchase Agreement shall be in substantially the form used in previous sales of airport bonds by the City and (ii) in the case of a Placement Agreement (or Loan Agreement) shall contain terms and provisions no less favorable to the City as those

contained in a Bond Purchase Agreement, and in any case, together with such changes thereto and modifications thereof as shall be approved by the Mayor or the Authorized Officer, as the case may be, subject to the limitations contained in this Ordinance, the execution and delivery thereof to constitute' conclusive evidence of this City Council's approval of such changes and modifications.

c) To evidence the exercise of the authority delegated to the Mayor or the Authorized Officer by this Ordinance, the Mayor or the Authorized Officer, as the case may be, is hereby directed to execute and file with the City Clerk in connection with the sale of Bonds a certificate setting forth the determinations made pursuant to the authority granted herein, which certificate shall constitute conclusive evidence of the proper exercise by them of such authority. Upon the filing of such certificate, the Mayor or Authorized Officer shall also file with the City Clerk one copy of each official statement or private placement memorandum and executed Purchase and Sale Agreement in connection with the Bonds. Each filing, shall be made as soon as practicable subsequent to the delivery of the related Bonds. The City Clerk shall direct copies of such filings to the City Council.

d) The Authorized Officer is hereby authorized to cause to be prepared the form or forms of preliminary official statement or private placement memorandum (or other disclosure document) describing the Bonds. Each preliminary official statement or private placement memorandum (or other disclosure document) shall be in substantially the format of the

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disclosure documents used in connection with previous sales of airport revenue bonds by the City, together with such changes thereto and modifications thereof as shall be approved by the Authorized Officer. The distribution of each preliminary official statement to prospective purchasers and the use thereof by the Underwriters in connection with the offering of the Bonds are hereby authorized and approved. The Mayor or the Authorized Officer is hereby authorized to permit the distribution of a final official statement, in substantially the form of each preliminary official statement, with such changes, insertions and revisions thereto and completions thereof as the Mayor or the Authorized Officer shall deem advisable, and the Mayor or the Authorized Officer is authorized to execute and deliver each such final official statement to the Underwriters in the name and on behalf of the City, the execution of such final official statement to constitute conclusive evidence of this City Council's approval of such changes and completions. In connection with a private placement sale of the Bonds (or the sale of Bonds pursuant to a direct loan or line of credit), the Mayor or the Authorized Officer is authorized to provide to prospective Placement Purchasers (or Credit Providers) such information regarding the City's and the Airport's operations and finances as would typically be included in an official statement or private placement memorandum and to enter into such discussions and negotiations with such prospective Placement Purchasers (or Credit Providers) as the Authorized Officer shall deem appropriate.

e) If determined by the Authorized Officer to be in the best financial interest of the City and the Airport, the Authorized Officer is authorized to procure one or more municipal bond insurance policies from one or more bond insurers selected by the Authorized Officer covering all or a portion of the Bonds, and in connection therewith to execute and deliver all necessary documents and instruments. In connection with the procurement of a municipal bond insurance policy, the Authorized Officer is hereby authorized to execute and deliver such agreements with the bond insurer that is obligated under the bond insurance policy as the Authorized Officer shall determine to be necessary or desirable. Such agreements may contain provisions for the reimbursement by the City of advances made under the policy, including the payment of interest on unpaid advances, the payment of the expenses of such bond insurer and provisions for the indemnification of such bond insurer.

f) The Authorized Officer is hereby authorized to execute and deliver one or more Continuing Disclosure Undertakings (each, a "Continuing Disclosure Undertaking") evidencing the City's agreement with respect to a series of Bonds to comply with the requirements of Section (b)(5) of Rule 15c2-12 ("Ride 15c2-12") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, in a form approved by the Corporation Counsel. Upon its execution and delivery on behalf of the City as herein provided, each Continuing Disclosure Undertaking will be binding on the City, and the officers, employees and agents of the City are hereby authorized to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of such Continuing Disclosure Undertaking as executed. The Authorized Officer is hereby further authorized to amend each Continuing Disclosure Undertaking in accordance with its terms from time to time following its execution and delivery as said officer shall deem necessary. Notwithstanding any other provision of this Ordinance, the sole remedies for any failure by the City to comply with any such Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bonds to which such Continuing Disclosure Undertaking relates to seek mandamus or specific

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performance by court order to cause the City to comply with its obligations under each applicable Continuing Disclosure Undertaking.

Section 13. Execution and Delivery of Bonds. Pursuant to the First Lien Master Indenture, the Second Lien Master Indenture or the CFC Master Indenture, as appropriate, and the related Supplemental Indenture, the Mayor shall execute the Bonds on behalf of the City, by manual or facsimile signature, and the corporate seal of the City or a facsimile thereof shall be affixed, imprinted, engraved or otherwise reproduced on the Bonds and they shall be attested by the manual or facsimile signature of the City Clerk. The Bonds shall, upon such execution on behalf of the City, be delivered to the First Lien Trustee, the Second Lien Trustee or the CFC Trustee, as appropriate, for authentication and thereupon shall be authenticated by the First Lien Trustee, the Second Lien Trustee or the CFC Trustee, as appropriate, and shall be delivered pursuant to written order of the City authorizing and directing the delivery of the Bonds to or upon the order of the Purchasers pursuant to the applicable Purchase and Sale Agreement.

Section 14. Debt Service Reserve Fund Excess. If, as a result of the issuance of the Bonds, the amount held to the credit of the Debt Service Reserve Fund (or any Account therein) exceeds the amount required to be held therein under the First Lien Master Indenture or the Second Lien Master Indenture, as appropriate, and the related Supplemental Indenture, such excess may be applied as directed by the Authorized Officer consistent with the provisions and requirements of the First Lien Master Indenture or the Second Lien Master Indenture, as applicable, and the related Supplemental Indenture. Such application may include, without limitation, a transfer for the purpose of paying the cost of, or reimbursing the City for the payment of the cost of, Airport Projects, including, without limitation, payment of capitalized interest on Outstanding Airport Obligations.

Section 15. Tax Covenant. The City covenants to take any action required by the provisions of Section 148(f) of the Code in order to assure compliance with Section 712 of the First Lien Master Indenture or Section 412 of the Second Lien Master Indenture.

Section 16. Public Hearing. The Mayor is hereby authorized and directed to cause the publication of notice for and the holding of any public hearing, as and to the extent required under Section 147(f) of the Code in connection with the proposed issuance of the Bonds. The City Council hereby directs that no Bonds shall be issued unless and until the requirements of said Section 147(f), if applicable, including particularly the approval

requirement following such public hearing, have been fully satisfied and that no contract, agreement or commitment to issue Bonds shall be executed or undertaken prior to satisfaction of the requirements of said Section 147(f), if applicable, unless the performance of said contract, agreement or commitment is expressly conditioned upon the prior satisfaction of such requirements. Any such actions taken prior to the enactment of this Ordinance are hereby ratified and confirmed. The actions, if any, of the Committee on Finance of this City Council with respect to the publication of notice for and the holding of a public hearing in connection with the Bonds are hereby ratified and confirmed in all respects. The adoption of this Ordinance shall constitute the public approval of the Bonds for purposes of Section 147(f) of the Code.

Section 17. Existing Swap Agreements Swap Agreement Payments. If determined by the Authorized Officer to be in the best financial interest of the City in the operation of the

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Airport, the Authorized Officer is authorized to (a) terminate any swap agreement previously executed and currently in effect with respect to Outstanding Airport Obligations to be refunded by the Refunding Midway Bonds (or with respect to any other Outstanding Airport Obligations) and pay any termination payment determined in accordance with the provisions of such swap agreement, (b) modify any such swap agreement and pay an amount determined in respect of such modification, and/or (c) transfer such swap agreements to the Bonds and pay an amount determined in respect of such transfer.

Section 18. Forward Supply Contracts. If determined to be in the best financial interest of the City and the Airport, the Authorized Officer is authorized to execute and deliver from time to time in the name and on behalf of the City one or more forward supply contracts with one or more counterparties selected by the Authorized Officer under which contracts such counterparties agree to sell to the City, and the City agrees to purchase from such counterparties, specified securities on specified dates at purchase prices established at the time of the execution and delivery of the applicable contract. The sources of funds to purchase such securities shall be amounts on hand and available in the funds and accounts created and established under the First Lien Master Indenture, the Second Lien Master Indenture or the CFC Master Indenture, as applicable, and the related Supplemental Indenture. Under no circumstances shall any amounts payable by the City under, or with respect to, any such contract constitute an indebtedness of the City for which its full faith and credit is pledged, but such amounts shall be payable solely from legally available funds of the Airport.

Section 19. Escrow Deposit Agreements. As and to the extent required to provide for the payment and retirement of Outstanding Airport Obligations, the Mayor or the Authorized Officer of the City is hereby authorized to execute and deliver for and on behalf of the City one or more escrow deposit agreements in substantially the form of escrow deposit agreements previously used for such purpose by the City, together with such changes thereto and modifications thereof as shall be approved by the Mayor or the Authorized Officer, as the case may be, the execution and delivery thereof to constitute conclusive evidence of this City Council's approval of such changes and modifications.

Section 20. Performance Provisions. The Mayor, the Authorized Officer, the Commissioner of the Chicago Department of Aviation (the "Commissioner") and the City Clerk for and on behalf of the City shall be, and each of them hereby is, authorized and directed to do any and all things necessary to effect the performance of all obligations of the City under and pursuant to this Ordinance, the First Lien Master Indenture, the Second Lien Master Indenture, the CFC Master Indenture and any Supplemental Indenture and the performance of all other acts of whatever nature necessary to effect and carry out the authority conferred by this Ordinance, the First Lien Master Indenture, the Second Lien Master Indenture, the CFC Master

Indenture and any Supplemental Indenture, including but not limited to, the exercise or performance following the delivery date of any of the Bonds of any power, authority or duty delegated to the City or such official of the City under this Ordinance, the First Lien Master Indenture, the Second Lien Master Indenture, the CFC Master Indenture or any Supplemental Indenture with respect to the Bonds upon the initial issuance thereof or any other documents authorized hereunder, but subject to any limitations on or restrictions of such power or authority as herein or in the First Lien Master Indenture, the Second Lien Master Indenture, the CFC Master Indenture or any Supplemental Indenture set forth. The Mayor, the Authorized Officer, the Commissioner,

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the City Clerk and other officers, agents and employees of the City are hereby further authorized, empowered and directed for and on behalf of the City, to execute and deliver all papers, documents, certificates and other instruments that may be required to carry out the authority conferred by this Ordinance, the First Lien Master Indenture, the Second Lien Master Indenture, the CFC Master Indenture and any Supplemental Indenture or to evidence said authority.

Section 21. Proxies. The Mayor and the Authorized Officer may each designate another to act as their respective proxy and to affix their respective signatures to, in the case of the Mayor, each Bond, whether in temporary or definitive form, and to any other instrument, certificate or document required to be signed by the Mayor or the Authorized Officer pursuant to this Ordinance, the First Lien Master Indenture, the Second Lien Master Indenture, the CFC Master Indenture and any Supplemental Indenture. In each case, each shall send to the City Council written notice of the person so designated by each, such notice stating the name of the person so selected and identifying the instruments, certificates and documents which such person shall be authorized to sign as proxy for the Mayor and the Authorized Officer, respectively. A written signature of the Mayor or the Authorized Officer, respectively, executed by the person so designated underneath, shall be attached to each notice. Each notice, with signatures attached, shall be recorded in the Journal of the Proceedings of the City Council and filed with the City Clerk. When the signature of the Mayor is placed on an instrument, certificate or document at the direction of the Mayor in the specified manner, the same, in all respects, shall be as binding on the City as if signed by the Mayor in person. When the signature of the Authorized Officer is so affixed to an instrument, certificate or document at the direction of the Authorized Officer, the same, in all respects, shall be binding on the City as if signed by the Authorized Officer in person.

Section 22. Severability. It is the intention of this City Council that, if any Section, paragraph, clause or provision of this Ordinance shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such Section, paragraph, clause or provision shall not affect any of the remaining provisions hereof.

Section 23. Prior Inconsistent Ordinances. If any provision of this Ordinance is in conflict with or inconsistent with any ordinances or resolutions or parts of ordinances or resolutions or the proceedings of this City Council in effect as of the date hereof, the provisions of this Ordinance shall supersede any conflicting or inconsistent provision to the extent of such conflict or inconsistency. No provision of the Municipal Code of Chicago (the "Municipal Code") or violation of any provision of the Municipal Code shall be deemed to impair the validity of this Ordinance or the instruments authorized by this Ordinance, or to impair the security for or payment of the instruments authorized by this Ordinance; provided, further, however, that the foregoing shall not be deemed to affect the availability of any other remedy or penalty for any violation of any provision of the Municipal Code.

Section 24. Effective Date. This Ordinance shall be in full force and effect immediately upon its passage and approval by the Mayor of the City.

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Exhibit "A " (To
Ordinance)

City of Chicago To
The Bank of New York Mellon Trust Company, N.A. (as successor in trust to American
National Bank and Trust Company of Chicago),
as Trustee

[Tenth] Supplemental Indenture

Securing
Chicago Midway Airport Revenue Bonds, Series 201 []A

Dated as of 1, 201 []

Supplementing a Master Indenture of Trust Securing Chicago Midway Airport Revenue Bonds dated as of April 1, 1994, as amended, from the City of Chicago to The Bank of New York Mellon Trust Company, N.A. (as successor in trust to American National Bank and Trust Company of Chicago), as Trustee.

[TENTH] SUPPLEMENTAL INDENTURE

(This Table of Contents is not a part of the [Tenth] Supplemental Indenture and is only for convenience of reference.)

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This [Tenth] Supplemental Indenture, made and entered into as of [], 201 [J from the City of Chicago (the "City"), a municipal corporation and home rule unit of local government duly organized and existing under the Constitution and laws of the State of Illinois, to The Bank of New York Mellon Trust Company, N.A. (as successor in trust to American National Bank And Trust Company Of Chicago) (the "Trustee"), a national banking association duly organized, existing and authorized to accept and

execute trusts of the character herein set out under and by virtue of the laws of the United States of America, with its corporate trust office located at 2 North LaSalle Street, Suite 1020, Chicago, Illinois 60602 as Trustee;

WITNESSETH:

Whereas, the City is a home rule unit of local government, duly organized and existing under the laws of the State of Illinois, and in accordance with the provisions of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois is authorized to own and operate commercial and general aviation facilities; and

Whereas, the City owns and operates an airport known as Chicago Midway International Airport (the "Airport"); and

Whereas, the City and the Trustee have entered into a Master Indenture of Trust Securing Chicago Midway Airport Revenue Bonds, dated as of April 1, 1994, as amended by Amendment No. 1 to Master Indenture, dated as of July 1, 1998 (the "Indenture") which authorizes the issuance of such Bonds in one or more Series pursuant to one or more Supplemental Indentures; and

Whereas, the City has heretofore determined to improve the Airport and to issue Bonds (as hereinafter defined), payable solely from Revenues (as hereinafter defined), to pay the cost of improvements to, and expansions of, the Airport and to refund prior to maturity or pay at maturity certain Prior Airport Obligations (as hereinafter defined); and

Whereas, in order to finance a portion of the cost of the 201 [] Airport Projects (as hereinafter defined) each constituting an Airport Project (as defined in the Indenture), to refund outstanding Prior Airport Obligations, to fund the Debt Service Reserve Fund and to pay costs and expenses incidental thereto and to the issuance of the Bonds, the City has authorized the issuance and sale of \$[] aggregate principal amount of Chicago Midway Airport Revenue Bonds, Series 201 []A (the "Bonds"); and

Whereas, the Bonds, and the Trustee's Certificate of Authentication to be endorsed on such Bonds, shall be in substantially the following forms with necessary and appropriate variations, omissions and insertions as permitted or required by the Indenture or this [Tenth] Supplemental Indenture, to wit:

[Form Of Bond]

No.R-

United States of America

State of Illinois
City of Chicago
Chicago Midway Airport Revenue Bond,
Series 201 [JA

Interest Rate
Maturity Date

Dated Date

],201[J

Registered

Owner:

Principal

Amount:

City of Chicago (the "City"), a municipal corporation and home rule unit of local government duly organized and existing under the laws of the State of Illinois, for value received, hereby promises to pay (but only out of the sources hereinafter provided) to the registered owner identified above, or registered assigns, on the maturity date specified above, unless this Bond shall have been called for redemption and payment of the redemption price shall have been duly made or provided for, upon presentation and surrender hereof, the principal sum specified above and to pay (but only out of the sources hereinafter provided) interest on the balance of said principal sum from time to time remaining unpaid from and including the date hereof or from and including the most recent Interest Payment Date (as defined in the hereinafter-defined Indenture) with respect to which interest has been paid or duly provided for, until payment of said principal sum has been made or duly provided for, at the interest rate specified above, computed on the basis of a 360-day year consisting of twelve 30-day months, payable on [July 1, 201 []] and semi-annually thereafter on each January 1 and July 1, and to pay interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the rate due on this Bond. Principal of, premium, if any, and interest on this Bond shall be payable in lawful money of the United States of America at the corporate trust office of The Bank of New York Mellon Trust Company, N.A. (as successor in trust to American National Bank and Trust Company of Chicago), Chicago, Illinois, as Trustee, or its successor in trust (the "Trustee"); provided, however, that payment of the interest on any Interest Payment Date (as defined in the Indenture) shall be (i) made to the registered owner hereof as of the close of business on the applicable Record Date (as defined in the Indenture) with respect to such Interest Payment Date and shall be paid by check or draft mailed to such registered owner hereof at his or her address as it appears on the registration books of the City maintained by the Trustee

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as Bond Registrar or at such other address as is furnished in writing by such registered owner to the Trustee as Bond Registrar as of the close of business on such Record Date or (ii) made by wire transfer to such registered owner as of the close of business on such Record Date upon written notice of such wire transfer address in the continental United States by such owner to the Bond Registrar given prior to such Record Date (which notice may provide that it will remain in effect until revoked), provided that each such wire transfer shall be made only with respect to an owner of \$1,000,000 or more in aggregate principal amount of the

Bonds as of the close of business on the Record Date relating to such Interest Payment Date; except, in each case, that if and to the extent that there shall be a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the registered owners as provided in the Indenture. So long as this Bond is restricted to being registered in the registration books of the City in the name of a Securities Depository (as defined in the Indenture), the provisions of the Indenture governing Book-Entry Bonds shall govern the payment of the principal of and interest on this Bond.

The Bonds are limited obligations of the City and shall not constitute an indebtedness of the City or a loan of credit thereof within the meaning of any constitutional or statutory - limitation. Neither the faith and credit nor the taxing power of the City, the State of Illinois or any political subdivision thereof is pledged to the payment of the principal of the Bonds, or the interest or any premium thereon. The Bonds are payable solely from the Revenues (as defined in the Indenture) pledged to such payment under the Indenture and certain other moneys held by or on behalf of the Trustee, and no owner or owners of the Bonds shall have the right to compel any exercise of the taxing power of the City, the State of Illinois or any political subdivision thereof.

Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place. All capitalized terms used in this Bond shall have the meanings assigned in the Indenture unless otherwise defined herein.

It Is Hereby Certified, Recited and Declared that all acts and conditions required to be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond have been performed in due time, form and manner as required by law, and that the issuance of this Bond and the series of which it forms a part does not exceed or violate any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture unless and until the certificate of authentication hereon shall have been duly executed by the Trustee.

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In Witness Whereof, the City of Chicago has caused this Bond to be executed in its name by the manual or facsimile signature of its Mayor and the manual or facsimile of its corporate seal to be printed hereon and attested by the manual or facsimile signature of its City Clerk.

Dated:

City of Chicago

By

Mayor

[Seal] Attest:

City Clerk

[Form of Trustee's Certificate of Authentication]

This Bond is one of the Bonds described in the within-mentioned Indenture.

The Bank of New York Mellon Trust Company, N.A. (as successor in trust to American National Bank and Trust Company of Chicago), as Trustee

By

Authorized Signature

[DTC Legend]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY transfer, pledge or other use hereof for value or otherwise BY or to any person is wrongful inasmuch as the registered owner hereof. Cede & Co., has an interest herein.

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[Form of Reverse Bond]

This Bond is one of an authorized series of bonds limited in aggregate principal amount to \$[] (the "Bonds") issued pursuant to, under authority of and in full compliance with the Constitution and laws of the State of Illinois, particularly Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois and an ordinance of the City Council of the City, and executed under a Master Indenture of Trust Securing Chicago Midway Airport Revenue Bonds, dated as of April 1, 1994, as amended, from the City to The Bank of New York Mellon Trust Company, N.A. (as successor in trust to American National Bank and Trust Company of Chicago), Chicago, Illinois (the "Trustee"), as supplemented by an [Tenth] Supplemental Indenture Securing Chicago Midway Airport Revenue Bonds, Series 201LJA, dated as of

[], 201 [], from the City to the Trustee (collectively, the "Indenture"), for the purpose of financing the costs of certain Airport Projects (as defined in the Indenture), refunding prior to

maturity or pay at maturity certain Prior Airport Obligations (as defined in the Indenture) and paying costs and expenses incidental thereto and to the issuance of the Bonds.

The Bonds and the interest thereon are payable from Revenues (as defined in the Indenture) pledged to the payment thereof under the Indenture and certain other moneys held by or on behalf of the Trustee.

As provided in the Indenture, additional bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Indenture. The aggregate principal amount of bonds that may be issued pursuant to the Indenture is not limited and all bonds issued and to be issued pursuant to the Indenture, including the Bonds, are and will be equally secured by the pledges and covenants made therein, except as otherwise provided or permitted in the Indenture.

Copies of the Indenture are on file at the corporate trust office of the Trustee, and reference to the Indenture and any and all supplements thereto and modifications and amendments thereof is made for a description of the pledge and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the registered owners of the Bonds, and the limitations on such rights and remedies.

The Bonds are issuable only as fully registered Bonds in the authorized denominations described in the Indenture. Bonds may be transferred on the books of registration kept by the Bond Registrar by the registered owner in person or by his or her duly authorized attorney, upon surrender thereof, together with a written instrument of transfer executed by the registered owner or his or her duly authorized attorney. Upon surrender for registration of transfer of any Bond with all partial redemptions endorsed thereon at the principal office of the Bond Registrar, the City shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of the same maturity and interest rate, aggregate principal amount and tenor and of any authorized denomination or denominations and bearing numbers not outstanding under the Indenture.

Bonds may be exchanged at the principal office of the Bond Registrar for an equal aggregate principal amount of Bonds in the appropriate form and in the same maturity and

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interest rate, aggregate principal amount and tenor and of any authorized denomination or denominations. The City shall execute and the Trustee shall authenticate and deliver Bonds which the registered owner-making the exchange is entitled to receive. Such registration of transfer or exchange of Bonds shall be without charge to the registered owners of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the registered owners of the Bond requesting such transfer or exchange as a condition precedent to the exercise of such privilege.

The Bond Registrar shall not be required to register for transfer or exchange any undelivered Bond or Bonds after the giving of notice calling such Bond for redemption or partial redemption has been made.

The person in whose name any Bond is registered shall be deemed and regarded as the "absolute owner thereof for all purposes, and payment of or on account of principal, premium, if any, or interest shall be made only to or upon the order of the registered owner thereof or his or her duly authorized attorney, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Bonds maturing on January 1, [20], are subject to mandatory redemption, in part by lot as provided in the Indenture from mandatory Sinking Fund Payments, on January 1 in each of the years and in the respective principal amounts set forth below, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption:

Principal
Year . Amount

\$

If the City redeems Bonds maturing on January 1, [20] pursuant to optional redemption or purchases (other than from amounts held in the Debt Service Fund) such Bonds and cancels the same, then an amount equal to the principal amount of Bonds of such maturity so redeemed or purchased shall be credited against the unsatisfied balance of future Sinking Fund Payments or the final maturity amount in such amount and against such Sinking Fund Payments or final maturity amount as shall be determined by the City in a Certificate of an Authorized Officer filed with the Trustee prior to the mailing of the notice of redemption of such Bonds or, in the absence of such determination, shall be credited against the unsatisfied balance of the applicable Sinking Fund Payments in inverse order of their payment dates.

The Bonds maturing on or after January 1, [] are subject to redemption, otherwise than from mandatory Sinking Fund Payments, at the option of the City, on or after January 1, [], as a whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot, at the respective Redemption Prices (expressed as percentages of the principal amount of Bonds or portions thereof to be redeemed) set forth below, in each case together with accrued interest to the redemption date:

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Redemption Period (both dates inclusive)
Redemption Price (expressed as a percentage)

%

Notice of any such redemption shall be given by the Trustee by first class mail not fewer than 30 nor more than 60 days prior thereto to the registered owners of the Bonds. Failure to mail any such notice to the registered owner of any Bond or any defect therein shall not affect the validity of the proceedings for such redemption of Bonds.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained, against any past, present or future officer, employee or agent, or member of the City Council, of the City, or any successor to the City, as such, either directly or through the City, or any successor to the City, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer, employee or agent, or member of the City Council, as such, is hereby expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of any of the Bonds.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto except as provided in the Indenture.

The Indenture prescribes the manner in which it may be discharged and after which the Bonds shall no longer be secured by or entitled to the benefits of the Indenture, except as provided in the Indenture and for the purposes of registration and exchange of Bonds and of such payment, including a provision that the Bonds shall be deemed to be paid if Defeasance Obligations, as defined therein, maturing as to principal and interest in such amounts and at such times as to insure the availability of sufficient moneys to pay the principal of, premium, if any, and interest on the Bonds and all necessary and proper fees, compensation and expenses of the Trustee shall have been deposited with the Trustee.

Modifications or alterations of the Indenture, or of any supplement thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

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[Form of Assignment]

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

- | | | |
|---------|--|---|
| Ten Com | - as tenants in common | Unif Gift Min Act- |
| Ten Ent | - as tenants by the entireties | Custodian |
| JtTen | - as joint tenants with right of survivorship and not as tenants in common | (Cust) (Minor)
Under Uniform Gifts to Minors Act of
(State) |

Additional abbreviations may also be used though not in the above list. For Value Received, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee) this Bond of the City of Chicago and

does hereby irrevocably constitute and appoint

to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated:

Signature:

Signature Guaranteed:

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of this Bond in every particular, without alteration or enlargement or any change whatever.

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Now, Therefore, This [Tenth] Supplemental Indenture Witnesseth:

Granting Clauses

That the City, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the registered owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect, and to secure the performance and observance by the City of all the Covenants expressed or implied herein and in the Bonds, does hereby assign and grant a security interest in and to the following to the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the City hereinafter set forth (the "Trust Estate"):

Granting Clause First

All right, title and interest of the City in and to Revenues, to the extent pledged and assigned in the granting clauses of the Indenture.

Granting Clause Second

All moneys and securities from time to time held by the Trustee under the terms of this [Tenth] Supplemental Indenture, except for moneys deposited with or paid to the Trustee and held in trust hereunder for the redemption of Bonds, notice of the redemption of which has been duly given.

Granting Clause Third

Any and all other property, rights and interests of every kind and nature from time to time hereafter by delivery or by writing of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, mortgaged, pledged, hypothecated or otherwise subjected hereto, as and for additional security hereunder by the City or by any other person on its behalf or with its written consent to the Trustee, and the Trustee is hereby authorized to receive any and all property thereof at any and all times and to hold and apply the same subject to the terms hereof.

To Have And To Hold all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors in said trust and assigns forever;

In Trust Nevertheless, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future owners of the Bonds without privilege, priority or distinction as to the lien or otherwise of any of the foregoing over any other of the foregoing except to the extent herein or in the Indenture otherwise specifically provided;

Provided, However, that if the City, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on the Bonds due or to become

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due thereon, at the times and in the manner set forth therein according to the true intent and meaning thereof, and shall cause the payments to be made on the Bonds, or shall provide, as permitted hereby, for the payment thereof, and shall well and truly cause to be kept, performed and observed all of its covenants and conditions pursuant to the terms of the Indenture and this [Tenth] Supplemental Indenture and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon the final payment thereof this [Tenth] Supplemental Indenture and the rights hereby granted shall cease, determine and be void; otherwise this [Tenth] Supplemental Indenture shall remain in full force and effect.

This [Tenth] Supplemental Indenture Witnesseth, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said property, rights and interests and any other amounts hereby assigned and pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as herein expressed, and the City has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective owners of the Bonds, as follows:

ARTICLE I

DEFINITIONS

All capitalized terms used herein unless otherwise defined shall have the same meaning as used in Article I of the Indenture. In addition, the following words and phrases shall have the following meanings for purposes of this [Tenth] Supplemental Indenture:

"Authorized Denomination" means \$5,000 or any integral multiple thereof.

"Bonds" means the Chicago Midway Airport Revenue Bonds, Series 201 []JA, authorized to be issued pursuant to Section 2.01 hereof.

"Business Day" means a day except Saturday, Sunday or any day on which banking institutions located in the States of New York or Illinois are required or authorized to close or on which the New York Stock Exchange is closed.

"Date of Issuance" means the date of original issuance and delivery of the Bonds hereunder.

"Indenture" means the Master Indenture of Trust Securing Chicago Midway Airport Revenue Bonds, dated as of April 1, 1994, from the City to the Trustee, as amended, pursuant to which Chicago Midway Airport Revenue Bonds are authorized to be issued, and any amendments and supplements thereto, including this [Tenth] Supplemental Indenture. References to Articles and Sections of the Indenture shall be deemed to refer to Articles and Sections of the Indenture as amended.

["Insurance Policy" or "Policy" means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due.]

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["Insurer" means [], or any successor thereto or assignee thereof.]

"Interest Payment Date" means January 1 and July 1 of each year, commencing [July 1, 201 [J]].

"Ordinance" means the ordinance duly adopted and approved by the City Council of the City on [], 201 [] which authorizes the issuance and sale of the Bonds and the execution of this [Tenth] Supplemental Indenture.

"Participant" when used with respect to any Securities Depository, means any participant of such Securities Depository.

"Prior Airport Obligations" means [].

"Project Certificate" is defined in the Tax Agreement.

"Record Date" means June 15 and December 15 of each year.

"Securities Depository" means any securities depository registered as a clearing agency with the Securities and Exchange Commission pursuant to Section 17A of the Securities Exchange Act of 1934, as amended, and appointed as the securities depository for the Bonds. Initially, the Securities Depository shall be The Depository Trust Company.

"State" means the State of Illinois.

"Tax Agreement" means the Tax Exemption Certificate and Agreement of the City dated the date of issuance of the Bonds.

"[Tenth] Supplemental Indenture" means this [Tenth] Supplemental Indenture and any amendments and supplements hereto.

"Trust Estate" means the property conveyed to the Trustee pursuant to the Granting Clauses hereof.

"201 [J Airport Projects]" means the Airport Projects approved by the Ordinance and to be financed in whole or in part by the application of the proceeds of the sale of the Bonds.

**ARTICLE II THE
BONDS**

Section 2.01. Authorized Amount of Bonds. No Bonds may be issued under the provisions of this [Tenth] Supplemental Indenture except in accordance with this Article. The Bonds are being issued to provide funds to finance a portion of the costs of the 201 [] Airport Projects, to pay capitalized interest on the Bonds, to refund prior to maturity or pay at maturity the Prior Airport Obligations, to fund the Debt Service Reserve Fund and to pay Costs of

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Issuance of the Bonds. Except as provided in Section 305 of the Indenture, the total principal amount of Bonds that may be issued hereunder is expressly limited to \$[]].

Section 2.02. Issuance of Bonds; Denominations; Numbers. The Bonds shall be designated "City of Chicago, Chicago Midway Airport Revenue Bonds, Series 201 []A."

The Bonds shall be dated as of the Interest Payment Date next preceding their date of authentication, unless such date of authentication is an Interest Payment Date, in which case the Bonds shall be dated as of such Interest Payment Date, or unless such Bonds are authenticated prior to the first Interest Payment Date, in which event the Bonds shall be dated as of [],201[].

The Bonds shall be issued as registered bonds without coupons. The Bonds shall be issued only in Authorized Denominations. The Bonds shall be numbered consecutively from R-1 upwards bearing numbers not then outstanding (in order of issuance) according to the records of the Trustee.

The Bonds shall mature on January 1 of each of the following years and bear interest at the following interest rates per annum:

^ Year	Principal Interest Amount Rate	%
	\$	%

Interest on the Bonds shall be payable on January 1 and July 1 of each year, commencing [July 1, 201 []]. The Bonds shall bear interest from the date thereof or from and including the most recent Interest Payment Date with respect to which interest has been paid or duly provided for. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Section 2.03. Form of Bonds; Temporary Bonds. The Bonds shall be substantially in the form hereinbefore set forth, with such appropriate variations, omissions and insertions as are permitted or required by this [Tenth] Supplemental Indenture.

Pending preparation of definitive Bonds, or by agreement with the purchasers of the Bonds, the City may issue and, upon its request, the Trustee shall authenticate, in lieu of definitive Bonds, one or more temporary printed or typewritten Bonds in Authorized Denominations of substantially the tenor recited above. Upon request of the City, the Trustee shall authenticate definitive Bonds in exchange for and upon surrender of an equal principal amount of temporary Bonds. Until so exchanged, temporary Bonds shall have the same rights, remedies and security hereunder as definitive Bonds.

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Section 2.04. Delivery of Bonds. Upon the execution and delivery of this [Tenth] Supplemental Indenture, the City shall execute and deliver to the Trustee, and the Trustee shall authenticate the Bonds and deliver them to the purchasers as may be directed by the City as hereinafter in this Section 2.04 provided.

Prior to the delivery by the Trustee of any of the Bonds there shall be filed with the Trustee:

- a) a copy, duly certified by the City Clerk of the City, of the Ordinance;
- b) original executed counterparts of the Indenture and this [Tenth] Supplemental Indenture;
- c) a Counsel's Opinion to the effect that (i) the City had the right and power to adopt the Ordinance; (ii) the Ordinance has been duly and lawfully adopted by the City Council, is in full force and effect and is valid and binding upon the City and is enforceable in accordance with its terms (except as limited by any applicable bankruptcy, liquidation, reorganization, insolvency or other similar laws and by general principles of equity in the event that the equitable remedies are sought); (iii) the Indenture and this [Tenth] Supplemental Indenture have been duly and lawfully executed by authorized officers of the City, are in full force and effect and are valid and binding upon the City and are enforceable in accordance with their terms (except as limited by any applicable bankruptcy, liquidation, reorganization, insolvency or other similar laws and by general principles of equity in the event that the equitable remedies are sought); (iv) the Indenture and this [Tenth] Supplemental Indenture create the valid pledge of Revenues, moneys and securities held thereunder for the benefit and security of the Bonds, subject to application thereof in the manner provided therein; and (v) upon the execution, authentication and delivery thereof, the Bonds will have been duly and validly authorized and issued in accordance with the Constitution and laws of the State, the Indenture and this [Tenth] Supplemental Indenture;

d) a written order as to the delivery of the Bonds, executed by an Authorized Officer stating (i) the identity of the purchasers, aggregate purchase price and date and place of delivery and (ii) that no Event of Default has occurred and is continuing under the Indenture or this [Tenth] Supplemental Indenture;

e) [a Certificate of an Independent Airport Consultant stating that, based upon reasonable assumptions set forth therein, Revenues and Other Available Moneys are projected to be not less than that required to satisfy the rate covenant set forth in Section 704 of the Indenture (disregarding any Bonds that have been paid or discharged or will be paid or discharged immediately after the issuance of the Series of Bonds proposed to be issued) for each of the next three Fiscal Years following the issuance of such Bonds or, if later, for each Fiscal Year from the issuance of such Bonds through the two Fiscal Years immediately following completion of the project or projects financed by such Bonds; and]

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f) a certificate of an Independent Accountant stating the amount of either (i) moneys (including a portion of the proceeds of the Bonds to be issued) in an amount sufficient to pay the Prior Airport Obligations to be refunded at the applicable Redemption Price of the Prior Airport Obligations together with accrued interest on such Prior Airport Obligations to the redemption date or dates; or (ii) Defeasance Obligations the principal of, and interest on, which when due (without reinvestment thereof), together with the moneys (including a portion of the proceeds of the Bonds to be issued), if any, which must be contemporaneously deposited with the Trustee, to be sufficient to pay when due the applicable Redemption Price of the Prior Airport Obligations to be refunded, together with accrued interest on such Prior Airport Obligations to the redemption date or dates or the dates or dates of maturity thereof; and

g) a Certificate directing the Trustee concerning the application of the proceeds of the Bonds pursuant to Section 206(e) of the Master Indenture and stating that any required approval for the issuance of the Bonds has been obtained pursuant to Section 206(h) of the Master Indenture.

Section 2.05. Book-Entry Provisions. The provisions of this Section shall apply so long as the Bonds are maintained in book-entry form with The Depository Trust Company or another Securities Depository, any provisions of this [Tenth] Supplemental Indenture to the contrary notwithstanding.

a) Payments. The Bonds shall be payable to the Securities Depository, or its nominee, as the registered owner of the Bonds, on each date on which the principal of, interest on, and premium, if any, on the Bonds is due as set forth in this [Tenth] Supplemental Indenture and in the Bonds. Such payments shall be made to the offices of the Securities Depository specified by the Securities Depository to the City and the

Trustee in writing. Without notice to or the consent of the beneficial owners of the Bonds, the City and the Securities Depository may agree in writing to make payments of principal and interest in a manner different from that set forth herein. In such different manner of payment is agreed upon, the City shall give the Trustee notice thereof, and the Trustee shall make payments with respect to the Bonds in the manner specified in such notice as set forth herein. Neither the City nor the Trustee shall have any obligation with respect to the transfer or crediting of the principal of, interest on, and premium, if any, on the Bonds to Participants or the beneficial owners of the Bonds or their nominees.

b) Replacement of the Securities Depository. The City may discontinue use of a Securities Depository as the depository of the Bonds if (i) the City, in its sole discretion, determines that (A) such Securities Depository is incapable of discharging its duties with respect to the Bonds, or (B) the interest of the beneficial owners of the Bonds might be adversely affected by the continuation of the book-entry system with such Securities Depository as the depository for the Bonds, or (ii) such Securities Depository determines not to continue to act as a depository for the Bonds or is no longer permitted to act as such depository. Notice of any determination pursuant to clause (i) shall be given to such Securities Depository at least 30 days prior to any such determination (or such fewer number of days as shall be acceptable to such Securities Depository). The City shall have no obligation to make any investigation to determine the occurrence of

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any events that would permit the City to make any determination described in this paragraph.

c) Discontinuance of Book-Entry or Change of Securities Depository. If, following a determination or event specified in paragraph (b) above, the City discontinues the maintenance of the Bonds in book-entry form with the then current Securities Depository, the City will issue replacement Bonds to the successor Securities Depository, if any, or, if no replacement Securities Depository is selected for the Bonds, directly to the Participants as shown on the records of the former Securities Depository or, to the extent requested by any Participant, to the beneficial owners of the Bonds shown on the records of such Participant. Replacement Bonds shall be in fully registered form and in Authorized Denominations, be payable as to interest on the Interest Payment Dates of the Bonds by check or draft mailed to each registered owner at the address of such owner as it appears on the bond registration books maintained by the City for such purpose at the corporate trust office of the Trustee or at the option of any registered owner of not less than \$1,000,000 principal amount of Bonds, by wire transfer to any address in the continental United States of America on such Interest Payment Date to such registered owner as of such Record Date, if such registered owner provides the Trustee with written notice of such wire transfer address not later than the Record Date (which notice may provide that it will remain in effect with respect to subsequent Interest Payment Dates unless and until changed or revoked by subsequent notice). Principal and redemption premium, if any, on the replacement Bonds are payable only upon presentation and surrender of such replacement Bond or Bonds at the corporate trust office of the Trustee.

d) Effect of Book-Entry System. The Securities Depository and its Participants and the beneficial owners of the Bonds, by their acceptance of the Bonds, agree that the City and the Trustee shall not have liability for the failure of such Securities Depository to perform its obligations to the Participants and the beneficial owners of the Bonds, nor shall the City or the Trustee be liable for the failure of any Participant or other nominee of the beneficial owners to perform any obligation of the Participant to a beneficial owner of the Bonds.

Section 2.06. Application of Proceeds. The proceeds of the sale of the Bonds shall be applied as set forth in the Certificate delivered by the City to the Trustee pursuant to Section 206(e) of the Indenture.

Section 2.07. Tax Covenant. The City covenants to take any action required by the provisions of the Code and within its power to take in order to preserve the exemption from federal income taxation of interest on the Bonds (other than with respect to an alternative minimum tax imposed on interest on the Bonds), including, but not limited to, the provisions of Section 148 of the Code relating to "arbitrage bonds."

The City covenants to comply with the provisions of the Tax Agreement governing the use of Bond proceeds.

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ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

Section 3.01. Redemption Dates and Prices. The Bonds shall be subject to redemption prior to maturity in the amounts, at the times and in the manner provided in this Article III.

a) Optional Redemption. The Bonds maturing on or after January 1, [] are subject to redemption, otherwise than from mandatory Sinking Fund Payments, at the option of the City, on or after January 1, [], as a whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot, at the respective Redemption Prices (expressed as percentages of the principal amount of such Bonds or portions thereof to be redeemed) set forth below, in each case together with accrued interest to the redemption date:

Period (both dates inclusive)	Redemption Price (expressed as a percentage)
	%

b) Mandatory Sinking Fund Redemption. The Bonds maturing on January 1, [20], are subject to mandatory redemption, in part by lot as provided in the Indenture from mandatory Sinking Fund Payments, on January 1 in each of the years and in the respective principal amounts set forth below, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption:

Principal Year Amount
\$

If the City redeems Bonds maturing on January 1, [20] pursuant to optional redemption or purchases (other than from amounts held in the Debt Service Fund) such Bonds and cancels the same, then an amount equal to the principal amount of Bonds of such maturity so redeemed or purchased shall be credited against the unsatisfied balance of future Sinking Fund Payments or the final maturity amount in such amount and against such Sinking Fund Payments or final maturity amount as shall be determined by the City in a Certificate of an Authorized Officer filed with the Trustee prior to the mailing of the notice of redemption of such Bonds or, in the absence of such determination, shall be credited against the unsatisfied balance of the applicable Sinking Fund Payments in inverse order of their payment dates.

Section 3.02. Partial Redemption of Bonds; Selection of Bonds for Redemption.

(a) In case a Bond is of a denomination larger than the minimum Authorized Denomination, all or a portion of such Bond (equal to the minimum Authorized Denomination or any integral multiple thereof) may be redeemed but such Bond shall be

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redeemed only in a principal amount equal to the minimum Authorized Denomination or any integral multiple thereof.

b) Upon surrender of any Bond for redemption in part only, the City shall execute and the Bond Registrar shall authenticate and deliver to the registered owner thereof, at the expense of the City, a new Bond or Bonds of Authorized Denominations in aggregate principal amount equal to the unredeemed portion of the Bond surrendered.

c) If fewer than all of the Bonds of a maturity are called for redemption, the Bonds (or portions thereof) to be redeemed shall be selected by lot by the Trustee.

Section 3.03. Additional Redemption Notice. In addition to the requirements of Section 602 of the Indenture, the following provisions shall apply to the redemption of Bonds:

a) Notice of the redemption of Bonds or any portion thereof shall specify (i) the series name and designation and certificate numbers of Bonds being redeemed, (ii) the CUSIP numbers of the Bonds being redeemed, (iii) the principal amount of Bonds being redeemed and the redeemed amount for each certificate (for partial calls), (iv) the redemption date, (v) the Redemption Price, (vi) the Date of Issuance, (vii) the interest rate and maturity date of the Bonds being redeemed, (viii) the date of mailing of notices to registered owners and information services, and (ix) the name of the employee of the Trustee who may be contacted with regard to such notice.

b) Redemption notices shall be sent by first class mail, postage prepaid, and, in addition, to registered owners of \$1,000,000 or more of the Bonds, by registered mail.

c) Redemption notices shall also be forwarded by registered mail, "FAX" or overnight delivery service with the intention that they be received at least two days prior to the date of mailing of notices to registered owners, to:

The Depository Trust Company
711 Stewart Avenue
Garden City, New York 11530.
Attention: Muni Reorganization Manager
FAX: (516) 227-4039 or 4190

d) Redemption notices shall also be sent by registered mail, at least 30 days but not more than 60 days prior to the redemption date, to two national information services that disseminate redemption information as determined by the Trustee so long as such services exist.

e) In the event of an advance refunding of the Bonds, a notice of such event shall be given

as required above for redemptions as soon as practicable after such advance refunding occurs. Notice of redemption shall also be given as required above at least 30 days but not more than 60 days prior to the actual redemption date.

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Notwithstanding the foregoing, failure to comply with the provisions of this Section 3.02 shall not affect the validity of proceedings for the redemption of Bonds.

ARTICLE IV

SUPPLEMENTAL INDENTURES; AMENDMENT TO INDENTURE

Section 4.01. Supplements or Amendments to [Tenth] Supplemental Indenture. This [Tenth] Supplemental Indenture may be supplemented or amended in the manner set forth in Articles X and XI, respectively, of the Indenture.

Section 4.02. [Consent of Insurer Required. A supplemental indenture under this Article requiring the consent of Bondholders shall not become effective unless the Insurer shall have consented to the execution and delivery of such supplemental indenture, provided that no such consent shall be required if the rights of the Insurer have ceased and terminated pursuant to Section 1404 of the Indenture.]

Section 4.03. Amendment of [] of Indenture. In a [] Supplemental Trust Indenture dated as of [] J, 201 [J amending the Indenture, [] of the Indenture was amended to read as follows:

The amendment of the Indenture described above is to be effective only upon compliance with Articles X and XI of the Indenture.

By purchasing the Bonds, the purchasers and Owners of the Bonds are deemed to have consented to such amendment to the Indenture and, notwithstanding any other provisions of the Indenture, such consent shall be deemed to be a continuing consent by such Owners and registered assigns so long as such Bonds are Outstanding.

Section 4.04. [Inapplicability of Section 806 of the Indenture. By purchasing the Bonds, the purchasers and Owners of the Bonds are deemed to have consented to the inapplicability of the terms of Section 806 of the Indenture to the Bonds and, notwithstanding any other provisions of the Indenture, such consent shall be deemed to be a continuing consent by such Owners and registered assigns so long as such Bonds are Outstanding.]

[ARTICLE V BOND

INSURANCE

'Section 4.05. General Provisions. The provisions of this Article shall govern the rights of the Insurer

with respect to the Bonds notwithstanding anything to the contrary in the Indenture. Such rights are granted to the Insurer in consideration for the issuance of the Policy.

Section 4.06. Termination of Rights of Insurer. All rights given to the Insurer under this [Tenth] Supplemental Indenture with respect to the right to provide Reserve Fund Assets, the giving of consents or approvals and the direction of proceedings or otherwise shall cease and

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terminate upon the occurrence of any of the events and circumstances set forth in Section 1404 of the Indenture.

Section 5.03. Notice Address. The notice address of the Insurer is:

, Attention: ; Telephone: ;
Telecopier: . [In each case in which notice or other communication refers to an
Event of Default, then a copy of such notice or other communication shall also be sent to the attention of
General Counsel and shall be marked to indicate "Urgent Material Enclosed."]

Section 5.04. [Information to Be Provided. The Insurer shall be provided with the following information:

a) Annual audited financial statements with respect to the Airport within 210 days after the end of the City's fiscal year and the City's annual budget with respect to the Airport within 60 days after the approval thereof;

b) Notice of any draw upon the Debt Service Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Debt Service Reserve Fund Requirement and (ii) withdrawals in connection with a refunding of Bonds;

c) Notice of any default known to the Trustee within five Business Days after knowledge thereof;

d) Prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;

e) Notice of the resignation or removal of the Trustee, paying agent and bond registrar and the appointment of, and acceptance of duties by, any successor thereto.

f) *Notice of the commencement of any proceeding by or against the City commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding"):*

g) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds; and

h) A full original transcript of all proceedings relating to the execution of any amendment or supplement to the Indenture or this [Tenth] Supplemental Indenture.]

Section 5.05. Perfection of Priority Pledge. The City agrees to cause the Trustee to take such action (including filing UCC financing statements) as is necessary from time to time to perfect or to otherwise preserve the priority of the pledge of the Trust Estate under applicable law.]

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ARTICLE VI

MISCELLANEOUS

Section 6.01. [Tenth] Supplemental Indenture as Part of Indenture. This [Tenth] Supplemental Indenture shall be construed in connection with and as a part of the Indenture and all terms, conditions and covenants contained in the Indenture shall apply and be deemed to be for the equal benefit, security and protection of the Bonds.

Section 6.02. Severability. If any provision of this [Tenth] Supplemental Indenture shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 6.03. Payments Due on Saturdays, Sundays and Holidays. If any payment of interest or principal or premium on the Bonds is due on a date that is not a Business Day, payment shall be made on the next succeeding Business Day with the same force and effect as if made on the date which is fixed for such payment, and no interest shall accrue on such amount for the period after such due date.

Section 6.04. Counterparts. This [Tenth] Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 6.05. Rules of Interpretation. Unless expressly indicated otherwise, references to Sections or Articles are to be construed as references to Sections or Articles of this instrument as originally executed. Use of the words "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this [Tenth] Supplemental Indenture and not solely to the particular portion in which any such word is used.

Section 6.06. Captions. The captions and headings in this [Tenth] Supplemental Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this [Tenth] Supplemental Indenture.

In Witness Whereof, the City has caused these presents to be executed in its name and with its official seal hereunto affixed and attested by its duly authorized officials; and to evidence its acceptance of the trusts hereby created, and Trustee has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officers, as of the date first above written.

City of Chicago

By:

Chief Financial Officer

[Seal] Attest:

By: City Clerk

The Bank of New York Mellon Trust Company, N.A. (as
successor in trust to American National Bank and Trust
Company of Chicago), as Trustee

By: :
Authorized Signatory

[Seal] Attest:

By: Authorized Signatory

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Exhibit "B" (To Ordinance)

City of Chicago To

The Bank of New York Mellon Trust Company, N.A. (as successor in trust to American National

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[Twenty-Third] Supplemental Indenture

This [Twenty-Third] Supplemental Indenture, made and entered into as of [], 201 [J from the City of Chicago (the "City"), a municipal corporation and home rule unit of local government duly organized and existing under the Constitution and laws of the State of Illinois, to The Bank, of New York Mellon Trust Company, N.A. (as successor in trust to American National Bank and Trust Company of Chicago) (the "Trustee"), a national banking association duly organized, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America, with its corporate trust office located at 2 North LaSalle Street, Suite 1020, Chicago, Illinois 60602, as Trustee;

WITNESSETH:

Whereas, the City is a home rule unit of local government, duly organized and existing under the laws of the State of Illinois, and in accordance with the provisions of Section 6(a) of Article VII of the 1970

Constitution of the State of Illinois is authorized to own and operate commercial and general aviation facilities; and

Whereas, the City owns and operates an airport known as Chicago Midway International Airport (the "Airport"); and

Whereas, the City and the Trustee have entered into a Master Indenture of Trust Securing Chicago Midway Airport Second Lien Obligations, dated as of September 1, 1998, as supplemented and amended (the "Indenture") which Indenture authorizes the issuance of such Second Lien Obligations in one or more Series pursuant to one or more Supplemental Indentures and the incurrence by the City of Section 208 Obligations (as therein defined) and Section 209 Obligations (as therein defined); and

Whereas, the City has heretofore determined to issue Bonds (as hereinafter defined), payable solely from Second Lien Revenues (as hereinafter defined), to pay the cost of improvements to, and expansions of, the Airport, to refund prior to maturity or pay at maturity certain Prior Airport Obligations (as hereinafter defined) and to fund the payment of any Swap Agreement Payment (as hereinafter defined); and

Whereas, in order to finance a portion of the cost of the 201 [] Airport Projects (as hereinafter defined), to refund outstanding Prior Airport Obligations, to pay any Swap Agreement Payment, to fund the Debt Service Reserve Account and to pay costs and expenses incidental thereto and to the issuance of the Bonds, the City has authorized the issuance and sale of \$[] aggregate principal amount of Chicago Midway Airport Second Lien Revenue Bonds, Series 201 fJA (the "Bonds"); and

Whereas, the Bonds, and the Trustee's Certificate of Authentication to be endorsed on such Bonds, shall be in substantially the following forms with necessary and appropriate variations, omissions and insertions as permitted or required by the Indenture or this [Twenty-Third] Supplemental Indenture, to wit:

[Form of Bond]

[Financial Guaranty Insurance Policy No. (the "Policy") with respect to payments due for principal of and interest on this Bond has been issued by []. The Policy has been delivered to The Bank of New York Mellon, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of [] as more fully set forth in the Policy.]

No. R- \$

United States of America State of Illinois City of Chicago Chicago

Midway Airport Second Lien Revenue Bond,

Series 201 [J A

Interest Rate	Maturity Dated Date	Date Cusip
	[	,20T[J]

Registered Owner: Principal

Amount:

City of Chicago (the "City"), a municipal corporation and home rule unit of local government duly organized and existing under the laws of the State of Illinois, for value received, hereby promises to pay (but only out of the sources hereinafter provided) to the registered owner identified above, or registered assigns, on the maturity date specified above, unless this Bond shall have been called for redemption and payment of the redemption price shall have been duly made or provided for, upon presentation and surrender hereof, the principal sum specified above and to pay (but only out of the sources hereinafter provided) interest on the balance of said principal sum from time to time remaining unpaid from and including the date hereof or from and including the most recent Interest Payment Date (as defined in the hereinafter-defined Indenture) with respect to which interest has been paid or duly provided for, until payment of said principal sum has been made or duly provided for, at the interest rate

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specified above, computed on the basis of a 360-day year consisting of twelve 30-day months, payable on [July 1, 201 []] and semi-annually thereafter on each January 1 and July 1, and to-pay interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the rate due on this Bond. Principal of, premium, if any, and interest on this Bond shall be payable in lawful money of the United States of America at the corporate trust office of The Bank of New York Mellon Trust Company, N.A. (as successor in trust to American National Bank and Trust Company of Chicago), Chicago, Illinois, as Trustee, or its successor in trust (the "Trustee"); provided, however, that payment of the interest on any Interest Payment Date (as defined in the Indenture) shall be (i) made to the registered owner hereof as of the close of business on the applicable Record Date (as defined in the Indenture) with respect to such Interest Payment Date and shall be paid by check or draft mailed to such registered owner hereof at his or her address as it appears on the registration books of the City maintained by the Trustee as Bond Registrar or at such other address as is furnished in writing by such registered owner to the Trustee as Bond Registrar as of the close of business on such Record Date or (ii) made by wire transfer to such registered owner as of the close of business on such Record Date upon written notice of such wire transfer address in the continental United States by such owner to the Bond Registrar given prior to such Record Date (which notice may provide that it will remain in effect until revoked), provided that each such wire transfer shall be made only with respect to an owner of \$1,000,000 or more in aggregate principal amount of the Bonds as of the close of business on the Record Date relating to such Interest Payment Date; except, in each case, that if and to the extent that there shall be a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the registered owners as provided in the Indenture. So long as this Bond is restricted to being registered in the registration books of the City in the name of a Securities Depository (as defined in the Indenture), the provisions of the Indenture governing Book-Entry Bonds shall govern the payment of the principal of and

[Form of Trustee's Certificate of Authentication]

This Bond is one of the Bonds described in the within-mentioned Indenture.

The Bank of New York Mellon Trust Company, N.A. (as successor in trust to American National Bank and Trust Company of Chicago), as Trustee

By _____ :

Authorized Signature [DTC

Legend]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co.

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or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY transfer, pledge or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

[Form of Reverse Bond]

This Bond is one of an authorized series of bonds limited in aggregate principal amount to \$[] (the "Bonds") issued pursuant to, under authority of and in full compliance with the Constitution and laws of the State of Illinois, particularly Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois and an ordinance of the City Council of the City, and executed under a Master Indenture of Trust Securing Chicago Midway Airport Second Lien Obligations, dated as of September 1, 1998, as amended, from the City to The Bank of New York Mellon Trust Company, N.A. (as successor in trust to American National Bank and Trust Company of Chicago), Chicago, Illinois (the "Trustee "), as supplemented by a [Twenty-Third] Supplemental Indenture Securing Chicago Midway Airport Second Lien Revenue Bonds, Series 201 []A, dated as of [], 201[], from the City to the Trustee (collectively, the "Indenture"), to finance the costs of certain Airport Projects (as defined in the Indenture), to refund prior to maturity or pay at maturity certain Prior Airport Obligations (as defined in the Indenture), to fund certain Swap Agreement Payments (as defined in the Indenture), funding a debt service reserve account, and paying costs and expenses incidental thereto and to the issuance of the Bonds.

The Bonds and the interest thereon are payable from Second Lien Revenues (as defined in the Indenture) deposited into the Series 201 []A Dedicated Sub-Fund and pledged to the payment thereof under the Indenture and certain other moneys held by or on behalf of the Trustee.

As provided in the Indenture, additional bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Indenture. The aggregate principal amount of bonds that may be issued pursuant to the Indenture is not limited and all bonds issued and to be issued pursuant to the Indenture, including the Bonds, are and will be equally secured by the pledges and covenants made therein, except as otherwise provided or permitted in the Indenture.

Copies of the Indenture are on file at the corporate trust office of the Trustee, and reference to the Indenture and any and all supplements thereto and modifications and amendments thereof is made for a description of the pledge and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the registered owners of the Bonds, and the limitations on such rights and remedies.

The Bonds are issuable only as fully registered Bonds in the authorized denominations described in the Indenture. Bonds may be transferred on the books of registration kept by the Bond Registrar by the registered owner in person or by his or her duly authorized attorney, upon

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surrender thereof, together with a written instrument of transfer executed by the registered owner or his or her duly authorized attorney. Upon surrender for registration of transfer of any Bond with all partial redemptions endorsed thereon at the principal office of the Bond Registrar, the City shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of the same maturity and interest rate, aggregate principal amount and tenor and of any authorized denomination or denominations and bearing numbers not outstanding under the Indenture.

Bonds may be exchanged at the principal office of the Bond Registrar for an equal aggregate principal amount of Bonds in the appropriate form and in the same maturity and interest rate, aggregate principal amount and tenor and of any authorized denomination or denominations. The City shall execute and the Trustee shall authenticate and deliver Bonds which the registered owner making the exchange is entitled to receive. Such registration of • transfer or exchange of Bonds shall be without charge to the registered owners of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the registered owners of the Bond requesting such transfer or exchange as a condition precedent to the exercise of such privilege.

The person in whose name any Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of principal, premium, if any, or interest shall be made only to or upon the order of the registered owner thereof or his or her duly authorized attorney, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Bonds maturing on January 1, [], are subject to mandatory redemption, in part by lot as provided in the Indenture from mandatory Sinking Fund Payments, on January 1 in each of the years and in the respective principal amounts set forth below, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption:

Principal

Year Amount

\$

If the City redeems Bonds maturing on January 1, [] pursuant to optional redemption or purchases (other than from amounts held in the Series 201 []A Dedicated Sub-Fund) such Bonds and cancels the same, then an amount equal to the principal amount of Bonds of such maturity so redeemed or purchased shall be credited against the unsatisfied balance of future Sinking Fund Payments or the final maturity amount in such amount and against such Sinking Fund Payments or final maturity amount as shall be determined by the City in a Certificate of an Authorized Officer filed with the Trustee prior to the mailing of the notice of redemption of such Bonds or, in the absence of such determination, shall be credited against the

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unsatisfied balance of the applicable Sinking Fund Payments in inverse order of their payment dates.

Amounts accumulated in the Series 201 []A Dedicated Sub-Fund or other amounts delivered to the Trustee for such purpose may, and if so directed by the City shall, be applied by the Trustee, on or prior to the 45th day before the payment date of a Sinking Fund Payment, to the purchase of the Bonds maturing January 1, [] for which such Sinking Fund Payment is to be made in an amount not exceeding that necessary to complete the retirement of the unsatisfied balance of the Bonds maturing January 1, [] payable from such Sinking Fund Payment on such payment date. The purchase price paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond so purchased shall not exceed the Sinking Fund redemption price of such Bond applicable upon its redemption on such payment date. Any Bonds so purchased shall be canceled and the applicable Sinking Fund redemption price thereof shall be credited against the applicable Sinking Fund Payment due on the next payment date.

The Bonds maturing on or after January 1, [] are subject to redemption, otherwise than from mandatory Sinking Fund Payments, at the option of the City, on or after January 1, [], as a whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot, at the Redemption Price of 100% of the principal amount of Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date.

Notice of any such redemption shall be given by the Trustee by first class mail not fewer than 30 nor more than 60 days prior thereto to the registered owners of the Bonds. Failure to mail any such notice to the registered owner of any Bond or any defect therein shall not affect the validity of the proceedings for such redemption of Bonds.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained, against any past, present or future officer, employee or agent, or member of the City Council, of the City, or any successor to the City, as such, either directly or through the City, or any successor to the City, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or

otherwise, and all such liability of any such officer, employee or agent, or member of the City Council, as such, is hereby expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of any of the Bonds.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

The Indenture prescribes the manner in which it may be discharged and after which the Bonds shall no longer be secured by or entitled to the benefits of the Indenture, except as provided in the Indenture and for the purposes of registration and exchange of Bonds and of such

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payment, including a provision that the Bonds shall be deemed to be paid if Defeasance Obligations, as defined therein, maturing as to principal and interest in such amounts and at such times as to insure the availability of sufficient moneys to pay the principal of, premium, if any, and interest on the Bonds and all necessary and proper fees, compensation and expenses of the Trustee shall have been deposited with the Trustee.

Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

[Form of Assignment]

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

Ten Com - as tenants in common Unif Gift Min Act-

Ten Ent - as tenants by the entireties

Custodian

JtTen - as joint tenants with right of

(Cust) (Minor)

survivorship and not as tenants in common under Uniform Gifts to Minors Act of

common

(State)

Additional abbreviations may also be used though not in the above list.

For Value Received, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee) this Bond of the City of Chicago

and does hereby irrevocably constitute and appoint

to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated:

Signature:

Signature Guaranteed:

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of this Bond in every particular, without alteration or enlargement or any change whatever.

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Now, Therefore, This [Twenty-Third] Supplemental Indenture Witnesseth:

Granting Clauses

That the City, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the registered owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged[, to secure the rights of the Insurer (as hereinafter defined) to satisfaction of the Insurer Obligations (as hereinafter defined)], and for the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect, and to secure the performance and observance by the City of all the covenants expressed or implied herein and in the Bonds, does hereby assign and grant a security interest in and to the following to the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the City hereinafter set forth (the "Trust Estate"):

Granting Clause First

All right, title and interest of the City in and to Second Lien Revenues, to the extent pledged and assigned in the granting clauses of the Indenture.

Granting Clause Second

All moneys and securities from time to time held by the Trustee under the terms of this [Twenty-Third] Supplemental Indenture, except for moneys deposited with or paid to the Trustee and held in trust hereunder for the redemption of Bonds, notice of the redemption of which has been duly given.

Granting Clause Third

Any and all other property, rights and interests of every kind and nature from time to time hereafter by delivery or by writing of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, mortgaged, pledged, hypothecated or otherwise subjected hereto, as and for additional security hereunder by the City or by any other person on its behalf or with its written consent to the Trustee, and the Trustee is hereby authorized to receive any and all property thereof at any and all times and to hold and apply

the same subject to the terms hereof.

To Have And To Hold all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors in said trust and assigns forever;

In Trust Nevertheless, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future owners of the Bonds [(and, with respect to the Debt Service Reserve Account, the other Common Reserve Bonds)] [, the

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Insurer (to the extent of unsatisfied Insurer Obligations)] and all other Second Lien Obligations issued or secured from time to time under the provisions of this [Twenty-Third] Supplemental Indenture, without privilege, priority or distinction as to the lien or otherwise of any of the foregoing over any other of the foregoing except to the extent herein or in the Indenture otherwise specifically provided;

Provided, However, that if the City, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on the Bonds due or to become due thereon, at the times and in the manner set forth therein according to the true intent and meaning thereof, and shall cause the payments to be made on the Bonds, [and shall well and truly satisfy, or cause to be satisfied, the Insurer Obligations as required herein,] or shall provide, as permitted hereby, for the payment thereof, and shall well and truly cause to be kept, performed and observed all of its covenants and conditions pursuant to the terms of the Indenture and this [Twenty-Third] Supplemental Indenture and shall pay or cause to be paid to the Trustee [and the Insurer] all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon the final payment thereof this [Twenty-Third] Supplemental Indenture and the rights hereby granted shall cease, determine and be void; otherwise this [Twenty-Third] Supplemental Indenture shall remain in full force and effect. [Notwithstanding the foregoing, so long as any Common Reserve Bonds remain outstanding, the Trustee shall continue to hold the Debt Service Reserve Account for the benefit of Common Reserve Bonds and this [Twenty-Third] Supplemental Indenture and all provisions related to the Debt Service Reserve Account shall continue in force to that extent.]

This [Twenty-Third] Supplemental Indenture Further Witnesseth, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said property, rights and interests and any other amounts hereby assigned and pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as herein expressed, and the City has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective owners of the Bonds, as follows:

Article I Definitions

All capitalized terms used herein unless otherwise defined shall have the same meaning as used in Article I of the Indenture. In addition, the following words and phrases shall have the following meanings for purposes of this [Twenty-Third] Supplemental Indenture:

"Authorized Denomination" means \$5,000 or any integral multiple thereof.

"Bonds" means the Chicago Midway Airport Second Lien Revenue Bonds, Series 201 []A, authorized

to be issued pursuant to Section 2.01 hereof.

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"Business Day" means a day except Saturday, Sunday or any day on which banking institutions located in the States of New York or Illinois are required or authorized to close or on which the New York Stock Exchange is closed.

["Common Reserve Bonds" means the Bonds and the \$[] issued under the Indenture on the Date of Issuance and entitled to the benefit of the Debt Service Reserve Account pursuant to Section 5.08 hereof]

"Costs of Issuance Account" means the account of that name established in the Series 201 []A Dedicated Sub-Fund as described in Section 5.02 hereof.

"Date of Issuance" means the date of original issuance and delivery of the Bonds hereunder.

"Debt Service Reserve Account" means the account of that name established in the Series 201 []A Dedicated Sub-Fund as described in Section 5.02 hereof.

"Favorable Opinion of Bond Counsel" means an opinion of Bond Counsel (defined in the Tax Agreement) to the effect that the action proposed to be taken is not prohibited by the laws of the State of Illinois and this [Twenty-Third] Supplemental Indenture and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the Bonds.

"Indenture" means the Master Indenture of Trust Securing Chicago Midway Airport Second Lien Obligations, dated as of September 1, 1998, from the City to the Trustee, as amended, pursuant to which Chicago Midway Airport Second Lien Revenue Bonds are authorized to be issued, and any amendments and supplements thereto, including this [Twenty-Third] Supplemental Indenture. References to Articles and Sections of the Indenture shall be deemed to refer to Articles and Sections of the Indenture as amended.

["Insurance Policy" or "Policy" means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due.]

["Insurer" means [], or any successor thereto or assignee thereof]

["Insurer Obligations" means the City's obligations under Article VI hereof, which obligations shall be deemed to constitute Section 208 Obligations for purposes of the Indenture.]

"Interest Payment Date " means January 1 and July 1 of each year, commencing [July 1, 201 [J].

"Ordinance" means the ordinance duly adopted and approved by the City Council of the City on [], 201 LJ, which authorizes the issuance and sale of the Bonds and the

execution of this [Twenty-Third] Supplemental Indenture. .

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"Participant" when used with respect to any Securities Depository, means any participant of such Securities Depository.

"Principal and Interest Account" means the account of that name established in the Series 201 []A Dedicated Sub-Fund as described in Section 5.02 hereof.

"Principal and Interest Account Requirement" means an amount equal to (i) the interest due on the Bonds on the next succeeding Interest Payment Date based upon the aggregate principal amount of Bonds Outstanding as of the first day of the current Bond Year, plus (ii) one-half of the total Principal Installments due on the Bonds on the next succeeding January 1.

"Prior Airport Obligations" means \$[].

"Project Certificate " is defined in the Tax Agreement.

"Program Fee Account" means the account of that name established in the Series 201 []A Dedicated Sub-Fund as described in Section 5.02 hereof.

"Program Fees " means:

a) the fees, expenses and other charges payable to each fiduciary, including the Trustee and any Paying Agent, pursuant to the provisions of Section 1005 of the Indenture; provided that if at any time there shall be any Series of Second Lien Obligations Outstanding under the Indenture other than the Bonds, then "Program Fees," for purposes of this [Twenty-Third] Supplemental Indenture, shall mean only such portion of such fees, expenses and other charges as shall be payable with respect to, or properly allocable to, the duties performed by each such fiduciary with respect to the Bonds; [and]

b) [the fees, expenses and other charges payable hereunder to the Insurer and the Surety; and]

c) any other fees, expenses and other charges of a similar nature payable by the City to any person hereunder or otherwise with respect to the Bonds.

"Record Date " means June 15 and December 15 of each year.

"Reserve Requirement" means the lesser of (i) the maximum amount of Annual Second Lien Debt Service payable on the [Common Reserve] Bonds in the current or any succeeding Bond Year, (ii) 125% of the average Annual Second Lien Debt Service on the [Common Reserve] Bonds or (iii) 10% of the original principal amount of the [Common Reserve] Bonds.

"Securities Depository" means any securities depository registered as a clearing agency with the

Securities and Exchange Commission pursuant to Section 17A of the Securities Exchange Act of 1934, as amended, and appointed as the securities depository for the Bonds. Initially, the Securities Depository shall be The Depository Trust Company.

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"State" means the State of Illinois.

["Surety" means Ambac Assurance Corporation, a Wisconsin stock insurance corporation, as issuer of the Surety Bond, or any successor thereto or assignee thereof.]

["Surety Bond" means the Qualified Reserve Account Credit Instrument issued by the Surety and deposited on the Date of Issuance into the Debt Service Reserve Account in the amount of the Reserve Requirement.]

"Swap Agreement Payment" means a payment in respect of a transfer, modification and/or termination of an existing swap agreement with respect to a Prior Airport Obligation.

"Tax Agreement" means the Tax Exemption Certificate and Agreement of the City dated the date of issuance of the Bonds.

"Trust Estate" means the property conveyed to the Trustee pursuant to the Granting Clauses hereof.

"[Twenty-Third] Supplemental Indenture" means this [Twenty-Third] Supplemental Indenture and any amendments and supplements hereto.

"201 [J Airport Projects" means the Airport Projects approved by the Ordinance and to be financed in whole or in part by the application of the proceeds of the sale of the Bonds.

Article II The Bonds

Section 2.01. Authorized Amount of Bonds. No Bonds may be issued under the provisions of this [Twenty-Third] Supplemental Indenture except in accordance with this Article. The Bonds are being issued to provide funds to refund prior to maturity or pay at maturity the Prior Airport Obligations, to pay any Swap Agreement Payment, to fund the Debt Service Reserve Account and to pay Costs of Issuance of the Bonds. Except as provided in Section 2.07 hereof, the total principal amount of Bonds that may be issued hereunder is expressly limited to

\$()•

Section 2.02. Issuance of Bonds; Denominations; Numbers. The Bonds shall be designated "City of Chicago, Chicago Midway Airport Second Lien Revenue Bonds, Series 201 [J A."

The Bonds shall be dated as of the Interest Payment Date next preceding their date of authentication, unless such date of authentication is an Interest Payment Date, in which case the Bonds shall be dated as of such Interest Payment Date, or unless such Bonds are authenticated prior to the first Interest Payment Date, in which event the Bonds shall be dated as of the Date of Issuance.

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The Bonds shall be issued as registered bonds without coupons. The Bonds shall be issued only in Authorized Denominations. The Bonds shall be numbered consecutively from R-1 upwards bearing numbers not then outstanding (in order of issuance) according to the records of the Trustee.

The Bonds shall mature on January 1 of each of the following years and bear interest at the following interest rates per annum:

Principal Interest
Year Amount Rate

\$ %

Interest on the Bonds shall be payable on January 1 and July 1 of each year, commencing [July 1, 201 []]. The Bonds shall bear interest from the date thereof or from and including the most recent Interest Payment Date with respect to which interest has been paid or duly provided for. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Section 2.03. Execution; Limited Obligations. The Bonds shall be executed on behalf of the City with the official manual or facsimile signature of the Mayor of the City and attested with the official manual or facsimile signature of its City Clerk, and shall have affixed, impressed, imprinted or otherwise reproduced thereon the corporate seal of the City or a facsimile thereof. The Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State, and pursuant to the Ordinance. The Bonds, the Section 208 Obligations and the Section 209 Obligations are not general obligations of the City, but are limited obligations payable solely from Second Lien Revenues (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Bonds or to income from the temporary investment thereof) [and from moneys provided under the Policy,] and shall be a valid claim of the respective Registered Owners of the Bonds and the Insurer only against the Series 201 []A Dedicated Sub-Fund and other moneys held by the Trustee or otherwise pledged therefor, which amounts are hereby pledged, assigned and otherwise held as security for the equal and ratable payment of the Bonds, and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds except as may be otherwise expressly authorized in the Indenture or in this [Twenty-Third] Supplemental Indenture. Neither the Bonds, the

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Section 208 Obligations nor the Section 209 Obligations shall constitute an indebtedness of the City or a loan of credit thereof within the meaning of any constitutional or statutory limitation, and neither the faith and credit nor the taxing power of the City, the State or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or the interest on the Bonds, the Section 208 Obligations or the Section 209 Obligations, or other costs incident thereto. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, as if he or she had remained in office until delivery.

Section 2.04. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this [Twenty-Third] Supplemental Indenture unless and until such certificate of authentication in substantially the form set forth in the form of Bond herein shall have been duly executed by the Trustee, and such executed certificate of the Trustee, upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this [Twenty-Third] Supplemental Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized signatory of the Trustee, but it shall not be necessary that the same signatory sign the certificates of authentication on all of the Bonds issued hereunder.

Section 2.05. Form of Bonds; Temporary Bonds. The Bonds shall be substantially in the form set forth in the form of Bond herein, with such appropriate variations, omissions and insertions as are permitted or required by this [Twenty-Third] Supplemental Indenture.

Pending preparation of definitive Bonds, or by agreement with the purchasers of the Bonds, the City may issue and, upon its request, the Trustee shall authenticate, in lieu of definitive Bonds, one or more temporary printed or typewritten Bonds of substantially the tenor recited above. Upon request of the City, the Trustee shall authenticate definitive Bonds in exchange for and upon surrender of an equal principal amount of temporary . Bonds. Until so exchanged, temporary Bonds shall have the same rights, remedies and security hereunder as definitive Bonds.

Section 2.06. Delivery of Bonds. Upon the execution and delivery of this [Twenty-Third] Supplemental Indenture, the City shall execute and deliver to the Trustee, and the Trustee shall authenticate, the Bonds and deliver them to the purchasers as may be directed by the City as hereinafter in this Section provided.

Prior to the delivery by the Trustee of any of the Bonds there shall be filed with the Trustee:

- 1) a copy, duly certified by the City Clerk of the City, of the Ordinance;
- 2) original executed counterparts of the Indenture, this [Twenty-Third] Supplemental Indenture, the Policy and the Surety Bond;

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- 3) a Counsel's Opinion to the effect set forth in Section 206(b) of the Indenture;
- 4) a Certificate stating that any required approval for the issuance of the Bonds has been

obtained;

5) a written order as to the delivery of the Bonds, signed by an Authorized Officer and stating (i) the identity of the purchasers, the aggregate purchase price and the date and place of delivery, and (ii) that no Event of Default has occurred and is continuing under the Indenture or this [Twenty-Third] Supplemental Indenture;

6) [(i) a Certificate of the Independent Airport Consultant stating that, based upon the reasonable assumptions set forth therein, Revenues and Other Available Moneys are projected to be not less than that required to satisfy the rate covenant set forth in Section 404 of the Indenture (disregarding any First Lien Bonds or Second Lien Obligations that have been paid or discharged or that will be paid or discharged immediately after the issuance of the Bonds) for each of the next three Fiscal Years immediately following completion of the project or projects financed by the Bonds; provided that for purposes of such certificate, Other Available Moneys shall be projected only to the extent that such Other Available Moneys have been (x) paid over to the Trustee and deposited into the First Lien Revenue Fund, First Lien Debt Service Fund or a debt service fund for the Bonds or (y) irrevocably pledged to the payment of debt service on the First Lien Bonds or Second Lien Obligations; or (ii) a Certificate stating that. Revenues and Other Available Moneys in the most recently completed Fiscal Year for which audited financial statements have been prepared satisfied the rate covenant set forth in Section 404 of the Indenture, assuming for such purpose that Aggregate Second Lien Debt Service for the Bond Year commencing during such Fiscal Year includes the maximum Annual Second Lien Debt Service on the Bonds [and the other Common Reserve Fund Bonds] proposed to be issued; and]

7) a verification report of an Independent Accountant stating the amount of either (i) moneys in an amount sufficient to pay the Prior Airport Obligations to be refunded at the applicable Redemption Price of the Prior Airport Obligations together with accrued interest on such Prior Airport Obligations to the redemption date or dates; or (ii) Defeasance Obligations the principal of, and interest on, which when due (without reinvestment thereof), together with the moneys (including a portion of the proceeds of the Bonds to be issued), if any, are sufficient to pay when due the applicable Redemption Price of the Prior Airport Obligations to be refunded, together with accrued interest on such Prior Airport Obligations to the redemption date or dates or the dates or dates of maturity thereof.

Section 2.07: Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the City may execute and the Trustee may authenticate a new Bond of like date, maturity, interest rate and denomination as the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be

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first furnished to the City and the Trustee evidence of such loss, theft or destruction satisfactory to the City and the Trustee, together with indemnity satisfactory to them. In the event any such Bond shall have matured, instead of issuing a substitute Bond the City may pay the same without surrender thereof. The City and the Trustee may charge the Registered Owner of such Bond with their reasonable fees and expenses in this connection. All Bonds so surrendered to the Trustee shall be cancelled and destroyed, and evidence of such destruction shall be given to the City. Upon the date of final maturity or redemption of all of the Bonds, the Trustee shall destroy any inventory of unissued certificates.

All duplicate Bonds issued and authenticated pursuant to this Section shall constitute original, contractual obligations of the City (whether or not, in the case of the first paragraph of this Section, lost, stolen or destroyed Bonds be at any time found by anyone), and shall be entitled to equal and proportionate rights and benefits hereunder as all other outstanding Bonds issued hereunder.

All Bonds shall be owned upon the express condition that the foregoing provisions, to the extent permitted by law, are exclusive with respect to the replacement or payment of mutilated, destroyed, lost, stolen or purchased Bonds, and shall preclude any and all other rights or remedies.

Section 2.08. Transfer and Exchange of Bonds; Persons Treated as Owners, (a) Subject to the limitations contained in subsection (c) of this Section, upon surrender for registration of transfer of any Bond at the corporate trust office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by the Bondholder or such Bondholder's attorney duly authorized in writing, the City shall execute, and the Trustee shall authenticate and deliver, in the name of the transferee or transferees a new Bond or Bonds of like date and tenor in Authorized Denominations of the same Maturity Date for the aggregate principal amount which the Registered Owner is entitled to receive bearing numbers not contemporaneously Outstanding. Subject to the limitations contained in subsection (c) of this Section, Bonds may be exchanged at such times at such corporate trust office of the Trustee upon surrender thereof together with an assignment duly executed by the Registered Owner thereof or such Registered Owner's attorney in such form and with guarantee of signature as shall be satisfactory to the Trustee for an equal aggregate principal amount of Bonds of like date and tenor of any Authorized Denomination as the Bonds surrendered for exchange bearing numbers not contemporaneously Outstanding. The execution by the City of any Bond of any Authorized Denomination shall constitute full and due authorization of such Authorized Denomination, and the Trustee shall thereby be authorized to authenticate and deliver such registered Bond.

(b) No service charge shall be imposed upon the Registered Owners for any exchange or transfer of Bonds. The City and the Trustee may, however, require payment by the person requesting an exchange or transfer of Bonds of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto, except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption in part.

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c) The Trustee shall not be required to transfer or exchange such Bond during the period commencing on the Record Date next preceding any Interest Payment Date of such Bond and ending on such Interest Payment Date, or to transfer or exchange such Bond after the mailing of notice calling such Bond for redemption has been made as herein provided or during the period of 15 days next preceding the giving of notice of redemption of Bonds of the same Maturity Date and interest rate which were converted on the same date. The Trustee shall not be required to exchange or register the transfer of such Bond after the mailing of notice calling such Bond for redemption has been made as herein provided, except that the City and, the Trustee shall be required to issue or register the transfer of Tendered Bonds after such date of mailing of notice of redemption.

d) Bonds delivered upon any registration of transfer or exchange as provided herein or as provided in Section 2.07 hereof shall be valid limited obligations of the City, evidencing the same debt as the Bonds

surrendered, shall be secured by the Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bond surrendered.

e) The City[,] [and] the Trustee [and the Insurer] may treat the Registered Owner of any Bond as the absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and shall not be bound by any notice to the contrary. All payments of or on account of the principal of, premium, if any, and interest on any such Bond as herein provided shall be made only to or upon the written order of the Registered Owner thereof or such Registered Owner's legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Section 2.09. Cancellation. Any Bond surrendered for the purpose of payment or retirement, or for exchange, transfer or replacement, shall be cancelled upon surrender thereof to the Trustee or any Paying Agent. If the City shall acquire any of the Bonds, the City shall deliver such Bonds to the Trustee for cancellation and the Trustee shall cancel the same. Any such Bonds cancelled by any Paying Agent other than the Trustee shall be promptly transmitted by such Paying Agent to the Trustee. Certification of Bonds cancelled by the Trustee and Bonds cancelled by a Paying Agent other than the Trustee which are transmitted to the Trustee shall be made to the City. Cancelled Bonds may be destroyed by the Trustee unless instructions to the contrary are received from the City. Upon the date of final maturity or redemption of all Bonds, the Trustee shall destroy any inventory of unissued certificates.

Section 2.10. Book-Entry Provisions. The provisions of this Section shall apply so long as the Bonds are maintained in book-entry form with The Depository Trust Company or another Securities Depository, any provisions of this [Twenty-Third] Supplemental Indenture to the contrary notwithstanding.

(a) Payments. The Bonds shall be payable to the Securities Depository, or its nominee, as the registered owner of the Bonds, on each date on which the principal of, interest on, and premium, if any, on the Bonds is due as set forth in this [Twenty-Third] Supplemental Indenture and in the Bonds. Such payments shall be made to the offices of the Securities Depository specified by the Securities Depository to the City and the

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Trustee in writing. Without notice to or the consent of the beneficial owners of the Bonds, the City and the Securities Depository may agree in writing to make payments of principal and interest in a manner different from that set forth herein. In such different manner of payment is agreed upon, the City shall give the Trustee notice thereof, and the Trustee shall make payments with respect to the Bonds in the manner specified in such notice as set forth herein. Neither the City nor the Trustee shall have any obligation with respect to the transfer or crediting of the principal of, interest on, and premium, if any, on the Bonds to Participants or the beneficial owners of the Bonds or their nominees.

b) Replacement of the Securities Depository. The City may discontinue use of a Securities Depository as the depository of the Bonds if (i) the City, in its sole discretion, determines that (A) such Securities Depository is incapable of discharging its duties with respect to the Bonds, or (B) the interest of the beneficial owners of the Bonds might be adversely affected by the continuation of the book-entry system with such Securities Depository as the depository for the Bonds, or (ii) such Securities Depository determines not to continue to act as a depository for the Bonds or is no longer permitted to act as such depository. Notice of any

determination pursuant to clause (i) shall be given to such Securities Depository at least 30 days prior to any such determination (or such fewer number of days as shall be acceptable to such Securities Depository). The City shall have no obligation to make any investigation to determine the occurrence of any events that would permit the City to make any determination described in this paragraph.

c) Discontinuance of Book-Entry or Change of Securities Depository. If, following a determination or event specified in paragraph (b) above, the City discontinues the maintenance of the Bonds in book-entry form with the then current Securities Depository, the City will issue replacement Bonds to the successor Securities Depository, if any, or, if no replacement Securities Depository is selected for the Bonds, directly to the Participants as shown on the records of the former Securities Depository or, to the extent requested by any Participant, to the beneficial owners of the Bonds shown on the records of such Participant. Replacement Bonds shall be in fully registered form and in Authorized Denominations, be payable as to interest on the Interest Payment Dates of the Bonds by check or draft mailed to each registered owner at the address of such owner as it appears on the bond registration books maintained by the City for such purpose at the corporate trust office of the Trustee or at the option of any registered owner of not less than \$1,000,000 principal amount of Bonds, by wire transfer to any address in the continental United States of America on such Interest Payment Date to such registered owner as of such Record Date, if such registered owner provides the Trustee with written notice of such wire transfer address not later than the Record Date (which notice may provide that it will remain in effect with respect to subsequent Interest Payment Dates unless and until changed or revoked by subsequent notice). Principal and redemption premium, if any, on the replacement Bonds are payable only upon presentation and surrender of such replacement Bond or Bonds at the corporate trust office of the Trustee.

(d) Effect of Book-Entry System. The Securities Depository and its Participants and the beneficial owners of the Bonds, by their acceptance of the Bonds, agree that the City and the Trustee shall not have liability for the failure of such Securities Depository to perform its obligations to the Participants and the beneficial owners of the Bonds, nor shall the City or the Trustee be liable for the failure of any Participant or other nominee of the beneficial owners to perform any obligation of the Participant to a beneficial owner of the Bonds.

Section 2.11. Tax Covenant. The City covenants to take any action required by the provisions of the Code and within its power to take in order to preserve the exemption from federal income taxation of interest on the Bonds (other than with respect to an alternative minimum tax imposed on interest on the Bonds), including, but not limited to, the provisions of Section 148 of the Code relating to "arbitrage bonds."

The City covenants to comply with the provisions of the Tax Agreement governing the use of Bond proceeds.

Article III

Redemption of Bonds Before Maturity

Section 3.01. Redemption Dates and Prices. The Bonds shall be subject to redemption prior to maturity in the amounts, at the times and in the manner provided in this Article III.

a) Optional Redemption. The Bonds maturing on or after January 1, [] are subject to redemption, otherwise than from mandatory Sinking Fund Payments, at the option of the City, on or after January 1, [], as a whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot, at the Redemption Price of 100% of the principal amount of such Bonds or portions' thereof to be redeemed, together with accrued interest to the redemption date.

b) Mandatory Sinking Fund Redemption. The Bonds maturing on January 1, [], are subject to mandatory redemption, in part by lot as provided in the Indenture from mandatory Sinking Fund Payments, on January 1 in each of the years and in the respective principal amounts set forth below, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption:

Principal
Year Amount

\$

If the City redeems Bonds maturing on January 1, [] pursuant to optional redemption or purchases (other than from amounts held in the Series 201 []A Dedicated Sub-Fund) such

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Bonds and cancels the same, then an amount equal to the principal amount of Bonds of such maturity so redeemed or purchased shall be credited against the unsatisfied balance of future Sinking Fund Payments or the final maturity amount in such amount and against such Sinking Fund Payments or final maturity amount as shall be determined by the City in a Certificate of an Authorized Officer filed with the Trustee prior to the mailing of the notice of redemption of such Bonds or, in the absence of such determination, shall be credited against the unsatisfied balance of the applicable Sinking Fund Payments in inverse order of their payment dates.

Amounts accumulated in the Series 201 []A Dedicated Sub-Fund or other amounts delivered to the Trustee for such purpose may, and if so directed by the City shall, be applied by the Trustee, on or prior to the 45th day before the payment date of a Sinking Fund Payment, to the purchase of the Bonds maturing January 1, [] for which such Sinking Fund Payment is to be made in an amount not exceeding that necessary to complete the retirement of the unsatisfied balance of the Bonds maturing January 1, [] payable from such Sinking Fund Payment on such payment date. The purchase price paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond so purchased shall not exceed the Sinking Fund redemption price of such Bond applicable upon its redemption on such payment date. Any Bonds so purchased shall be canceled and the applicable Sinking Fund redemption price thereof shall be credited against the applicable Sinking Fund Payment due on the next payment date.

Section 3.02. Notice of Redemption, (a) Except as hereinafter provided, a copy of the notice of the call for any redemption identifying the Bonds to be redeemed shall be given by first class mail, postage prepaid, not

less than 30 or more than 60 days prior to the date fixed for redemption, to [the Insurer and] the Registered Owners of the Bonds to be redeemed at their addresses as shown on the Bond Register. Such notice shall specify the redemption date, the redemption price, the place and manner of payment, and that from the redemption date interest will cease to accrue on the Bonds which are the subject of such notice, and shall include such other information as the Trustee shall deem appropriate or necessary at the time such notice is given to comply with any applicable law, regulation or industry standard. Prior to the date that the redemption notice is first given as aforesaid, funds shall be placed with the Trustee to pay such Bonds, any premium thereon, and accrued interest thereon to the redemption date, or such notice shall state that any redemption is conditional on such funds being deposited on the redemption date, and that failure to deposit such funds shall not constitute an Event of Default under the Indenture; any funds so deposited with the Trustee shall be invested solely in Federal Obligations maturing no later than the earlier of (i) 30 days after the date of placement with the Trustee, or (ii) the redemption date.

(b) In addition to the requirements of subsection (a), notice of the redemption of Bonds or any portion thereof identifying the Bonds or portions thereof to be redeemed shall specify (i) the series name and designation and certificate numbers of Bonds being redeemed, (ii) the CUSIP numbers of the Bonds being redeemed, (iii) the principal amount of Bonds being redeemed and the redeemed amount for each certificate (for partial calls), (iv) the redemption date, (v) the Redemption Price, (vi) the Date of Issuance, (vii) the interest rate and Maturity Date of the Bonds being redeemed, (viii) the date of mailing of notices to Registered Owners and

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information services, and (ix) the name of the employee of the Trustee which may be contacted with regard to such notice.

c) Redemption notices shall also be forwarded by registered mail, telecopier or overnight delivery service to the Securities Depository with the intention that they be received at least two days prior to the date of mailing of notices to Registered Owners.

d) Failure to give notice in the manner prescribed hereunder with respect to any Bond, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the Bonds to be redeemed and to pay interest due thereon and premium, if any, the Bonds thus called shall not, after the applicable redemption date, bear interest, be protected by the Indenture or be deemed to be outstanding under, the provisions of the Indenture.

e) If any Bond is transferred or exchanged on the Bond Register after notice has been given calling such Bond for redemption, the Trustee will attach a copy of such notice to the Bond issued in connection with such transfer or exchange.

Section 3.03. No Partial Optional Redemption After Default. Anything in this [Twenty-Third] Supplemental Indenture to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default of which an officer of the Trustee has actual knowledge, there shall be no optional redemption of less than all of the Bonds at the time outstanding.

Section 3.04. Selection of Bonds for Redemption. If less than all the Bonds shall be called for redemption under any provision of this [Twenty-Third] Supplemental Indenture permitting such partial redemption, the particular Bonds or portions thereof to be redeemed shall be selected in such order of maturity as the City shall determine and within any maturity by lot. In selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any Bond is to be called for redemption, then, upon notice of intention to redeem such integral multiple of an Authorized Denomination, the Registered Owner of such Bond shall forthwith surrender such Bond to the Trustee for (a) payment to such Registered Owner of the redemption price of the integral multiple of the Authorized Denomination of principal amount called for redemption, and (b) delivery to such Registered Owner of a new Bond or Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds representing the unredeemed balance of the principal amount of such Bond shall be issued to the Registered Owner thereof without charge therefor.

Section 3.05. Deposit of Funds. For the redemption of any of the Bonds, the City shall cause to be deposited in the Principal and Interest Account moneys sufficient to pay when due the principal of, and premium, if any, and interest on, the Bonds to be redeemed on the redemption date to be applied in accordance with the provisions hereof.

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Article IV

Supplemental Indentures; Amendment to Indenture

Section 4.01. Supplements or Amendments to [Twenty-Third] Supplemental Indenture. This [Twenty-Third] Supplemental Indenture may be supplemented or amended in the manner set forth in Articles VII and VIII, respectively, of the Indenture.

Section 4.02. [Consent of Insurer Required. A supplemental indenture under this Article requiring the consent of Bondholders shall not become effective unless the Insurer shall have consented to the execution and delivery of such supplemental indenture, provided that no such consent shall be required if the rights of the Insurer have ceased and terminated pursuant to Section 1104 of the Indenture.]

Section 4.03. Amendment of [] of Indenture. In a [Ninth] Supplemental Trust Indenture dated as of [], 201 [] amending the Indenture, [] of the Indenture was amended to read as follows:

The amendment of the Indenture described above is to be effective only upon compliance with Articles VII and VIII of the Indenture.

By purchasing the Bonds, the purchasers and Owners of the Bonds are deemed to have consented to such amendment to the Indenture and, notwithstanding any other provisions of the Indenture, such consent

shall be deemed to be a continuing consent by such Owners and registered assigns so long as such Bonds are Outstanding.

Section 4.04. Inapplicability of Section 506 of the Indenture. By purchasing the Bonds, the purchasers and Owners of the Bonds are deemed to have consented to the inapplicability of the terms of Section 506 of the Indenture to the Bonds and, notwithstanding any other provisions of the Indenture, such consent shall be deemed to be a continuing consent by such Owners and registered assigns so long as such Bonds are Outstanding.

Article V Revenues and Funds

Section 5.01. Source of Payment of Bonds. The Bonds, the Section 208 Obligations and the Section 209 Obligations are not general obligations of the City but are limited obligations as described in Section 2.03 hereof and as provided herein and in the Indenture.

Section 5.02. Creation of Sub-Fund and Accounts in Second Lien Revenue Fund.

(a) Creation of Series 201 [JA Dedicated Sub-Fund. There is hereby created by the City and ordered established with the Trustee a separate and segregated sub-fund within the

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Second Lien Revenue Fund, such sub-fund to be designated the "Chicago Midway Airport Series 201 [JA Second Lien Bonds Dedicated Sub-Fund" (the "Series 201 [JA Dedicated Sub-Fund"). Moneys on deposit in the Series 201 [JA Dedicated Sub-Fund, and in each Account established therein as hereinafter provided, shall be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the Bonds [and the Insurer]; [provided that moneys in the Debt Service Reserve Account may be used to pay debt service on Common Reserve Bonds as provided in Section 5.08 hereof].

(b) Creation of Accounts and Sub-Account. There are hereby created by the City and ordered established with the Trustee separate Accounts within the Series 201 [JA Dedicated Sub-Fund, designated as follows:

- 1) *Project Account: an Account to be designated the "Chicago Midway Airport Series 201 [JA Project Account" (the "Project Account");*
- 2) *Capitalized Interest Account: an Account to be designated the "Chicago Midway Airport Series 201 [JA Capitalized Interest Account (the "Capitalized Interest Account");*
- 3) *Costs of Issuance Account: an Account to be designated the "Chicago Midway Airport Series 201 [JA Costs of Issuance Account" (the "Costs of Issuance Account");*
- 4) *Program Fee Account: an Account to be designated the "Chicago Midway Airport Series 201 [JA Program Fee Account" (the "Program Fee Account");*
- 5) *Debt Service Reserve Account: an Account to be designated the "Chicago" Midway Airport Series 201 [JA Common Debt Service Reserve Account" (the "Debt Service Reserve Account");*

and-

6) *Principal and Interest Account: an Account to be designated the "Chicago Midway Airport Series 201[]A Principal and Interest Account" (the "Principal and Interest Account").*

Section 5.03. Application of Bond Proceeds. The proceeds received by the City from the sale of the Bonds shall be applied as follows:

a) Principal and Interest Account. The Trustee shall deposit into the Principal and Interest Account any accrued interest received upon the sale of the Bonds;

b) Capitalized Interest Account. The Trustee shall deposit into the

b) Capitalized Interest Account the amount of \$[];

c) [Payment to Insurer and Surety. The premium for the Policy and the

c) Surety Bond, in the respective amounts of \$[] and \$[], shall be

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paid to the Insurer and the Surety, respectively, by [UNDERWRITER] as a condition to the delivery of the Bonds under Section 2.06 hereof];

d) Debt Service Reserve Account. The Trustee shall deposit into the Debt Service Reserve Account an amount equal to the Reserve Requirement;

e) Project Account. The Trustee shall deposit into the Project Account the

e) sum of \$[];

f) Payment of Prior Airport Obligations. The Trustee shall transfer to the Escrow Agent (as defined in the Tax Agreement) the amount of \$[] to be applied in accordance with the City's letter of instructions to payment of the Prior Airport Obligations;

g) Payment of Swap Agreement Payment. To satisfy the Swap Agreement Payments, the Trustee shall make the following transfers: (i) [] and (ii) [];

h) Costs of Issuance Account. The balance of the proceeds of the Bonds in the amount of \$[] shall be deposited in the Costs of Issuance Account and applied by the City to the payment of Costs of Issuance of the Bonds.

Section 5.04. Deposits into Series 201[]A Dedicated Sub-Fund and Accounts Therein. The City covenants to file with the First Lien Trustee the certificate required in Section 503(b) of the First Lien Indenture and

Section 3.02(c) of the Indenture which certificate shall set forth the Series 201LJA Deposit Requirement (as defined in this Section 5.04) in order to provide for transfer of sufficient amounts into the Junior Lien Obligation Debt Service Fund to satisfy the Series 201 []A Deposit Requirement and shall request that the First Lien Trustee promptly transfer such amounts to the Second Lien Revenue Fund. On January 1 and July 1 of each year, commencing [July 1, 201 []] (each such date referred to herein as the "Deposit Date") there shall be deposited into the Series 201 []A Dedicated Sub-Fund from amounts on deposit in the Second Lien Revenue Fund an amount equal to the aggregate of the following amounts, which amounts shall have been calculated by the Trustee on the next preceding December 5 or June 5, in the case of each January 1 or July 1, respectively (such aggregate amount with respect to any Deposit Date being referred to herein as the "Series 201 []A Deposit Requirement"):

a) for deposit into the Principal and Interest Account, the amount, projected to be required as of the close of business on the applicable January 1 or July 1 next succeeding such date of calculation to restore the Principal and Interest Account to an amount equal to the Principal and Interest Account Requirement, treating for purposes of such calculation any balance projected to be on deposit in the Capitalized Interest Account as of the close of business on such date as amounts credited to the Principal and Interest Account;

b) for deposit into the Debt Service Reserve Account, the amount, if any, projected to be required as of the close of business on the applicable January 1 or July 1

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next succeeding such date of calculation to restore the Debt Service Reserve Account to an amount equal to the Reserve Requirement; and

(c) for deposit into the Program Fee Account, the amount estimated by the City to be required as of the close of business on the related Deposit Date to pay all Program Fees payable from amounts in the Program Fee Account during the semi-annual period commencing on such related Deposit Date.

In addition to the Series 201 []A Deposit Requirement, there shall be deposited into the Series 20A Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Indenture or this [Twenty-Third] Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Series 201 []A Dedicated Sub-Fund and to one or more accounts therein.

Upon calculation by the Trustee of each Series 201 []A Deposit Requirement under this Section, the Trustee shall notify the City of the Series 201 []A Deposit Requirement and the Deposit Date to which it relates, and shall provide the City with such supporting documentation and calculations as the City may reasonably request.

[If by the third Business Day preceding any Interest Payment Date the Trustee determines that there is not enough money in the Principal and Interest Account to make the payments of principal or interest due on the Bonds then the Trustee agrees to give notice of that fact to the Insurer as provided in Section 6.02 of this [Twenty-Third] Supplemental Indenture and to the Surety as provided in the Surety Bond. Amounts paid under the Policy shall only be used to pay scheduled principal and interest on the Bonds. The Trustee will take all

necessary action to make a claim first on the Surety Bond and then, to the extent necessary, on the Policy.]

Section 5.05. Use of Moneys in Certain Accounts for Payment of Bonds, Section 208 Obligations and Section 209 Obligations. Moneys in the Capitalized Interest Account, the Principal and Interest Account and the Debt Service Reserve Account shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds, for the redemption of the Bonds [(and the Common Reserve Bonds with respect to moneys in the Debt Service Reserve Account as provided in Section 5.08 hereof)] prior to their Maturity Date and for the payment of Section 208 Obligations and Section 209 Obligations, but only to the extent that the Section 208 Obligations and the Section 209 Obligations relate to the Bonds. Funds for such payments shall be derived from the following source or sources but only in the following order of priority:

- a) for payment of interest on the Bonds on each Interest Payment Date with respect to the Bonds, from moneys held in the Capitalized Interest Account;
- b) for payment of interest on or principal of the Bonds on each Interest Payment Date, from moneys transferred from the Project Account and held in the Principal and Interest Account;
- c) for payment of principal of, premium, if any, and interest due on each Payment Date with respect to the Bonds and not otherwise provided for, and with respect

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to Section 208 Obligations and Section 209 Obligations, but only to the extent that the Section 208 Obligations and the Section 209 Obligations relate to the Bonds, from moneys held in the Principal and Interest Account, ratably, without preference or priority of any kind; and

- (d) for payment of principal of, premium, if any, and interest due on each Payment Date with respect to the [Common Reserve] Bonds and not otherwise provided for, from amounts held in the Debt Service Reserve Account, ratably, without preference or priority of any kind.

In connection with any partial redemption or defeasance prior to maturity of any [Common Reserve] Bonds, the Trustee may, at the request of the City, use any amounts to be on deposit in the Debt Service Reserve Account in excess of the Reserve Requirement after giving effect to such redemption or defeasance to pay principal of, or the principal portion of the redemption price of, the [Common Reserve] Bonds to be redeemed or defeased.

Section 5.06. Use of Moneys in Costs of Issuance Account and Program Fee Account. Moneys deposited into the Costs of Issuance Account shall be used solely for the payment of Costs of Issuance of the Bonds as directed in a certificate of the City filed with the Trustee. If after the payment of all Costs of Issuance, as specified in a certificate of the City filed with the Trustee, there shall be any balance remaining in the Costs of Issuance Account, such balance shall be transferred to the Program Fee Account at the direction of the City. Moneys deposited into the Program Fee Account shall be used solely for the payment of Program Fees payable by the City to third parties [, including the Insurer and the Surety,] with respect to the Bonds as set forth in a Certificate of the City filed with the Trustee.

Section 5.07. Use of Moneys in Project Account. Except as otherwise provided in this [Twenty-Third] Supplemental Indenture, moneys in the Project Account shall be disbursed and applied to pay, or to reimburse

the payment of, the cost of 201 [J Airport Projects.

Section 5.08. Debt Service Reserve Account, (a) The City shall maintain the Debt Service Reserve Account in an amount equal to the Reserve Requirement, which requirement may be satisfied, in whole or in part, by one or more Qualified Reserve Account Credit Instruments [approved by the Insurer and] meeting the requirements of Section 413 of the Indenture. Any Qualified Investments held to the credit of the Debt Service Reserve Account shall be valued in accordance with Section 305 of the Indenture.

(b) The moneys in the Debt Service Reserve Account are held for the benefit of all Bonds [and the other Common Reserve Bonds]. Anything herein to the contrary notwithstanding, moneys in the Debt Service Reserve Account shall be held and disbursed for the benefit of [the Bonds] [all Common Reserve Bonds] and such moneys are hereby pledged and assigned for that purpose. So long as any Bonds remain outstanding the City covenants that the Trustee shall hold and disburse the Debt Service Reserve Account for the benefit of Bonds [and the other Common Reserve Bonds].

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Section 5.09. Non-presentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, whether at maturity, at the date fixed for redemption or otherwise, if moneys sufficient to pay such Bond shall have been made available to the Trustee for the benefit of the Registered Owner thereof, subject to the provisions of the immediately following paragraph, all liability of the City to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys, without liability for interest thereon, for the benefit of the Registered Owner of such Bond who shall thereafter be restricted exclusively to such moneys, for any claim of whatever nature on his or her part under the Indenture or on, or with respect to, such Bond.

Any moneys so deposited with and held by the Trustee not so applied to the payment of Bonds within two years after the date on which the same shall have become due shall be repaid by the Trustee to the City, and thereafter the Registered Owners of such Bonds shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and all liability of the Trustee with respect to such moneys shall thereupon cease, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such moneys. The obligation of the Trustee under this Section to pay any such funds to the City shall be subject, however, to any provisions of law applicable to the Trustee or to such funds providing other requirements for disposition of unclaimed property.

Section 5.10. Moneys Held in Trust. All moneys required to be deposited with or paid to the Trustee for the account of any Fund or Account referred to in any provision of this [Twenty-Third] Supplemental Indenture shall be held by the Trustee in trust as provided in Section 1003 of the Indenture, and shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien or security interest created hereby. Payments under and the Policy shall be used solely and only to pay scheduled principal and interest on the Bonds as provided in the Policy.

Section 5.11. Investment of Moneys. Moneys held in the funds, accounts and sub-accounts established hereunder shall be invested and reinvested in accordance with the provisions governing investments contained in the Indenture[^] provided, however, that proceeds of the Policy shall only be invested in Federal Obligations

maturing no later than the date upon which such moneys will be required to be used in accordance herewith]. All such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund, account or sub-account for which they were made.

Section 5.12. Investment Income. The interest earned on any investment of moneys held hereunder, any profit realized from such investment and any loss resulting from such investment shall be credited or charged to the fund, account or sub-account for which such investment was made; provided, however, that any interest earned on, and any profit resulting from, the investment of moneys on deposit in the Debt Service Reserve Account shall be transferred by the Trustee to the Second Lien Revenue Fund.

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Section 5. J3. Costs of Airport Projects. For the purposes of this [Twenty-Third] Supplemental Indenture the costs of Airport Projects, including the 201 [] Airport Projects, shall include to the extent applicable:

a) Obligations incurred for labor and to contractors, builders, and materialmen in connection with the construction, installation and acquisition of the Airport Projects or any part thereof, and obligations incurred for the installation and acquisition of machinery and equipment;

b) Payment to owners and others for real property including payments for options, easements or other contractual rights;

c) All expenses incurred in the acquisition of real property, including all costs and expenses of whatever kind in connection with the exercise of the power of eminent domain, and including the cost of title searches and reports, abstracts of title, title certificates and opinions, title guarantees, title insurance policies, appraisals, negotiations and surveys;

d) The amount of any damages incident to or consequent upon the construction, installation and acquisition of the Airport Projects;

e) The cost of any indemnity, fidelity and surety bonds, the fees and expenses of the Trustee during construction, installation and acquisition of Airport Projects, and premiums on insurance, if any, in connection with such Airport Projects during construction, installation and acquisition, including builders' risk insurance;

f) The cost of engineering and architectural services which includes borings and other preliminary investigations to determine foundation or other conditions, expenses necessary or incident to the development of contract documents and supervising construction, as well as for the performance of all other duties of engineers and architects set forth herein in relation to the construction, installation and acquisition of such Airport Projects or the issuance of Bonds therefor;

g) Costs of Issuance;

h) Any cost properly chargeable to such Airport Projects prior to and during construction,

installation and acquisition;

(i) The cost of restoring, repairing and placing in its original condition, as nearly as practicable, all public or private property damaged or destroyed in the construction of such Airport Projects and the cost thereof, or the amount required to be paid by the City as adequate compensation for such damage or destruction, and all costs lawfully incurred or damages lawfully payable, with respect to the restoration, relocation, removal, reconstruction or duplication of property made necessary or caused by the construction and installation of such Airport Projects and the cost thereof,

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(j) Any obligation or expense incurred by the City for moneys advanced in connection with the construction, installation and acquisition of Airport Projects and the cost thereof; and

(k) All other items of cost and expense not elsewhere in this Section specified, incident to the construction, installation and acquisition of Airport Projects and the financing thereof, including, without limiting the generality of the foregoing, capitalized interest on the Bonds and, upon receipt by the Trustee of a Favorable Opinion of Bond Counsel, capitalized interest on other Airport Obligations.

Section 5.14. Disbursements from Project Account, (a) All disbursements from the Project Account shall be made in accordance with requisitions signed by the an Authorized Officer, as to the following:

i) Item number of the payment;

ii) The amount to be paid;

iii) The purpose, by general classification, for which payment is to be made;

iv) That the obligations in stated amounts have been incurred by the City, and that each item thereof is a proper charge against the Project Account and is due and has not been included in any prior requisition which has been paid; and

(v) That there has not been filed with or served upon the City any notice of any lien, right to lien, or attachment upon or claim affecting the right to receive payment of any of the moneys payable to any of the persons, firms or corporations named which have not been released or will not be released simultaneously with the payment of such obligations, and in the event that any assignment of right to receive payment has been made and notice thereof has been given to the City and the City has accepted such assignment, the order directing payment shall recite that fact and direct the payment to be made to the assignee thereof as shown by the records of the City.

b) Disbursements from the Project Account may be made directly to the firm or corporation to whom payment is due or to the City in reimbursement for payments made or to be made by the City.

c) Upon receipt of any such orders the Trustee shall make payments from the Project Account and the Trustee shall make disbursements in accordance with the directions from the City Comptroller.

Section 5.15. Permitted Transfers, (a) Moneys in the Project Account may be transferred or withdrawn as shall be specified by the City pursuant to paragraph (b) of this Section for any one or more of the following purposes: (i) to make transfers to one or more other Project Accounts maintained under the First Lien Indenture or the Indenture to pay the costs of other Airport Projects, (ii) to make transfers into the Debt Service Reserve Account to make up any

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deficiency therein, (iii) to make transfers to the Principal and Interest Account or the Capitalized Interest Account, or (iv) to redeem Bonds in accordance with the provisions of this [Twenty-Third] Supplemental Indenture and the Indenture.

(b) Before any such transfer or withdrawal shall be made, the City shall file with the Trustee:

(i) its requisition therefor, stating the amount of the transfer or withdrawal and directing the Trustee as to the application of such amount;

ii) A Counsel's Opinion stating that in the opinion of the signer, such transfer or withdrawal will not constitute a breach or default on the part of the City of any of the covenants or agreements contained in this [Twenty-Third] Supplemental Indenture or the Indenture; and

iii) a Favorable Opinion of Bond Counsel.

[Article VI Bond Insurance

Section 6.01. General Provisions. The following covenants shall apply only to the Bonds and shall only be applicable during the period in which any Bonds are Outstanding or any amounts are due to the Insurer under the Policy, and the Insurer has not lost its rights pursuant to Section 1104 of the Indenture. The covenants contained in this Article VI may only be enforced by the Insurer and may be modified, amended or waived at any time with the prior written consent of the Insurer and without the consent of the Trustee (so long as such modification or amendment imposes no additional duties on the Trustee) or any holder of the Bonds.

The City hereby covenants with the Insurer as follows:

(a) Any provision of the Indenture expressly recognizing or granting rights in or to the Insurer may not be amended in any manner which affects the rights of the Insurer without the prior written consent of the Insurer. The Insurer reserves the right to charge the City a fee for any consent or amendment to the Indenture while the Policy is outstanding.

(b) As long as the Policy is in effect and the Insurer shall have satisfied its obligations thereunder, the Insurer shall be entitled to exercise all of the rights to direct proceedings granted to the Owners of Bonds under the Indenture and in such event shall be further entitled to direct the Trustee with respect to the use and disposition of moneys on deposit in the Principal and Interest Account of the Series 201 []A Dedicated Sub-Fund (including, without limitation, the right to direct the Trustee to pay over all or any part of such moneys to the Insurer) until all of the obligations to the Insurer under the Indenture shall have been satisfied in full. As long as the Policy shall be in effect, and

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the Insurer shall have satisfied its obligations thereunder, the Owners of the Bonds shall not exercise any remedies without the consent of the Insurer.

(c) Anything in the Indenture to the contrary notwithstanding, in determining whether the rights of the Owners of the Bonds will be adversely affected by any action taken pursuant to the terms and provisions of the Indenture, the Trustee shall consider the effect on the Owners of the Bonds as if there were no Policy.

Section 6.02. Payment Procedure Pursuant to the Policy. As long as the Policy shall be in full force and effect, the City and the Trustee agree to comply with the following provisions:

a) At least one business day prior to all Interest Payment Dates, the Trustee will determine whether there will be sufficient funds in the funds and accounts to pay the principal of or interest on the Bonds on such Interest Payment Date. If the Trustee determines that there will be insufficient funds in such funds or accounts, the Trustee shall so notify the Insurer. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest, or both. If the Trustee has not so notified the Insurer at least one business day prior to an Interest Payment Date, the Insurer will make payments of principal or interest due on the Bonds on or before the first business day next following the date on which the Insurer shall have received notice of nonpayment from the Trustee.

b) The Trustee shall, after giving notice to the Insurer as provided in (a) above, make available to the Insurer and, at the Insurer's direction, to The Bank of New York Mellon in New York, New York, as insurance trustee for the Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books of the City maintained by the Trustee and all records relating to the funds and accounts maintained under this [Twenty-Third] Supplemental Indenture.

c) The Trustee shall provide the Insurer and the Insurance Trustee with a list of registered owners of Bonds entitled to receive principal or interest payments from the Insurer under the terms of the Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of the Bonds entitled to receive full or partial interest payments from the Insurer and (ii) to pay principal upon the Bonds surrendered to the Insurance Trustee by the registered owners of the Bonds entitled to receive full or partial principal payments from the Insurer.

d) The Trustee shall, at the time it provides notice to the Insurer pursuant to (a) above, notify registered owners of Bonds entitled to receive the payment of principal or interest thereon from the Insurer (i) as to the fact of such entitlement, (ii) that the Insurer will remit to them all or a part of the

interest payments next coming due upon proof of Bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Insurer, they must surrender their Bonds (along with an

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appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to permit ownership of such Bonds to be registered in the name of the Insurer) for payment to the Insurance Trustee, and not the Trustee, and (iv) that should they be entitled to receive partial payment of principal from the Insurer, they must surrender their Bonds for payment thereon first to the Trustee, who shall note on such Bonds the portion of the principal paid by the Trustee, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Trustee has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the City has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, non-appealable order of a court having competent jurisdiction, the Trustee shall, at the time the Insurer is notified pursuant to (a) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish to the Insurer its records evidencing the payments of principal of and interest on the Bonds which have been made by the Trustee and subsequently recovered from registered owners and the dates on which such payments were made.

(f) In' addition to those rights granted the Insurer under this [Twenty-Third] Supplemental Indenture, the Insurer shall, to the extent it makes payment of principal of or interest on Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee shall note the Insurer's rights as subrogee on the registration books of the City maintained by the Trustee, upon receipt from the Insurer of proof of the payment of interest thereon to the registered owners of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note the Insurer's rights as subrogee on the registration books of the City maintained by the Trustee upon surrender of the Bonds by the registered owners thereof together with proof of the payment of principal thereof.

Section 6.03. The Insurer as Third Party Beneficiary. To the extent that the Indenture confers upon or gives or grants to the Insurer, any right, remedy or claim under or by reason of the Indenture, the Insurer is hereby explicitly recognized as being a third-party beneficiary under the Indenture and may enforce any such right, remedy or claim conferred, given or granted under the Indenture.

Section 6.04. Notices and Other Information to Be Given to the Insurer, (a) While the Policy is in effect, the City shall furnish upon request the following to the Insurer (to the attention of the Surveillance Department):

i) as soon as practicable after the filing thereof, a copy of any financial statement of the City and a copy of any audit and annual report of the City;

ii) a copy of any notice to be given to the Owners of the Bonds, including, without limitation, notice of any redemption of or defeasance of the Bonds, and any certificate rendered pursuant to the Indenture relating to the security for the Bonds, at no cost to the Insurer;

iii) the Insurer will receive written notice of the resignation of the Trustee;

(iv) such additional information it may reasonably request; and

(v) all information delivered pursuant to the Continuing Disclosure Undertaking executed in connection with the issuance of the Bonds.

b) The City shall notify the Insurer (to the attention of the General Counsel Office) of the following:

i) any failure of the City to provide relevant notices, certificates, etc.; and

ii) notwithstanding any other provision of the Indenture, immediately if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any event of default under the Indenture.

c) The City will permit the Insurer to discuss the affairs, finances and accounts of the City or any information the Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the City. The City will permit the Insurer to have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

Section 6.05. Payment of Bonds by Insurer. Notwithstanding anything in the Indenture to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Insurer pursuant to the Policy, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and the assignment and pledge described in Granting Clauses of the Indenture and all covenants, agreements and other obligations of the City to the registered owners of the Bonds shall continue to exist and shall run to the benefit of the Insurer, and shall be subrogated to the rights of the registered owners of the Bonds.]

Article VII

Miscellaneous

Section 7.0J. [Twenty-Third] Supplemental Indenture as Part of Indenture. This [Twenty-Third] Supplemental Indenture shall be construed in connection with and as a part of the Indenture and all terms, conditions and covenants contained in the Indenture shall apply and be deemed to be for the equal benefit, security and protection of the Bonds.

Section 7.02. Severability. If any provision of this [Twenty-Third] Supplemental Indenture shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 7.03. Payments Due on Saturdays, Sundays and Holidays. If any payment of interest or principal or premium on the Bonds is due on a date that is not a Business Day, payment shall be made on the next succeeding Business Day with the same force and effect as if made on the date which is fixed for such payment, and no interest shall accrue on such amount for the period after such due date.

Section 7.04. Trustee Representation. Neither the Trustee nor any Affiliate (defined below) thereof is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

As used in this Section "Affiliate," when used to indicate a relationship with a specified person or entity, means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

Section 7.05. Counterparts. This [Twenty-Third] Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.06. Rules of Interpretation. Unless expressly indicated otherwise, references to Sections or Articles are to be construed as references to Sections or Articles of this instrument as originally executed. Use of the words "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent

words refer to this [Twenty-Third] Supplemental Indenture and not solely to the particular portion in which any such word is used.

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Section 7.07. Captions. The captions and headings in this [Twenty-Third] Supplemental Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this [Twenty-Third] Supplemental Indenture.

In Witness Whereof, the City has caused these presents to be executed in its name and with its official seal hereunto affixed and attested by its duly authorized officials; and to evidence its acceptance of the trusts hereby created, and Trustee has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officers, as of the date first above written.

City of Chicago

By: Chief Financial Officer

[Seal] Attest:

By: City Clerk

The Bank of New York Mellon Trust Company, N.A. (as successor in trust to American National Bank and Trust Company of Chicago), as Trustee

By: Authorized Signatory

[Seal] Attest:

By: Authorized Signatory

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CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Barclays Capital, Inc.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the

2. Applicant in which the Disclosing Party holds an interest:

OR

3. a legal entity with a right of control (see Section II. B.I.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: ' Barclays capital, inc.

190 S LaSalle Street, 25th Floor Chicago IL 60603

C. Telephone: (312) 609-8520 Fax: (646) 834-4640 Email: martha_linsley@barclays.com

D. Name of contact person: Martha s. Linsley

E. Federal Employer Identification No. (if you have one):

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Chicago Midway Airport \$600 million Second Lien Revenue and Revenue Refunding Bonds, Series 2015

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # n/a and Contract #

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY 1. Indicate the

nature of the Disclosing Party:

- | | | | |
|--|---|-------------------------------|----|
| Person | <input type="checkbox"/> | Limited liability company | |
| Publicly registered business corporation | <input type="checkbox"/> | Limited liability partnership | |
| Privately held business corporation | <input type="checkbox"/> | Joint venture | |
| Sole proprietorship | <input type="checkbox"/> | Not-for-profit corporation | |
| General partnership | (Is the not-for-profit corporation also a 501(c)(3))? | | |
| Limited partnership | <input type="checkbox"/> | Yes <input type="checkbox"/> | No |
| Trust | <input type="checkbox"/> | Other (please specify) | |

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

State of Incorporation is Connecticut

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

See Attachment I

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

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interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-1 54-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
Barclays Group US, Inc.	100 South West Street Wilmington DE 19801	100% Direct
Barclays Bank PLC	74 5 Seventh Avenue New York NY 10019	100% Indirect
Barclays PLC	745 Seventh Avenue New York NY 10019	100% Indirect

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):
N/A

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must

either ask the City whether disclosure is required or make the disclosure.

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Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.)	NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
Katten Muchin Rosenblum LLP	525 W Monroe Street Chicago IL 60661-3693	Attorney	Estimated Fee:	Up to \$100,000

(Add sheets if necessary)

[] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

[] Yes [] No [x] No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

[]Yes []No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under

supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

"Given the global and diverse nature of the operations of the Disclosing Party and the period covered by the warrant, the Disclosing Party may from time to time have been informed of, or subject to:

- a) legal proceedings; and
- b) censures and/or fines by regulators for breaches of regulatory requirements, in the

jurisdictions in which it operates.
We are nevertheless not aware of any instances directly applicable to this application or that would affect the fit and proper standing of the Applicant or its ability to perform its obligations under the contract."

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

NONE

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

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comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

 2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

See Attachment II which reflects findings to this date.

SECTION VI CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

N/A

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded

contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information, with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

**SECTION VII-- ACKNOWLEDGMENTS, CONTRACT INCORPORATION,
COMPLIANCE, PENALTIES, DISCLOSURE**

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or/other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1, F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Barclays Capital, Inc.

(Print or type name of Disclosing Party)

Martha E. Linsley

(Print or type name of person signing)

Director

(Print or type title of person signing)

Signed and sworn to before me on (date)

at (location) County, _

Commission expires:

£ r- | ° |

OFFICIAL SEAL Notary Public, State of Illinois
My Commission Expires

MBANKS

June 08, 2019

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

Attachment I
BARCLAYS CAPITAL, INC.

(Directors and Officers)

DIRECTORS Name

LaRocca, Gerard Busuttil, Joseph Corcoran, Joseph Forrest, Monty Gold, Joe McGuire, Thomas Yoss, Eric

Position

Chairman

Director

Director

Director

Director

Director

Director

OFFICERS

Name

Gold, Joe LaRocca, Gerard Forrest, Monty Busuttil, Joseph Mosley, Karan

Barrett, Stephen O'Brien, Barry Riley, Theresa McGuire, Thomas Larson, Matthew Yoss, Eric Cairney, William

Ostergaard, Jill Harwin, Jeffrey

Riffaud, Marcelo King, Tambra Kaplan, Alan B. Foxx, Teresa Ganis, Bret Ibrahim, Sadia

Position

Chief Executive Officer President

Chief Operation Officer

Chief Financial Officer
Vice President - IRS TIN Matching Principal
Vice President and Tax Director Vice President Vice President
Vice President and Treasurer
Controller
Chief Risk Officer
Chief Compliance Officer - Investment Advisory
Chief Compliance Officer Compliance Officer - Bank Secrecy Act/Anti-Money Laundering
Chief Legal Officer Secretary
Assistant Secretary Assistant Secretary Assistant Secretary Assistant Secretary

Attachment II

BARCLAYS CAPITAL, INC

(Certification Statement)

"Barclays Bank" was founded in 1690 by John Freame and Thomas Could as a trading company under the name "Goldsmith" in London, England. Through the process of acquisitions, the trading company evolved into a bank. In 1736, James Barclay, the son-in-law of John Freame, became a partner in the business. Eventually, in the second half of the 18th century, David Barclay the Younger joined the partnership as well. Research of certain Applicant records, supplemented by the work of a newly-retained third-party historical research firm, shows that David Barclay the Younger acquired a plantation in payment for a debt in Jamaica and became the owner of thirty-two slaves. In anticipation of their emancipation, Mr. Barclay sent the slaves to Philadelphia, Pennsylvania, where they were given crafts training. A record of the names of twenty-eight of the freed slaves has been found and contained the following references:

London (age 40-45), Bacchus (age 20-25), Simon (age 24-26), John (age 30-35), Kingston (age 23-25), Mintas (age 32-36), Nancy (approximate age 24), Dido (age 24), Bathsheba (age 34-36), Patience (age 30-34), Amelia (age 26-30), Clarissa (approximate age 35), Nancy (age 26), Sabina (age 40), Juba (age 14), Phillis (age 22), Charles (age 15), Prince (age 14), Yano (age 14), Toby (age 14), Wiltshire (age 11), Sancho (age 10), Mingo (age 10), October (age 8), Quashie (age 7), Caesar (age 6), Charlotte (age 4), and Sukey (age 3).

There is also historical evidence that during the 1700s, David Barclay the Younger, a Quaker, formed a committee of London Quakers to oppose the slave trade and subsequently became involved with the committee in taking the Quaker anti-slave trade message rationale within the United Kingdom. In a 1795 manumission document the aforementioned slaves were "liberated, enfranchised, manumitted and forever set free".

In 1896, the company became Barclay and Company Limited which subsequently became Barclays Bank PLC. Barclays has been in existence for in excess of 318 years and thus, part of its existence would have been during the slavery era. In this historical context, entities acquired during this period may have had

investments or profits from the slave industry. Slavery was a heinous period in the history of both the United States and United Kingdom and, indeed, the whole world. Without reservation, Barclays condemns this industry. A third party historical research firm has been hired to assist in record research. If additional records indicating the identities of entities or persons with whom predecessor entities or owners conducted slave related business in the United States are discovered by our historical consultant, a supplement to this Economic Disclosure Statement and Affidavit regarding such information will be filed.

**AFFIDAVIT
DEBT OBLIGATION AND BROKERAGE TRANSACTIONS**

Name of Reporting Firm: Barclays Capital Inc.

Description of Matter: Negotiated underwriting: Chicago Midway Airport, Second Lien Revenue and Revenue Refunding Bonds, Series 2016

Role of Reporting Firm: Book-running Senior Manager

This affidavit is submitted in conjunction with (check one):

- a City of Chicago debt obligation transaction (Municipal Code Section 2-154-017)
- brokerage services for the City Treasurer (Municipal Code Section 2-154-018)

Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Reporting Firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Reporting Firm and the role he or she will fill in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

Individual #	Position and Role	Gender	Race/Ethnicity
1	Managing Director, banking services	M	Caucasian
2	Managing Director, banking services	M	African American
3	Director, banking services	F	Caucasian
4	Director, banking services	F	Caucasian

(If needed, please use additional sheets to identify additional personnel.)

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Reporting Firm, and (2) the information in this Affidavit and associated attachment are true, complete, and correct.

By signing below, I understand and acknowledge, on behalf of the Reporting Firm, that failure to accurately and completely supply the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Printed Name: Martha Linsley

Signature:

Title: Director (J)

Date: November 23, 2015

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION 1 -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Barclays PLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the

2. Applicant in which the Disclosing Party holds an interest: Barclays capital, inc.

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address Of the Disclosing Party:

745 Seventh Avenue, New York NY 10019

c/o Public Finance at Barclays Capital

C. Telephone: linsley@barclays.com#

(312)

609-8520

Pax;

(646)

834-4640

Email:martha-linsley@barclays.com

<mailto:martha-

D. Name of contact person: Martha e. Linsley

E. Federal Employer Identification No. (if you have one):

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Chicago Midway Airport \$600 million Second Lien Revenue and Revenue Refunding Bonds, Series 2015

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification #

N/ft

and Contract #

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- | | | | |
|--|-------------------------------------|--|----|
| Person | <input type="checkbox"/> | Limited liability company | |
| Publicly registered business corporation | <input type="checkbox"/> | Limited liability partnership | |
| Privately held business corporation | <input type="checkbox"/> | Joint venture | |
| Sole proprietorship | <input type="checkbox"/> | Not-for-profit corporation | |
| General partnership | | (Is the not-for-profit corporation also a 501(c)(3))'? | |
| Limited partnership | <input type="checkbox"/> | Yes <input type="checkbox"/> | No |
| Trust | <input checked="" type="checkbox"/> | Other (please specify) | |
- Public Limited Company registered under England and Wales

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

See AI Above

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

See Attachment 1

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
NONE		

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):
N/A

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must

either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.)	NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
---	-------------------------	---	---	--

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under

supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.I. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 13

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
 - b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
 - c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
 - d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).
4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.
5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.
6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.
7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

"Given the global and diverse nature of the operations of the Disclosing Party and the period covered by the warranty, the Disclosing Party may from time to time have been informed of, or subject to:

- a) legal proceedings; and
- b) censures and/or fines by regulators, for breaches of regulatory requirements, in the

jurisdictions in which it operates. *
We are nevertheless not aware of any instances directly applicable to this application or that would affect the fit and proper standing of the Applicant or its ability to perform its obligations under the contract.¹¹

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

NONE

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

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comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

x 2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

See Attachment II which reflects findings to this date

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

N/A

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer

or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501 (c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

SECTION VII - ACKNOWLEDGMENTS, CONTRACT COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F. 1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1, F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Barclays PLC

Robert M Taylor, as agent

(Print or type name of person signing)

Managing Director

(Print or type title of person signing)

Signed and sworn to before me on (date) 4/19/2022

at [redacted] County, [redacted] (state).

[redacted]

Notary Public.

LORIAN J. TROTTA, Notary Public - State of New York, NO. 01ST6247362

Qualified in Westchester County.

Commission expires: 4/19/2025

Commission Expires 4/19/2025

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

/

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

Attachment I

BARCLAYS PLC

(Directors and Officers)

DIRECTORS Name

McFarlane, John

Ashley, Michael St John

Breedon, Timothy James

de Milhe de Saint Victor, Diane Marie Therese Helene

Gillies, Crawford Scott Jeffrey III, Reuben Lucas-Bull, Wendy Elizabeth Morzaria, Tushar Moyo, Dambisa Felicia Rake,

Michael Derek Vaughan Schueneman, Diane Lynn Thieke, Stephen Gerard van Paasschen, Frits Dirk

Position

Executive Director Director Director Director

Director Director Director Director Director Director Director Director Director

OFFICERS Name

McFarlane, John

Dickinson, Lawrence Charles

Position

Chairman Secretary

Attachment II

BARCLAYS PLC

(Certification Statement)

"Barclays Bank" .was founded in 1690 by John Freame and Thomas Could as a trading company under the name "Goldsmith" in London, England. Through the process of acquisitions, the trading company evolved into

a bank. In 1736, James Barclay, the son-in-law of John Freame, became a partner in the business. Eventually, in the second half of the 18th century, David Barclay the Younger joined the partnership as well. Research of certain Applicant records, supplemented by the work of a newly-retained third-party historical research firm, shows that David Barclay the Younger acquired a plantation in payment for a debt in Jamaica and became the owner of thirty-two slaves. In anticipation of their emancipation, Mr. Barclay sent the slaves to Philadelphia, Pennsylvania, where they were given crafts training. A record of the names of twenty-eight of the freed slaves has been found and contained the following references:

London (age 40-45), Bacchus (age 20-25), Simon (age 24-26), John (age 30-35), Kingston (age 23-25), Mintas (age 32-36), Nancy (approximate age 24), Dido (age 24), Bathsheba (age 34-36), Patience (age 30-34), Amelia (age 26-30), Clarissa (approximate age 35), Nancy (age 26), Sabina (age 40), Juba (age 14), Phillis (age 22), Charles (age 15), Prince (age 14), Yano (age 14), Toby (age 14), Wiltshire (age 11), Sancho (age 10), Mingo (age 10), October (age 8), Quashie (age 7), Caesar (age 6), Charlotte (age 4), and Sukey (age 3).

There is also historical evidence that during the 1700s, David Barclay the Younger, a Quaker, formed a committee of London Quakers to oppose the slave trade and subsequently became involved with the committee in taking the Quaker anti-slave trade message rationale within the United Kingdom. In a 1795 manumission document the aforementioned slaves were "liberated, enfranchised, manumitted and forever set free".

In 1896, the company became Barclay and Company Limited which subsequently became Barclays Bank PLC. Barclays has been in existence for in excess of 318 years and thus, part of its existence would have been during the slavery era. In this historical context, entities acquired during this period may have had investments or profits from the slave industry. Slavery was a heinous period in the history of both the United States and United Kingdom and, indeed, the whole world. Without reservation, Barclays condemns this industry. A third party historical research firm has been hired to assist in record research. If additional records indicating the identities of entities or persons with whom predecessor entities or owners conducted slave related business in the United States are discovered by our historical consultant, a supplement to this Economic Disclosure Statement and Affidavit regarding such information will be filed.

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT**

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Barclays Bank PLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the

2. Applicant in which the Disclosing Party holds an interest: Barclays capital, inc.
OR

3. a legal entity with a right of control (see Section II.B. 1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 745 seventh Avenue, New York ny 10019
c/o Public Finance at Barclays Capital

C. Telephone: (312) 609-8520 pax- (646) 834-4640 Email:martha-linsley@barclays.com <mailto:martha-linsley@barclays.com>

D. Name of contact person: Martha e. Linsiey

E. Federal Employer Identification No. (if you have one): . . . -

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Chicago Midway Airport \$600 million Second Lien Revenue and Revenue Refunding Bonds, Series 2015

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # [] and Contract #

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A'. NATURE OF THE DISCLOSING PARTY

Limited liability company Limited liability partnership Joint venture Not-for-profit corporation (Is the not-for-profit corporation also a 501(c)(3))?

Limited partnership Trust

1. Indicate the nature of the Disclosing Party: Person
[Publicly registered business corporation [Privately
held business corporation [Sole proprietorship [General
partnership ()

Yes No Other (please specify)
Public Limited Company registered under England and Wales

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

See AI Above

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

[] N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

See Attachment 1

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

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interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-1 54-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
Barclays PLC	74 5 Seventh Avenue New York NY 10019	100% Direct

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

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Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
--	------------------	--	---

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V ~ CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of

federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions . concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's ■ or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been

convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

"Given the global and diverse nature of the operations of the Disclosing Party and the period covered by the warranty, the Disclosing Party may from time to time have been informed of, or subject to:

- a) legal proceedings; and
- b) censures and/or fines by regulators for breaches of regulatory requirements, in the jurisdictions in which it operates.

We are nevertheless not aware of any instances directly applicable to this application or that would affect the fit and proper standing of the Applicant or its ability to perform its obligations under the contract."

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

NONE

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

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comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

x 2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

See Attachment II which reflects findings to this date.

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

N/A

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics

<<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F. 1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City. (Sign here)

Barclays Bank PLC

Robert M Taylor

(Print or type name of person signing)

Managing Director

(Print or type title of person signing)

Commission expires:

Signed and sworn to before me on (date) ^{ff/^^//^}

at . County, A/W^£^ (state).

--

LORI ANN STROCCHIA Notary Public - State of New York
NO. 01ST6247362 Qualified in Westchester County* My Commission Expires a/?*?/

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

Attachment I

BARCLAYS BANK PLC

(Directors and Officers)

DIRECTORS Name

McFarlane, John

Ashley, Michael St John

Breedon, Timothy James

de Milhe de Saint Victor, Diane Marie Therese Helene

Gillies, Crawford Scott Jeffrey III, Reuben Lucas-Bull, Wendy Elizabeth Morzaria, Tushar Moyo, Dambisa Felicia

Schueneman, Diane Lynn Thieke, Stephen Gerard Rake, Michael Derek Vaughan van Paasschen, Frits Dirk

Position

Director

Director Director Director

Director Director Director Director Director Director Director Director Director

OFFICERS Name

McFarlane, John

Dickinson, Lawrence Charles

Gonsalves, Patrick Anthony

Position

Chairman Joint Secretary Joint Secretary

Attachment II

BARCLAYS BANK PLC

(Certification Statement)

"Barclays Bank" was founded in 1690 by John Freame and Thomas Could as a trading company under the name "Goldsmith" in London, England. Through the process of acquisitions, the trading company evolved into a bank. In 1736, James Barclay, the son-in-law of John Freame, became a partner in the business. Eventually, in the second half of the 18th century, David Barclay the Younger joined the partnership as well. Research of certain Applicant records, supplemented by the work of a newly-retained third-party historical research firm, shows that David Barclay the Younger acquired a plantation in payment for a debt in Jamaica and became the owner of thirty-two slaves. In anticipation of their emancipation, Mr. Barclay sent the slaves to Philadelphia, Pennsylvania, where they were given crafts training. A record of the names of twenty-eight of the freed slaves has been found and contained the following references:

London (age 40-45), Bacchus (age 20-25), Simon (age 24-26), John (age 30-35), Kingston (age 23-25), Mintas (age 32-36), Nancy (approximate age 24), Dido (age 24), Bathsheba (age 34-36), Patience (age 30-34), Amelia (age 26-30), Clarissa (approximate age 35), Nancy (age 26), Sabina (age 40), Juba (age 14), Phillis (age 22), Charles (age 15), Prince (age 14), Yano (age 14), Toby (age 14), Wiltshire (age 11), Sancho (age 10), Mingo (age 10), October (age 8), Quashie (age 7), Caesar (age 6), Charlotte (age 4), and Sukey (age 3).

There is also historical evidence that during the 1700s, David Barclay the Younger, a Quaker, formed a

committee of London Quakers to oppose the slave trade and subsequently became involved with the committee in taking the Quaker anti-slave trade message rationale within the United Kingdom. In a 1795 manumission document the aforementioned slaves were "liberated, enfranchised, manumitted and forever set free".

In 1896, the company became Barclay and Company Limited which subsequently became Barclays Bank PLC. Barclays has been in existence for in excess of 318 years and thus, part of its existence would have been during the slavery era. In this historical context, entities acquired during this period may have had investments or profits from the slave industry. Slavery was a heinous period in the history of both the United States and United Kingdom and, indeed, the whole world. Without reservation, Barclays condemns this industry. A third party historical research firm has been hired to assist in record research. If additional records indicating the identities of entities or persons with whom predecessor entities or owners conducted slave related business in the United States are discovered by our historical consultant, a supplement to this Economic Disclosure Statement and Affidavit regarding such information will be filed.

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT**

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Barclays Group US, Inc.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the

2. Applicant in which the Disclosing Party holds an interest: Barclays capital, inc.

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 100 south west street Wilmington, de i98oi

C. Telephone: (312) 609_8520 Fax: (646) 834-4640 l.martha.linsley@barclays.com

<mailto:linsley@barclays.com>

D. Name of contact person: Martha e. Linsiey

E. Federal Employer Identification No. (if you have one): - .

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Chicago Midway Airport \$600 million Second Lien Revenue and Revenue Refunding Bonds, Series 2015

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract # _M

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SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY 1. Indicate the nature of the Disclosing Party:

- Person
- Privately held business corporation
- Sole proprietorship
- General partnership (Is Publicly registered business corporation
- Limited partnership
- Trust

Limited liability company . Limited liability partnership Joint venture

Not-for-profit corporation

the not-for-profit corporation also a 501(c)(3)?

Yes No

Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

State of Incorporation is Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

See Attachment 1

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

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interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-1 54-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
Barclays Bank PLC	745 Seventh Avenue New York NY 10019	- 100% Direct
Barclays PLC	745 Seventh Avenue New York NY 10019	100% Indirect

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes . No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

N/A

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

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Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
---	-------------------------	---	--

(Add sheets if necessary)

[x] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with

committing any of the offenses set forth in clause B.2.b. of this Section V;

- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been

prosecuted for such conduct; or

d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in, violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

"Given the global and diverse nature of the operations of the Disclosing Party and the period covered by the warrant, the Disclosing Party may from time to time have been informed of, or subject to:

a) legal proceedings; and

b) censures and/or fines by regulators for breaches of regulatory requirements, in the jurisdictions in which it operates.

We are nevertheless not aware of any instances directly applicable to this application or that would affect the fit and proper standing of the Applicant or its ability to perform its obligations under

the contract."

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or

drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

NONE

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

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comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

x 2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

See Attachment II which reflects findings to this date.

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

N/A :

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII- ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F. 1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F. 1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Barclays Group US, Inc.

Robert M Taylor

(Print or type name of person signing)

Managing Director

(Print or type title of person signing)

County/ . ' ■ m'm m .

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes

No

Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

**FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT
THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF,**

THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

Attachment I

BARCLAYS GROUP US, INC.

(Directors and Officers)

DIRECTORS Name

LaRocca, Gerard Kaplan, Alan Busuttil, Joseph McGuire, Thomas

Position

Chairman Director Director Director

OFFICERS

Name

LaRocca, Gerard McGuire, Thomas Busuttil, Joseph Barrett, Stephen Byrne, Mary Larson, Matthew O'Brien, Barry Riley, Theresa King, Tandra Kaplan, Alan B. Ganis, Bret

Position

Chairman and CEO President and Treasurer Chief Financial Officer Vice President and Tax Director Vice President

Vice President and Controller Vice President Vice President Secretary

Assistant Secretary Assistant Secretary

Attachment II

BARCLAYS GROUP US, INC

(Certification Statement)

"Barclays Bank" was founded in 1690 by John Freame and Thomas Could as a trading company under the name "Goldsmith" in London, England. Through the process of acquisitions, the trading company evolved into a bank. In 1736, James Barclay, the son-in-law of John Freame, became a partner in the business. Eventually, in the second half of the 18th century, David Barclay the Younger joined the partnership as well. Research of certain Applicant records, supplemented by the work of a newly-retained third-party historical research firm, shows that David Barclay the Younger acquired a plantation in payment for a debt in Jamaica and became the owner of thirty-two slaves. In anticipation of their emancipation, Mr. Barclay sent the slaves to Philadelphia, Pennsylvania, where they were given crafts training. A record of the names of twenty-eight of the freed slaves has been found and contained the following references:

London (age 40-45), Bacchus (age 20-25), Simon (age 24-26), John (age 30-35), Kingston (age 23-25), Mintas (age 32-36), Nancy (approximate age 24), Dido (age 24), Bathsheba (age 34-36), Patience (age 30-34), Amelia (age 26-30), Clarissa (approximate age 35), Nancy (age 26), Sabina (age 40), Juba (age 14), Phillis (age 22), Charles (age 15), Prince (age 14), Yano (age 14), Toby (age 14), Wiltshire (age 11), Sancho (age 10), Mingo (age 10), October (age 8), Quashie (age 7), Caesar (age 6), Charlotte (age 4), and Sukey (age 3).

There is also historical evidence that during the 1700s, David Barclay the Younger, a Quaker, formed a committee of London Quakers to oppose the slave trade and subsequently became involved with the committee in taking the Quaker anti-slave trade message rationale within the United Kingdom. In a 1795 manumission document the aforementioned slaves were "liberated, enfranchised, manumitted and forever set free".

In 1896, the company became Barclay and Company Limited which subsequently became Barclays Bank PLC. Barclays has been in existence for in excess of 318 years and thus, part of its existence would have been during the slavery era. In this historical context, entities acquired during this period may have had investments or profits from the slave industry. Slavery was a heinous period in the history of both the United States and United Kingdom and, indeed, the whole world. Without reservation, Barclays condemns this industry. A third party historical research firm has been hired to assist in record research. If additional records indicating the identities of entities or persons with whom predecessor entities or owners conducted slave related business in the United States are discovered by our historical consultant, a supplement to this Economic Disclosure Statement and Affidavit regarding such information will be filed.

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: Merrill Lynch, Pierce, Fenner & Smith Incorporated

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant
OR
2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest:
OR
3. a legal entity with a right of control (see Section I I.B.I.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: One Bryant Park, New York, NY 10036
c/o 540 W. Madison, Chicago, IL 60661

C. Telephone: 312-537-6365 Fax: 312-537-6379 Email: susan.jun@baml.com
<<mailto:susan.jun@baml.com>>

D. Name of contact person: Susan Jun

E. Federal Employer Identification No. (if you have one):

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago Midway Airport Revenue Bonds Series 2016

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # _____ and Contract # _____

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

- Limited liability company Limited liability partnership Joint venture Not-for-profit corporation (Is the not-for-profit corporation also a 501(c)(3))?
 Limited partnership

1. Indicate the nature of the Disclosing Party: Person Publicly registered business corporation Privately held business corporation Sole proprietorship General partnership Trust

Yes

No

Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title Please see attached list.

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
<i>Please see attached list.</i>		

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No Please see attachment.

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	-Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
Katten Muchin Rosenman LLP	Chicago, IL 60661	Underwriter's Counsel	\$100,000 estimated*

* Total estimated fee for the representation of the syndicate of underwriters of which Applicant is a part.

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.I. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
 - b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
 - c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
 - d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
 - e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.
3. The certifications in subparts 3, 4 and 5 concern:
- the Disclosing Party;
 - any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
 - any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
 - any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below: Please see relevant attachment.

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). None

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. None with respect to any current or prospective business with the City of Chicago

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary): N.A.

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.¹

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No Please see attachment.

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

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comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

 x 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from

slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there

occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No If "Yes," answer the three questions

below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets.

property taxes or sales taxes. * To the best of my knowledge after reasonable inquiry.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1, F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

* To the best of my knowledge after

reasonable inquiry.

Merrill Lynch, Pierce, Fenner & Smith Incorporated (Print or type name of Disclosing Party)

/[sign here]

Philip B. Rooney Jr. (Print or type name of person signing)

Director (Print or type title of person signing)

Signed and sworn to before me on (date) \ | ^-^> | I ^ at (LQOk County, "DIUwfls (state). sion

Notary Public.

expires: fyf(1 T^ft

"OFFICIAL SEAL" JAMIE8HA WINDOM

Notary Public • State of Illinois | My Commission Expires April 05,2018

AND AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

* To the best of my knowledge
[JYes [x] No after

reasonable inquiry.

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
As of 11/18/2015

DIRECTORS:

David C. Darnell Thomas K.
Montag

KEY ELECTED OFFICERS:

David C. Darnell	Co-Chief Executive Officer
Thomas K. Montag	Co-Chief Executive Officer
William C. Caccamise, Jr.	Chief Legal Officer and General Counsel
W. Eric Gallinek	Co-Chief Compliance Officer/Broker-Dealer
Gloria R. Greco	Co-Chief Compliance Officer/Broker-Dealer and Chief Compliance Officer/Registered Investment Adviser
Joseph A. Guardino	Chief Operations Officer and FINOP
William E. Tirrell	Interim Chief Financial Officer

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

B.2 Response:

NAME	BUSINESS ADDRESS	PERCENTAGE INTEREST IN THE DISCLOSING PARTY
BAC North America Holding Company	100 N. Tryon St. Charlotte, NC 28255	100% (Direct)
NB Holdings Corporation	100 N. Tryon St: Charlotte, NC 28255	100% (Indirect)
Bank of America Corporation	100 N. Tryon St. Charlotte, NC 28255	100% (Indirect)

Attachment for Section III:

Please note that the Disclosing Party is a subsidiary of Bank of America Corporation ("BAC"). BAC and its subsidiaries had approximately 216,838 full-time equivalent employees as of June 30, 2015. Accordingly, it is not possible for BAC to perform due diligence across the full panoply of associates and BAC-related entities in preparing a response to business relationships with City of Chicago elected officials, in responding to this question, the Disclosing Party did perform due diligence within the Public Finance Group of Merrill Lynch, Pierce, Fenner & Smith Incorporated to determine whether any of the Public Finance Group's employees were aware of any such relationships between the City elected officials and the Disclosing Party within the past 12 months.

Attachment for Section V.B: [Merrill Lynch, Pierce, Fenner & Smith Incorporated]

Disclosing Party certifies, as set forth below, to the best of its knowledge and belief that with respect to V.B.2. a.:

Neither Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") nor its Executive Officers and Directors

identified in Section II.B.1 of this EDS has had its authorization to act as a federal contractor revoked or suspended. No such information with respect to state or local entities is reported or to the best of our knowledge maintained separately.

V.B.2.b, cande:

In the ordinary course of business, MLPF&S is subject to regulatory examinations, information gathering requests, inquiries, and investigations ("Regulatory Matters") by various federal or state securities regulatory agencies and attorneys general, other local, state, and federal agencies, and self-regulatory organizations (collectively, "Regulators"); and is routinely a defendant in or party to many pending and threatened legal actions and proceedings, including actions brought on behalf of various classes of claimants ("Legal Matters"), which may be based on alleged violations of securities, environmental, employment, and other laws. In connection with formal and informal Regulatory Matters, MLPF&S receives numerous requests, subpoenas and orders for documents, testimony and information in connection with various aspects of its regulated activities, and in some cases regulatory action has been taken against MLPF&S. MLPF&S believes that it has cooperated fully with the Regulators in all such inquiries to date and intends to continue to cooperate fully with the Regulators in all such inquiries involving MLPF&S in the future.

MLPF&S's ultimate parent is Bank of America Corporation ("BAC"). BAC makes all required disclosures in its Annual Report on Form 10-K and Quarterly Report on Form 10-Q, which are updated in its Reports on Form 8-K, all of which are filed with the Securities and Exchange Commission ("Regulatory Filings"). Merrill Lynch & Co., Inc. (the "Corporation"), the former parent of MLPF&S, also made such disclosures until it was merged into BAC on October 1, 2013. MLPF&S makes all required disclosures in its Form BD and ADV Filings ("Form BD and ADV Filings") with the Financial Industry Regulatory Authority ("FINRA"). Those Regulatory Filings and Form BD and ADV Filings include disclosures of Regulatory Matters and Legal Matters as required by federal law and applicable regulations, and are publicly available. BAC cannot confirm or deny the existence of any other, nonpublic Regulatory Matters conducted by any Regulator or Legal Matters unless required to do so by law. The Regulatory Filings are publicly available on the SEC's website at www.sec.gov <<http://www.sec.gov>>. The Form BD Filings are publicly available on the FINRA BrokerCheck system at <<http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/index.htm>>. The Form ADV filings are publicly available on the SEC's Investment Adviser Search website at: <[http://www.adviserinfo.sec.gov/\(S\(cerr0u55hmrw5a45022v3vzn\)\)/IAPD/Content/Search/iapd_Search.aspx](http://www.adviserinfo.sec.gov/(S(cerr0u55hmrw5a45022v3vzn))/IAPD/Content/Search/iapd_Search.aspx)>.

MLPF&S's registered officers and employees make required disclosures in their Form U-4, including, among other things, criminal disclosures, which are filed with FINRA pursuant to a directive from the SEC. These Form U-4 filings are publicly available on the FINRA BrokerCheck system at <<http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/index.htm>>.

Regulatory Filings that include information relating to Regulatory Matters or Legal Matters involving the municipal markets business of MLPF&S since January 1, 2008 can be accessed as follows and are incorporated herein by reference: the Corporation's 2012 Annual Report filed on March 1, 2013 (page 116); Quarterly Report on Form 10-Q filed on May 10, 2013 (page 76); 2011 Annual Report filed on February 24, 2012 (pages 132 and 133); 2010 Annual Report filed on March 1, 2011 (pages 137, 138 and 145); 2009 Annual Report filed on March 11, 2010 (pages 121, 122, 127 and 128); 2008 Annual Report filed on February 24, 2009 (pages 126 and 127); and these can be found at <<http://ir.ml.com/phoenix.zhtml?c=93516&p=irol-sec>> [Word Document Version] and BAC's 2012 Annual Report filed on February 28, 2013 (page 230); Quarterly Report on Form 10-Q filed on May 7, 2013 (page 201); 2011 Annual Report filed on February 23, 2012 (pages 223 and 224); 2010 Annual Report filed on February 25, 2011 (pages 197 and 204); 2009 Annual Report filed on February 26, 2010 (pages 161 and 169); 2008 Annual Report filed on February 27, 2009 (pages 150 and 154); and these can be found at <<http://investor.bankofamerica.com/phoenix.zhtml?cr=71595&n=irol->

sec> [Word Document Version]. The Form BD and ADV Filings also include information relating to Regulatory Matters involving the municipal markets business of MLPF&S.

The Corporation cannot confirm or deny the existence of any other, non-public Regulatory Inquiry conducted by any Regulator unless required to do so by law.

Please let us know if you need any additional information.

V.B.2.d

The Disclosing Party performed due diligence within the Public Finance Group of MLPF&S to determine whether any Public Finance Group employees were aware of any public finance transactions (federal, state or local) having been terminated for cause or default within the last five years, and none of such employees were aware of any such terminations.

V.B.3.a, b and c - Please see response to V.B.2. b c and e above.

In addition, in 2010, Douglass Campbell, a former Bank of America, N.A. ("BANA") employee, pled guilty to violating, among other statutes, 15 U.S.C. § 15. 15 U.S.C. § 15's elements are similar to 720 ILCS 5/33E-3. Although Mr. Campbell was not an employee of BANA or BAC at the time of his guilty plea, some of the conduct to which he pled guilty occurred while he was employed by BANA. Despite Mr. Campbell's conviction, MLPF&S believes that it should not be barred from contracting with the City.

MLPF&S believes that it is not ineligible under Section 1-23-020 of the Municipal Code of Chicago because neither MLPF&S (or any controlling person of MLPF&S) nor any entity that MLPF&S has been merged into (including BANA and Banc of America Securities LLC ("BAS")) have within the past 5 years been convicted of, admitted guilt to in any civil or criminal proceeding, or charged with or indicted for any felony or criminal offense for conduct outlined in Section 1-23-020(a). Finally, MLPF&S believes that it is not ineligible under Section 2-92-320 of the Municipal Code of Chicago because neither MLPF&S nor its current employees have within the past 5 years been convicted of or made an admission of guilt regarding the items outlined in 2-92-320 (a)(1)-(3) or violated the items identified in 2-92-320(a)(4). Moreover, MLPF&S is not aware of any former employees who have been convicted of or made an admission of guilt within the past 5 years regarding the items outlined in 2-92-320 (a)(1)-(3) or violated the items identified in 2-92-320(a) (4) based on conduct that took place while they were employed by MLPF&S. In addition, MLPF&S believes that, under Section 2-92-320, it

should not be chargeable with any conduct of BANA or BAS (or their former employees, including Douglass Campbell) that occurred prior to January 1, 2009, because MLPF&S was not affiliated with BANA and BAS before that date.

V.B.4 - Please see response to V.B.2. b, c and e above.

In addition, MLPF&S believes that it is not barred from contracting with any unit of State or local government pursuant to 720 ILCS 5/33E-3 or 720 ILCS 5/33E-4 because neither MLPF&S nor its current employees have been convicted within the past 5 years of violating 720 ILCS 5/33E-3 or 720 LCS 5/33E-4 or any similar offenses of any state or the United States which contains the same elements as these offenses. Moreover, MLPF&S is not aware of any former employees who have been convicted within the past 5 years of violating 720 LLCS 5/33E-3 or 720 ILCS 5/33E-4 or any similar offenses of any state or the United States which contains the same elements as these offenses based on conduct that took place while they were employed by MLPF&S. Finally, at the time of the conduct at issue in Mr. Campbell's guilty plea, MLPF&S was not affiliated with BANA or BAS.

Attachment for Section V.D:

Please note that the Disclosing Party is a subsidiary of Bank of America Corporation ("BAC"). BAC and its subsidiaries had approximately 216,838 full-time equivalent employees as of June 30, 2015. Accordingly, it is not possible for BAC to perform due diligence across the full panoply of associates and BAC-related entities in preparing a response to business relationships with City of Chicago elected officials. In responding to this question, the Disclosing Party did perform due diligence within the Public Finance Group of Merrill Lynch, Pierce, Fenner & Smith Incorporated to determine whether any of the Public Finance Group's employees were aware of any such relationships between the City elected officials and the Disclosing Party within the past 12 months.

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: Bank of America Corporation

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant
OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Merrill Lynch, Pierce, Fenner
Or & Smith Incorporated

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 100 N. Tryon Street, Charlotte, NC 28255
c/o 540 W. Madison, Chicago, IL 60661

C. Telephone: 312-537-6365 Fax: 312-537-6379 Email: susan.jun@baml.com
[<mailto:susan.jun@baml.com>](mailto:susan.jun@baml.com)

D. Name of contact person: Susan Jun

E. Federal Employer Identification No. (if you have one):

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago Midway Airport Revenue Bonds Series 2016

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # _____ and Contract # _J

Page 1 of 13

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

Person

Publicly registered business corporation

Privately held business corporation

Sole proprietorship

General partnership

Limited partnership

Trust

Limited liability company

Limited liability partnership

Joint venture

Not-for-profit corporation

(Is the not-for-profit corporation also a 501(c)(3))?

Yes

No

Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes

No

N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title Please see attached list.

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

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interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
None		

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No Please see attachment.

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
--	------------------	--	---

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V » CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrears?

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrears on any child support obligations by any Illinois court of competent jurisdiction?

- Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

- Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal state or local) terminated for cause or default; and

(Federal, State or Local) terminated for cause of default, and

- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.
3. The certifications in subparts 3, 4 and 5 concern:
- the Disclosing Party;
 - any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
 - any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
 - any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below: Please see relevant attachment.

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). None

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official of the City of Chicago. For purposes of this statement a "gift" does not include: (i) anything

Official, State City of Chicago. For purposes of this statement, a gift does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). , As to any gift listed below, please also list the name of the City recipient.

None with respect to any current or prospective business with the City of Chicago

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32'-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary): N.A.

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No Please see attachment

NOTE: If you checked "Yes" to Item D.L, proceed to Items D.2. and D.3. If you checked "No" to Item D.L, proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.L, provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

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comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

x 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS ...

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, " amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such

Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No If "Yes," answer the three questions

below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

R. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal

D. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-150 and 2-151 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes. * To the best of my knowledge after reasonable inquiry.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.L, F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City. * To the best of my knowledge after reasonable inquiry.

Bank of America Corporation
(Print or type name of Disclosing Party)

Edward J. Sisk
(Print or type name of person signing)

Authorized Signatory
(Print or type title of person signing)

Signed and sworn to before me on (date) ^^^^*0^ & \{Jc\cO~ (^ffFUK.
County, (state).

Notary Public.

Commission expires: yZtyt-', ' c*/ 0ls /j .

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GRACE ARGANO
Notary Public - State of New York
NO. 01AR6054791
Qualified In Richmond County
My Commission Expires Feb. 12, 2019

BANK OF AMERICA CORPORATION

LIMITED POWER OF ATTORNEY

BANK OF AMERICA CORPORATION, a Delaware corporation (the "Corporation"), does hereby make, constitute, and appoint Edward J. Sisk as Attorney-in-Fact for the Corporation acting for the Corporation and in the Corporation's name, place and stead, for the limited purpose of authorizing, preparing, revising or signing a City of Chicago Economic Disclosure Statement and Affidavits (the "Disclosure Statement") related to Merrill Lynch, Pierce, Fenner & Smith Incorporated's ("MLPF & S") participation in the City of Chicago Midway Airport Revenue Bonds Series 2016.

Any execution by the Attorney-in-Fact of the Disclosure Statement shall fully bind and commit the Corporation and the City of Chicago may rely upon the execution thereof by the Attorney-in-Fact as if executed by the Corporation and as the true and lawful act of the Corporation.

This Limited Power of Attorney shall automatically terminate as to the authority of the named Attorney-

THIS LIMITED POWER OF ATTORNEY SHALL AUTOMATICALLY TERMINATE AS TO THE AUTHORITY OF THE NAMED ATTORNEY-IN-FACT UPON SUCH ATTORNEY-IN-FACT'S RESIGNATION OR TERMINATION FROM MLPF & S OR HIS REALIGNMENT TO A ROLE OUTSIDE OF THE PUBLIC FINANCE DIVISION OF MLPF & S; HOWEVER, SUCH TERMINATION OR REALIGNMENT SHALL HAVE NO IMPACT ON THE DISCLOSURE STATEMENT EXECUTED BY THE ABOVE NAMED ATTORNEY-IN-FACT FOR THE CORPORATION PRIOR TO SUCH TERMINATION OR REALIGNMENT.

IN WITNESS WHEREOF, this Power of Attorney has been executed and delivered by the Corporation to each Attorney-in-Fact on this 23rd day of November, 2015.

Assistant General Counsel

BANK OF AMERICA CORPORATION

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related, to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section H.B.I.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a

Does the Disclosing Party or any Applicable Party or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

N/A

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes

No ^{NM}

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes

No

Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

BANK OF AMERICA CORPORATION EXECUTIVE OFFICERS AND DIRECTORS

The following sets forth the name and present principal occupation of each executive officer and director of Bank of America Corporation. The business address of each of the executive officers and directors of Bank of America Corporation is Bank of America Corporate Center, 100 North Tryon Street, Charlotte, North Carolina 28255.

Name Brian T. Moynihan

Dean C. Athanasia

Catherine P. Bessant David C Darnell

Paul M. Donofrio Geoffrey Greener Terrence P. Laughlin Gary G. Lynch Thomas K. Montag Thong M. Nguyen

Andrea B. Smith

Sharon L. Allen Susan S. Bies

Jack O. Bovender, Jr.

Position with Bank of America Corporation

Chairman of the Board, Chief Executive Officer, President and Director

President, Preferred and Small Business Banking and Co-Head Consumer Banking

Chief Operations and Technology Officer

Vice Chairman, Global Wealth & Investment Management

Chief Financial Officer

Chief Financial Officer

Chief Risk Officer

Vice Chairman

Vice Chairman and Global General Counsel

Chief Operating Officer

President, Retail Banking and Co-Head, Consumer Banking

Chief Administrative Officer

Director Director

Lead Independent Director

Principal Occupation

Chairman of the Board, Chief Executive Officer and President of Bank of America Corporation

President, Preferred and Small Business Banking, Co-Head Consumer Banking of Bank of America Corporation

Chief Operations and Technology Officer of Bank of America Corporation

Vice Chairman, Global Wealth & Investment Management of Bank of America Corporation

Chief Financial Officer of Bank of America Corporation

Chief Risk Officer of Bank of America Corporation

Vice Chairman of Bank of America Corporation

Vice Chairman and Global General Counsel of Bank of America Corporation

Chief Operating Officer of Bank of America Corporation

President, Retail Banking and Co-Head Consumer Banking of Bank of America Corporation

Chief Administrative Officer of Bank of America Corporation

Former Chairman of Deloitte LLP

Former Member, Board of Governors of the Federal Reserve System

Lead Independent Director, Bank of America Corporation; Former Chairman and Chief Executive Officer of HCA Inc.

Former Executive Officer, MBNA Corporation

Pierre de Week Director

Arnold W. Donald . Director

Charles K. Gifford Director

Charles R. Gilford	Director
Linda P. Hudson	Director
Monica C. Lozano	Director
Thomas J. May	Director
Lionel L. Nowell, III	Director
R. David Yost	Director

Former Chairman and Global Head of Private Wealth Management, Deutsche Bank AG

President and Chief Executive Officer, Carnival Corporation & pic

Former Chairman of Bank of America Corporation

Chairman and CEO of The Cardea Group and Former President and Chief Executive Officer of BAE Systems, Inc-

Chair of the Board, US Hispanic Media Inc.

Chairman, President and Chief Executive Officer of Eversource Energy

Former Senior Vice President and Treasurer, PepsiCo Inc.

Former Chief Executive Officer of AmerisourceBergen Corp.

Attachment for Section III:

Please note that the Disclosing Party is Bank of America Corporation ("BAC"). BAC and its subsidiaries had approximately 216,838 full-time equivalent employees as of June 30, 2015. Accordingly, it is not possible for BAC to perform due diligence across the full panoply of associates and BAC-related entities in preparing a response to business relationships with City of Chicago elected officials. In responding to this question, the Disclosing Party did perform due diligence within the Public Finance Group of Merrill Lynch, Pierce, Fenner & Smith Incorporated to determine whether any of the Public Finance Group's employees were aware of any such relationships between the City elected officials and the Disclosing Party within the past 12 months.

Attachment for Section V.B: [Bank of America Corporation)

Disclosing Party certifies, as set forth below, to the best of its knowledge and belief that with respect to V.B.2.a.:

Neither Bank of America Corporation ("BAC") nor its Executive Officers and Directors identified in Section II.B.1 of this EDS is subject to any order, judgment or decree by any court or government authority in which it is barred, suspended or otherwise limited from engaging in any type of business practice.

V.B.1.b, cande:

BAC makes all required disclosures in its Form 10-K as filed with the Securities and Exchange Commission and its Annual Report as posted on its website at <http://investor.bankofamerica.com/phoenix.zhtml?c=71595&p=irol-reportsannual>>. In addition, BAC's registered broker-dealer and investment adviser subsidiaries make all required disclosures on their Form BDs as filed with FINRA and their Form ADVs as filed with the SEC. These filings include disclosures of investigations and litigation as required by the SRO's and federal law and are publicly available

and federal law, and are publicly available.

BAC cannot confirm or deny the existence of any other non-public investigation conducted by any governmental agency unless required to do so by law.

V.B.1.d

The Disclosing Party performed due diligence within the Public Finance Group of Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") to determine whether any Public Finance Group employees were aware of any public finance transactions (federal, state or local) having been terminated for cause or default within the last five years, and none of such employees were aware of any such terminations.

V.B.3.a, b and c - Please see response to V.B.2. b, c and e above.

In addition, in 2010, Douglass Campbell, a former Bank of America, N.A. ("BANA") employee, pled guilty to violating, among other statutes, 15 U.S.C. § 15. 15 U.S.C. § 15's elements are similar to 720 ILCS 5/33E-3. Although Mr. Campbell was not an employee of BANA or BAC at the time of his guilty plea, some of the conduct to which he pled guilty occurred while he was employed by BANA. Despite Mr. Campbell's conviction, MLPF&S believes that it should not be barred from contracting with the City.

MLPF&S believes that it is not ineligible under Section 1-23-020 of the Municipal Code of Chicago because neither MLPF&S (or any controlling person of MLPF&S) nor any entity that MLPF&S has been merged into (including BANA and Banc of America Securities LLC ("BAS")) have within the past 5 years been convicted of, admitted guilt to in any civil or criminal proceeding, or charged with or indicted for any felony or criminal offense for conduct outlined in Section 1-23-020(a). Finally, MLPF&S believes that it is not ineligible under Section 2-92-320 of the Municipal Code of Chicago because neither MLPF&S nor its current employees have within the past 5 years been convicted of or made an admission of guilt regarding the items outlined in 2-92-320 (a)(1)-(3) or violated the items identified in 2-92-320(a)(4). Moreover, MLPF&S is not aware of any former employees who have been . convicted of or made an admission of guilt within the past 5 years regarding the items outlined in 2-92-

320 (a)(1)-(3) or violated the items identified in 2-92-320(a)(4) based on conduct that took place while they were employed by MLPF&S. In addition, MLPF&S believes that, under Section 2-92-320, it should not be chargeable with any conduct of BANA or BAS (or their former employees, including Douglass Campbell) that occurred prior to January 1, 2009, because MLPF&S was not affiliated with BANA and BAS before that date.

V.B.4- Please see response to V.B.2. b, c and e above.

In addition, MLPF&S believes that it is not barred from contracting with any unit of State or local government pursuant to 720 ILCS 5/33E-3 or 720 ILCS 5/33E-4 because neither MLPF&S nor its current employees have been convicted within the past 5 years of violating 720 ILCS 5/33E-3 or 720 LCS 5/33E-4 or any similar offenses of any state or the United States which contains the same elements as these offenses. Moreover, MLPF&S is not aware of any former employees who have been convicted within the past 5 years of violating 720 ILCS 5/33E-3 or 720 ILCS 5/33E-4 or any similar offenses of any state or the United States which contains the same elements as these offenses based on conduct that took place while they were employed by MLPF&S. Finally, at the time of the conduct at issue in Mr. Campbell's guilty plea, MLPF&S was not affiliated with BANA or BAS.

Attachment for Section V.D:

Please note that the Disclosing Party is Bank of America Corporation ("BAC"). BAC and its subsidiaries had

Please note that the Disclosing Party is Bank of America Corporation (BAC). BAC and its subsidiaries had approximately 216,838 full-time equivalent employees as of June 30, 2015. Accordingly, it is not possible for BAC to perform due diligence across the full panoply of associates and BAC-related entities in preparing a response to business relationships with City of Chicago elected officials. In responding to this question, the Disclosing Party did perform due diligence within the Public Finance Group of Merrill Lynch, Pierce, Fenner & Smith Incorporated to determine whether any of the Public Finance Group's employees were aware of any such relationships between the City elected officials and the Disclosing Party within the past 12 months.

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: NB Holdings Corporation

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant
OR
2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Merrill Lynch, Pierce, Fenner & Smith Incorporated
OR
3. a legal entity with a right of control (see Section II. B.I.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 100 N. Tryon Street, Charlotte, NC 28255
c/o 540 W. Madison, Chicago, IL 60661

C. Telephone: 312-537-6365 Fax: 312-537-6379

D. Name of contact person: Susan Jun

E. Federal Employer Identification No. (if you have one): .. .

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago Midway Airport Revenue Bonds Series 2 016

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification #

and Contract #

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SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- Person
- Publicly registered business corporation
- Privately held business corporation
- Sole proprietorship
- General partnership
- Limited partnership
- Trust
- Limited liability company
- Limited liability partnership
- Joint venture
- Not-for-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?
 Yes No
- Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- Yes
- No
- N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title Please see attached list.

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

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interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-1 54-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
Bank of America Corporation	100 N. Tryon St. Charlotte, NC 28255	100% (indirect)

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No Please see attachment.

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
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(Add sheets if necessary)

pt] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No be] No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1 Pursuant to Municipal Code Chapter 1-23, Article I ("Article I") (which the Applicant should consult for

1. Pursuant to Municipal Code Chapter 1-23, Article I (Article I) (which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B. 1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that directly or indirectly controls the Disclosing

- any Affiliated Entity (meaning a person or entity that, directly or indirectly, controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the

Security of the U.S. Department of Commerce or their successors, the Specialty Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below: Please see relevant attachment.

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). None

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None with respect to any current or prospective business with the City of Chicago

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary): N.A.

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No Please see attachment.

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

UNSUBMITTED

Does the Matter involve a City Property Sale?

[JYes [JNo

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
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4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

x 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City

section vii. For purposes of this section vi, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Is the Disclosing Party the Applicant:

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

Page 11 of 13

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes. * To the best of my knowledge after reasonable inquiry.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City. * To the best of my knowledge

and complete as of the date furnished to the City. To the best of my knowledge
after reasonable inquiry.

NB Holdings Corporation
(Print or type name of Disclosing Party)

Edward J. Sisk
(Print or type name of person signing)

Authorized Signatory
(Print or type title of person signing)

Signed and sworn to before me on (date) ^P^^-^^C <3>\$20/>S ^jyi/C County, '^g^-
^5^(state).
Notary Public.
Commission expires:

GRACE ARGANO Notary Public - State of
New York No. 01AR60S4791 Qualified in
Richmond County My Commission Expires
Feb. 12,2019

Page 12 of 13

NB HOLDINGS CORPORATION
LIMITED POWER OF ATTORNEY

NB HOLDINGS CORPORATION, a Delaware corporation (the "Corporation"), does hereby make, constitute, and appoint Edward J. Sisk as Attorney-in-Fact for the Corporation acting for the Corporation and in the Corporation's name, place and stead, for the limited purpose of authorizing, preparing, revising or signing a City of Chicago Economic Disclosure Statement and Affidavits (the "Disclosure Statement") related to Merrill Lynch, Pierce, Fenner & Smith Incorporated's ("MLPF & S") participation in the City of Chicago Midway Airport Revenue Bonds Series 2016.

Any execution by the Attorney-in-Fact of the Disclosure Statement shall fully bind and commit the Corporation and the City of Chicago may rely upon the execution thereof by the Attorney-in-Fact as if executed by the Corporation and as the true and lawful act of the Corporation.

This Limited Power of Attorney shall automatically terminate as to the authority of the named Attorney-in-Fact upon such Attorney-in-Fact's resignation or termination from MLPF & S or his realignment to a role outside of the Public Finance division of MLPF & S; however; such termination or realignment shall have no impact on the Disclosure Statement executed by the above named attorney-in-fact for the Corporation prior to such termination or realignment.

IN WITNESS WHEREOF, this Power of Attorney has been executed and delivered by the Corporation to each Attorney-in-Fact on this 23rd day of November, 2015.

Ellen A. Perrin
Assistant General Counsel

NB HOLDINGS CORPORATION

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section ILB.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No ^{N/A}

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No n/a

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS

OF THE ASSOCIATED EDS.

NB HOLDINGS CORPORATION Directors & Key Executive Officers
As of November 18, 2015

DIRECTORS & KEY ELECTED OFFICERS:

NAME	OFFICE HELD
Geoffrey Greener	Director & Chief Risk Officer
Terrence P. Laughlin	Director & President, Strategic Initiatives
Brian T. Moynihan	Director & Chairman of the Board, President and Chief Executive Officer
Bruce R. Thompson	Director & Chief Financial Officer

Attachment for Section III:

Please note that the Disclosing Party is a subsidiary of Bank of America Corporation ("BAC"). BAC and its subsidiaries had approximately 216,838 full-time equivalent employees as of June 30, 2015. Accordingly, it is not possible for BAC to perform due diligence across the full panoply of associates and BAC-related entities in preparing a response to business relationships with City of Chicago elected officials. In responding to this question, the Disclosing Party did perform due diligence within the Public Finance Group of Merrill Lynch, Pierce, Fenner & Smith Incorporated to determine whether any of the Public Finance Group's employees were aware of any such relationships between the City elected officials and the Disclosing Party within the past 12 months.

Attachment for Section V.B: [NB Holdings Corporation]

Disclosing Party certifies, as set forth below, to the best of its knowledge and belief that with respect to V.B.2.O.:

Neither NB Holdings Corporation ("NB Holdings") nor its Directors and Executive Officers identified in Section II.B.1 of this EDS is subject to any order, judgment or decree by any court or government authority in which it is barred, suspended or otherwise limited from engaging in any type of business practice.

V.B.1.b, cande:

NB Holdings is a direct wholly-owned subsidiary of Bank of America Corporation ("BAC"). Bank of America Corporation makes all required disclosures regarding itself and its subsidiaries in its Form 10-K as filed with the Securities and Exchange Commission and its Annual Report as posted on its website at <http://investor.bankofamerica.com/phoenix.zhtml?c=71595&p=irol-reportsannual>. In addition, BAC's registered broker dealer and investment advisor subsidiaries make all required disclosures on their Form DDs as filed with FINRA and

-dealer and investment adviser subsidiaries make all required disclosures on their Form DDS as filed with FINRA and their Form ADVs as filed with the SEC. These filings include disclosures of investigations and litigation as required by the SRO's and federal law, and are publicly available. BAC cannot confirm or deny the existence of any other non-public investigation conducted by any governmental agency unless required to do so by law.

V.B.1.d

The Disclosing Party performed due diligence within the Public Finance Group of MLPF&S to determine whether any Public Finance Group employees were aware of any public finance transactions (federal, state or local) having been terminated for cause or default within the last five years, and none of such employees were aware of any such terminations.

V.B.3.a, b and c - Please see response to V.B.2. b c and e above.

In addition, in 2010, Douglass Campbell, a former Bank of America, N.A. ("BANA") employee, pled guilty to violating, among other statutes, 15 U.S.C. § 15. 15 U.S.C. § 15's elements are similar to 720 ILCS 5/33E-3. Although Mr. Campbell was not an employee of BANA or BAC at the time of his guilty plea, some of the conduct to which he pled guilty occurred while he was employed by BANA. Despite Mr. Campbell's conviction, MLPF&S believes that it should not be barred from contracting with the City.

MLPF&S believes that it is not ineligible under Section 1-23-020 of the Municipal Code of Chicago because neither MLPF&S (or any controlling person of MLPF&S) nor any entity that MLPF&S has been merged into (including BANA and Banc of America Securities LLC ("BAS")) have within the past 5 years been convicted of, admitted guilt to in any civil or criminal proceeding, or charged with or indicted for any felony or criminal offense for conduct outlined in Section 1-23-020(a). Finally, MLPF&S believes that it is not ineligible under Section 2-92-320 of the Municipal Code of Chicago because neither MLPF&S nor its current employees have within the past 5 years been convicted of or made an admission of guilt regarding the items outlined in 2-92-320 (a)(1)-(3) or violated the items identified in 2-92-320(a)(4). Moreover, MLPF&S is not aware of any former employees who have been convicted of or made an admission of guilt within the past 5 years regarding the items outlined in 2-92-

320 (a)(1)-(3) or violated the items identified in 2-92-320(a)(4) based on conduct that took place while they were employed by MLPF&S. In addition, MLPF&S believes that, under Section 2-92-320, it should not be chargeable with any conduct of BANA or BAS (or their former employees, including Douglass Campbell) that occurred prior to January 1, 2009, because MLPF&S was not affiliated with BANA and BAS before that date.

V.B.4 - Please see response to V.B.2. b, c and e above.

In addition, MLPF&S believes that it is not barred from contracting with any unit of State or local government pursuant to 720 ILCS 5/33E-3 or 720 ILCS 5/33E-4 because neither MLPF&S nor its current employees have been convicted within the past 5 years of violating 720 ILCS 5/33E-3 or 720 ILCS 5/33E-4 or any similar offenses of any state or the United States which contains the same elements as these offenses. Moreover, MLPF&S is not aware of any former employees who have been convicted within the past 5 years of violating 720 ILCS 5/33E-3 or 720 ILCS 5/33E-4 or any similar offenses of any state or the United States which contains the same elements as these offenses based on conduct that took place while they were employed by MLPF&S. Finally, at the time of the conduct at issue in Mr. Campbell's guilty plea, MLPF&S was not affiliated with BANA or BAS.

Section V.B.2.b-e:

NB Holdings Corporation ("NB Holdings") is a direct wholly-owned subsidiary of Bank of America Corporation ("BAC"). Bank of America Corporation makes all required disclosures regarding itself and its subsidiaries in its Form 10

(BAC). BANK OF AMERICA Corporation makes all required disclosures regarding itself and its subsidiaries in its FORM 10-K as filed with the Securities and Exchange Commission and its Annual Report as posted on its website at <http://investor.bankofamerica.com/phoenix.zhtml?c=71595&p=irol-reportsannual>. In addition, BAC's registered broker-dealer and investment adviser subsidiaries make all required disclosures on their Form BDs as filed with FINRA and their Form ADVs as filed with the SEC. These filings include disclosures of investigations and litigation as required by the SRO's and federal law, and are publicly available. BAC cannot confirm or deny the existence of any other non-public investigation conducted by any governmental agency unless required to do so by law.

Attachment for Section V.D:

Please note that the Disclosing Party is a subsidiary of Bank of America Corporation ("BAC"). BAC and its subsidiaries had approximately 216,838 full-time equivalent employees as of June 30, 2015. Accordingly, it is not possible for BAC to perform due diligence across the full panoply of associates and BAC-related entities in preparing a response to business relationships with City of Chicago elected officials. In responding to this question, the Disclosing Party did perform due diligence within the Public Finance Group of Merrill Lynch, Pierce, Fenner & Smith Incorporated to determine whether any of the Public Finance Group's employees were aware of any such relationships between the City elected officials and the Disclosing Party within the past 12 months.

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**AFFIDAVIT
DEBT OBLIGATION AND BROKERAGE TRANSACTIONS**

Name of Reporting Firm: Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Description of Matter: City of Chicago Midway Airport Revenue Bonds

Role of Reporting Firm: Co-Senior Manager

This affidavit is submitted in conjunction with (check one):

- a City of Chicago debt obligation transaction (Municipal Code Section 2-154-017)
- brokerage services for the City Treasurer (Municipal Code Section 2-154-018)

Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Reporting Firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Reporting Firm and the role he or she will fill in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

Individual #	Position and Role	Gender	Race/Ethnicity
1	Managing Director (Senior Investment Banker)	M F	White
2	Managing Director (Senior Investment Banker)	M F	White
3	Director (Senior Investment Banker)	M F	White

3	Director (Senior Investment Banker)	M F	White
4	Director (Senior Investment Banker)	M F	White
5	Director (Senior Investment Banker)	M F	Asian
6	Vice President (Transaction Banker)	M F	Asian
7	Associate (Transaction Banker)	M F	Black
8	Analyst (Transaction Banker)	M F	Asian

(If needed, please use additional sheets to identify additional personnel.)

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Reporting Firm, and (2) the information in this Affidavit and associated attachment are true, complete, and correct.

By signing below, I understand and acknowledge, on behalf of the Reporting Firm, that failure to accurately and completely supply the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

This document contains confidential information regarding the make-up of the Bunk's domestic workforce that is not customarily revealed to third parties. This information is not publiclly available and should not he disclosed to third parties.

Printed Name: _^jPhilip B. Rooney. Jr Signature:

Title: V M3i rector

Date: 11/20/2015

This document contains confidential information regarding the make-up of the Bank's domestic workforce that is not customarily revealed to third parties. This information is not publiclly available and should not be disclosed to third parties.

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: BAC North America Holding Company

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant
OR
2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Merrill Lynch, Pierce, Fenner & Smith Incorporated
OR
3. a legal entity with a right of control (sec Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control: _____

B. Business address ofthe Disclosing Party: 100 N. Tryon Street, Charlotte,, NC 28255
c/o 540 W. Madison, Chicago, IL 60661

C. Telephone: 312 527 6265 - 312 527 6270

C. Telephone: 312-551-0500 Fax: 312-551-0517

D. Name of contact person: Susan Jun

E. Federal Employer Identification No. (if you have one): - . .

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago Midway Airport Revenue Bonds Series 2016

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- Person
- Publicly registered business corporation
- Privately held business corporation
- Sole proprietorship
- General partnership
- Limited partnership
- Trust
- Limited liability company
- Limited liability partnership
- Joint venture
- Not-for-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?
 Yes No
- Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable-Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not for

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title Please see attached list.

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
Bank of America Corporation	100 N. Tryon St. Charlotte, NC 28255	100% (indirect)
NB Holdings Corporation	100 N. Tryon St. Charlotte, NC 28255	100% (direct)

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

[J]Yes [x] No please see attachment.

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 13

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
--	------------------	--	---

(Add sheets if necessary)

be] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities."

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No be] No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

(federal, state or local) terminated for cause of default, and

- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.
3. The certifications in subparts 3, 4 and 5 concern:
- the Disclosing Party;
 - any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
 - any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
 - any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 13

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or

not been prosecuted for such conduct, or

d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:
Please see relevant attachment.

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). None

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed

12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None with respect to any current or prospective business with the City of Chicago

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary): N.A.

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a

1. In accordance with Section 2-150-110 of the Municipal Code. Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?
 Yes No Please see attachment.

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the

z. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities"

REVENUE CODE OF 1980 but has not engaged and will not engage in Lobbying Activities .

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or

agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

Page 11 of 13

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes. * To the best of my knowledge after reasonable inquiry.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F. 1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City. * To the best of my knowledge
after reasonable inquiry.

BAC North America Holding Company

(Print or type name of person signing)

Authorized Signatory

(Print or type title of person signing)

Notary Public.

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GRACE ARGANO Notary Public • State of New York NO.01AR6054791 Qualified In Richmond County My
Commission Expires Feb. 12,2019

**BAC NORTH AMERICA HOLDING COMPANY LIMITED POWER
OF ATTORNEY**

BAC NORTH AMERICA HOLDING COMPANY, a Delaware corporation (the "Corporation"), does hereby make, constitute, and appoint Edward J. Sisk as Attorney-in-Fact for the Corporation acting for the Corporation and in the Corporation's name, place and stead, for the limited purpose of authorizing, preparing, revising or signing a City of Chicago Economic Disclosure Statement and Affidavits (the "Disclosure Statement") related to Merrill Lynch, Pierce, Fenner & Smith Incorporated's ("MLPF & S") participation in the City of Chicago Midway Airport Revenue Bonds Series 2016.

Any execution by the Attorney-in-Fact of the Disclosure Statement shall fully bind and commit the Corporation and the City of Chicago may rely upon the execution thereof by the Attorney-in-Fact as if executed by the Corporation and as the true and lawful act of the Corporation.

executed by the Corporation and as the true and lawful act of the Corporation.

This Limited Power of Attorney shall automatically terminate as to the authority of the named Attorney-in-Fact upon such Attorney-in-Fact's resignation or termination from MLPF & S or his realignment to a role outside of the Public Finance division of MLPF & S; however; such termination or realignment shall have no impact on the Disclosure Statement executed by the above named attorney-in-fact for the Corporation prior to such termination or realignment.

IN WITNESS WHEREOF, this Power of Attorney has been executed and delivered by the Corporation to each Attorney-in-Fact on this 23rd day of November, 2015.

BAC NORTH AMERICA HOLDING COMPANY

Ellen A. Perrin Assistant General Counsel

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section H.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

* To the best of my knowledge

to the best of my knowledge
[] Yes [x] No after
reasonable inquiry.

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

[] Yes [x] No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

[] Yes [] No [X] Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

**FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT
THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO AND MADE A PART OF**

THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

BAC NORTH AMERICA HOLDING COMPANY Directors & Key Executive Officers
As of November 18, 2015

DIRECTORS & KEY ELECTED OFFICERS:

NAME	OFFICE HELD
Geoffrey Greener	Director & Chief Risk Officer
Terrence P. Laughlin	Director & President, Strategic Initiatives
Brian T. Moynihan	Director & Chairman of the Board, President and Chief Executive Officer
Bruce R. Thompson	Director & Chief Financial Officer

Attachment for Section III:

Please note that the Disclosing Party is a subsidiary of Bank of America Corporation ("BAC"). BAC and its subsidiaries had approximately 216,838 full-time equivalent employees as of June 30, 2015. Accordingly, it is not possible for BAC to perform due diligence across the full panoply of associates and BAC-related entities in preparing a response to business relationships with City of Chicago elected officials. In responding to this question, the Disclosing Party did perform due diligence within the Public Finance Group of Merrill Lynch, Pierce, Fenner & Smith Incorporated to determine whether any of the Public Finance Group's employees were aware of any such relationships between the City elected officials and the Disclosing Party within the past 12 months.

Attachment for Section V.B: [BAC North America Holding Company]

Disclosing Party certifies, as set forth below, to the best of its knowledge and belief that with respect to V.B.2.a.:

Neither BAC North America Holding Company ("BACNAH") nor its Directors and Executive Officers identified in Section II.B.1 of this EDS is subject to any order, judgment or decree by any court or government authority in which it is barred, suspended or otherwise limited from engaging in any type of business practice.

V.B.2.b, c and e:

BACNAH is an indirect, wholly-owned subsidiary of Bank of America Corporation ("BAC"). Bank of America Corporation makes all required disclosures regarding itself and its subsidiaries in its Form 10-K as filed with the

Corporation makes all required disclosures regarding itself and its subsidiaries in its Form 10-K as filed with the Securities and Exchange Commission and its Annual Report as posted on its website at <<http://investor.bankofamerica.com/phoenix.2html?c=71595&p=iro-l-reportsannual>>. In addition, BAC's registered broker-dealer and investment adviser subsidiaries make all required disclosures on their Form BDs as filed with FINRA and their Form ADVs as filed with the SEC. These filings include disclosures of investigations and litigation as required by the SRO's and federal law, and are publicly available. BAC cannot confirm or deny the existence of any other non-public investigation conducted by any governmental agency unless required to do so by law.

V.B.2.d

The Disclosing Party performed due diligence within the Public Finance Group of MLPF&S to determine whether any Public Finance Group employees were aware of any public finance transactions (federal, state or local) having been terminated for cause or default within the last five years, and none of such employees were aware of any such terminations.

V.B.3.a, b and c - Please see response to V.B.2. b c and e above.

In addition, in 2010, Douglass Campbell, a former Bank of America, N.A. ("BANA") employee, pled guilty to violating, among other statutes, 15 U.S.C. § 15. 15 U.S.C. § 15's elements are similar to 720 ILCS 5/33E-3. Although Mr. Campbell was not an employee of BANA or BAC at the time of his guilty plea, some of the conduct to which he pled guilty occurred while he was employed by BANA. Despite Mr. Campbell's conviction, MLPF&S believes that it should not be barred from contracting with the City.

MLPF&S believes that it is not ineligible under Section 1-23-020 of the Municipal Code of Chicago because neither MLPF&S (or any controlling person of MLPF&S) nor any entity that MLPF&S has been merged into (including BANA and Banc of America Securities LLC ("BAS")) have within the past 5 years been convicted of, admitted guilt to in any civil or criminal proceeding, or charged with or indicted for any felony or criminal offense for conduct outlined in Section 1-23-020(a). Finally, MLPF&S believes that it is not ineligible under Section 2-92-320 of the Municipal Code of Chicago because neither MLPF&S nor its current employees have within the past 5 years been convicted of or made an admission of guilt regarding the items outlined in 2-92-320 (a)(1)-(3) or violated the items identified in 2-92-320(a)(4). Moreover, MLPF&S is not aware of any former employees who have been convicted of or made an admission of guilt within the past 5 years regarding the items outlined in 2-92-

320 (a)(1)-(3) or violated the items identified in 2-92-320(a)(4) based on conduct that took place while, they were employed by MLPF&S. In addition, MLPF&S believes that, under Section 2-92-320, it should not be chargeable with any conduct of BANA or BAS (or their former employees, including Douglass Campbell) that occurred prior to January 1, 2009, because MLPF&S was not affiliated with BANA and BAS before that date.

V.B.4 - Please see response to V.B.2. b, c and c above.

In addition, MLPF&S believes that it is not barred from contracting with any unit of State or local government pursuant to 720 ILCS 5/33E-3 or 720 ILCS 5/33E-4 because neither MLPF&S nor its current employees have been convicted within the past 5 years of violating 720 ILCS 5/33E-3 or 720 LCS 5/33E-4 or any similar offenses of any state or the United States which contains the same elements as these offenses. Moreover, MLPF&S is not aware of any former employees who have been convicted within the past 5 years of violating 720 ILCS 5/33E-3 or 720 ILCS 5/33E-4 or any similar offenses of any state or the United States which contains the same elements as these offenses based on conduct that took place while they were employed by MLPF&S. Finally, at the time of the conduct at issue in Mr. Campbell's guilty plea, MLPF&S was not affiliated with BANA or BAS

DATA OF BAC:

Section V.B.2b-e:

BAC North America Holdings Company ("BACNAH") is an indirect, wholly-owned subsidiary of Bank of America Corporation ("BAC"). Bank of America Corporation makes all required disclosures regarding itself and its subsidiaries in its Form 10-K as filed with the Securities and Exchange Commission and its Annual Report as posted on its website at <http://investor.bankofamerica.com/phoenix.zhtml?c=7&id=1595&p=irol-reportsannual>. In addition, BAC's registered broker-dealer and investment adviser subsidiaries make all required disclosures on their Form BDs as filed with FINRA and their Form ADVs as filed with the SEC. These findings include disclosures of investigations and litigation as required by the SRO's and federal law, and are publicly available. BAC cannot confirm or deny the existence of any other non-public investigation conducted by any governmental agency unless required to do so by law.

Attachment for Section V.D:

Please note that the Disclosing Party is a subsidiary of Bank of America Corporation ("BAC"). BAC and its subsidiaries had approximately 216,838 full-time equivalent employees as of June 30, 2015. Accordingly, it is not possible for BAC to perform due diligence across the full panoply of associates and BAC-related entities in preparing a response to business relationships with City of Chicago elected officials. In responding to this question, the Disclosing Party did perform due diligence within the Public Finance Group of Merrill Lynch, Pierce, Fenner & Smith Incorporated to determine whether any of the Public Finance Group's employees were aware of any such relationships between the City elected officials and the Disclosing Party within the past 12 months.

**UNITED STATES SECURITIES AND
EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 For the Quarterly Period
Ended September 30, 2015

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.:

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:

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes No

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

Large accelerated filer S Accelerated filer Non-accelerated filer (do not check if a smaller reporting company) Smaller reporting company

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

Yes No

On October 29, 2015, there were 10,412,479,671 shares of Bank of America Corporation Common Stock outstanding.

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Part I. Financial Information Item 1.

Financial Statements

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This report on Form 10-Q, the documents that it incorporates by reference and the documents into which it may be incorporated by reference may contain, and from time to time Bank of America Corporation (collectively with its subsidiaries, 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," "goal," "believes," "continue," "suggests" and other similar expressions or future or conditional verbs such as "will," "may," "might," "should," "would" and "could." The forward-looking statements made represent the Corporation's current expectations, plans or forecasts of its future results and revenues, 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 elsewhere in this report, and under Item 1A. Risk Factors of the Corporation's 2014 Annual Report on Form 10-K and in any of the Corporation's subsequent Securities and Exchange Commission filings: the Corporation's ability to resolve representations and warranties repurchase and related claims, including claims brought by investors or trustees seeking to distinguish certain aspects of the ACE decision or to assert other claims seeking to avoid the impact of the ACE decision; the possibility that the Corporation could face related servicing, securities, fraud, indemnity, contribution or other claims from one or more counterparties, including trustees, purchasers of loans, underwriters, issuers, other parties involved in securitizations, monolines or private-label and other investors; the possibility that future representations and warranties losses may occur in excess of the Corporation's recorded liability and estimated range of possible loss for its representations and warranties exposures; the possibility that the Corporation may not collect mortgage insurance claims; potential claims, damages, penalties, fines and reputational damage resulting from pending or future litigation and regulatory proceedings, including the possibility that amounts may be in excess of the Corporation's recorded liability and estimated range of possible losses for litigation exposures; the possibility that the European Commission will impose remedial measures in relation to its investigation of the Corporation's competitive practices; the possible outcome of LIBOR, other reference rate and foreign exchange inquiries and investigations; 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, currency exchange rates and economic conditions; the possibility that future credit losses may be higher than currently expected, due to changes in economic assumptions, customer behavior and other uncertainties; the impact on the Corporation's business, financial condition and results of operations of a potential higher interest rate environment; adverse changes to the Corporation's credit ratings from the major credit rating agencies; estimates of the fair value of certain of the Corporation's assets and liabilities; uncertainty regarding the content, timing and impact of regulatory capital and liquidity requirements, including the adoption of total loss-absorbing capacity requirements; the potential for payment protection insurance exposure to increase as a result of Financial Conduct Authority actions; the possible impact of Federal Reserve actions on the Corporation's capital plans; the impact of implementation and compliance with new and evolving U.S. and international regulations, including, but not limited to, recovery and resolution planning requirements, FDIC assessments, the Volcker Rule and derivatives regulations; impacts of the October 6, 2015 European Court of Justice judgment invalidating the Safe Harbor Data Transfer Framework; the impact of recent proposed U. K tax law changes, including a reduction to the U. K corporate tax rate, and the creation of a bank surcharge tax, which together, if enacted, will result in a tax charge upon enactment and higher tax expense going forward, as well as a reduction in the bank levy; a failure in or breach of the Corporation's operational or security systems or infrastructure, or those of third parties, including as a result of cyber attacks and other similar matters

Forward-looking statements speak only as of the date they are made, and the Corporation undertakes no obligation to update

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 the 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.

The Corporation's Annual Report on Form 10-K for the year ended December 31, 2014 as supplemented by a Current Report on Form 8-K filed on April 29, 2015 to reflect reclassified business segment information is referred to herein as the 2014 Annual Report on Form 10-K. These unaudited Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K.

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" 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 banking and various nonbank subsidiaries throughout the U.S. and in international markets, we provide a diversified range of banking and nonbank financial services and products through five business segments: Consumer Banking, Global Wealth & Investment Management (GWIM), Global Banking, Global Markets and Legacy Assets & Servicing (LAS), with the remaining operations recorded in All Other. Effective January 1, 2015, we aligned the segments with how we are managing the businesses in 2015. For more information on this realignment, see Note 18 - Business Segment Information to the Consolidated Financial Statements. Prior periods have been reclassified to conform to the current period presentation. We operate our banking activities primarily under the Bank of America, National Association (Bank of America, N.A. or BANA) charter. At September 30, 2015, the Corporation had approximately \$2.2 trillion in assets and approximately 215,200 full-time equivalent employees.

As of September 30, 2015, we operated in all 50 states, the District of Columbia, the U.S. Virgin Islands, Puerto Rico and more than 35 countries. Our retail banking footprint covers approximately 80 percent of the U.S. population, and we serve approximately 47 million consumer and small business relationships with approximately 4,700 financial centers, 16,100 ATMs, nationwide call centers, and leading online and mobile banking platforms (www.bankofamerica.com <<http://www.bankofamerica.com>>). We offer industry-leading support to approximately three million small business owners. Our wealth management businesses, with client balances of \$2.4 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.

Third-Quarter 2015 Economic and Business Environment

In the U.S., the economy grew at a moderate pace in the third quarter of 2015, following uneven but accelerating growth in the first half of the year. Capital spending picked up following several weak quarters, while nonresidential construction continued to expand though restrained by oil price declines. In addition, retail spending increased driven by continued strengthening in vehicle sales, solid employment gains and lower energy costs. Residential construction also continued to improve during the third quarter, reflecting low mortgage rates and rising consumer confidence. U.S. Dollar appreciation resumed during the third quarter, adding to consumer purchasing power while restraining export gains. After widening in the first quarter, the U.S. trade gap narrowed slightly in the second quarter before widening again in the third quarter.

Unemployment continued to decline in the third quarter of 2015. Payroll gains slowed in the second half of the quarter, and there was little evidence of an increase in wage gains. Energy costs fell, offsetting the second quarter's modest rebound. However, inflation was stable, though the core measure remains well below the Board of Governors of the Federal Reserve System's (Federal Reserve) longer term annual target of two percent.

longer-term annual target of two percent.

While the Federal Reserve has continued to indicate that it would likely be appropriate to raise the target range for the federal funds rate, rates remained unchanged during the third quarter, with the Federal Reserve citing restraint on economic activity and downward pressure on inflation stemming from recent global economic and financial developments. Longer-term U.S. Treasury yields moved moderately lower during the quarter as equities weakened.

Internationally, the eurozone and Japanese economies continued to be supported by accommodative monetary policies, weaker currencies and low energy costs. Challenges remain in Greece, although recent elections indicated a restoration of some measure of political stability. Meanwhile, rising emigration from the war-torn Middle East posed a new challenge to the eurozone. Despite Asia's economic slowdown, growth continued in Japan. Russia and Brazil remained in recession, while economic growth in China slowed, though Chinese equities stabilized and policy easing provided some support to the Chinese economy. Emerging markets in Asia and Latin America were pressured by softer demand from China, as well as low commodity prices.

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Recent Events

Settlement with Bank of New York Mellon

On April 22, 2015, the New York County Supreme Court entered final judgment approving the settlement with the Bank of New York Mellon (BNY Mellon). In October 2015, BNY Mellon obtained certain state tax opinions and an Internal Revenue Service (IRS) private letter ruling confirming that the settlement will not impact the real estate mortgage investment conduit tax status of the trusts. The final conditions of the settlement have thus been satisfied, requiring the Corporation to make the settlement payment of \$8.5 billion (excluding legal fees) on or before February 9, 2016. The settlement payment and legal fees were previously fully reserved. BNY Mellon is required to determine the share of the settlement payment that will be allocated to each of the trusts covered by the settlement and then to distribute those amounts.

For more information on servicing matters associated with the settlement with the BNY Mellon, see Off-Balance Sheet Arrangements and Contractual Obligations - Mortgage-related Settlements - Servicing Matters on page 54 of the MD&A of the Corporation's 2014 Annual Report on Form 10-K.

Capital Management

During the nine months ended September 30, 2015, we repurchased approximately \$1.6 billion of common stock in connection with our 2015 Comprehensive Capital Analysis and Review (CCAR) capital plan, which included a request to repurchase \$4.0 billion of common stock over five quarters beginning in the second quarter of 2015, and to maintain the quarterly common stock dividend at the current rate of \$0.05 per share.

Based on the conditional non-objection we received from the Federal Reserve on our 2015 CCAR submission, we were required to resubmit our CCAR capital plan by September 30, 2015 and address certain weaknesses the Federal Reserve identified in our capital planning process. We have established plans and taken actions which we believe address the identified weaknesses, and we resubmitted our CCAR capital plan on September 30, 2015. The Federal Reserve has 75 days to review our resubmitted CCAR capital plan and our capital planning revisions. Following that review, the Federal Reserve may determine that the capital plan is not adequate or the identified weaknesses are not being satisfactorily addressed, and may restrict our future capital actions.

As an Advanced approaches institution under Basel 3, we were required to complete a qualification period (parallel run) to demonstrate compliance with the Basel 3 Advanced approaches capital framework to the satisfaction of U.S. banking regulators. On September 3, 2015, we received approval from the Federal Reserve and the Office of the Comptroller of the Currency to exit parallel

September 3, 2015, we received approval from the Federal Reserve and the Office of the Comptroller of the Currency to exit parallel run and begin using the Basel 3 Advanced approaches capital framework to determine risk-based capital requirements beginning October 1, 2015. Beginning in the fourth quarter of 2015, we will be required to report regulatory risk-based capital ratios and risk-weighted assets under both the Standardized and Advanced approaches. The approach that yields the lower ratio is to be used to assess capital adequacy including under the Prompt Corrective Action (PCA) framework. For additional information, see Capital Management on page 56.

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Selected Financial Data

Table 1 provides selected consolidated financial data for the three and nine months ended September 30, 2015 and 2014, and at September 30, 2015 and December 31, 2014.

Table 1
Selected Financial Data

Three Months Ended September 30 Nine Months Ended September 30

(Dollars in millions, except per share information)

Income statement		
Revenue, net of interest expense (FTE basis):		
Net income (Loss) Diluted earnings (Loss) per common share		
Dividends paid per common share		
	20,913	4,508
21,434	0.37	0.05
(0.04)		(232)
66,161		
1,783		
0.07		

Performance ratios

Return on average tangible assets.¹¹

Return on average tangible common shareholders' equity⁽¹⁾

Efficiency ratio (FTE basis),

Asset quality

Allowance for loan and lease losses at period end

Allowance for loan and lease losses as a percentage of total loans and leases outstanding at period end

Nonperforming loans, leases and foreclosed properties at period end

Net charge-offs⁽¹⁾

Annualized net charge-offs as a percentage of average loans and leases outstanding^{(1),(2)}

Annualized net charge-offs as a percentage of average loans and leases outstanding, excluding the purchased credit-impaired loan portfolio⁽³⁾

Annualized net charge-offs and purchased credit-impaired write-offs as a percentage of average loans and leases outstanding

Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs⁽⁴⁾

Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs, excluding the purchased credit-impaired loan portfolio

Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs and purchased credit-impaired write-offs

932

0.42%

0.43

0.49 3.42

3.18 2.95

1,043 "0"46 %'

0 48

0:57 3.65

3.27 2 95

14.232-

3,504

0:52%'

0 53

0:64 3 22

2 88 :

2.63

September 30 2015

December 31 2014

Balance sheet

Total loans and leases

Total assets

Total deposits

Total common shareholders' equity

Capital ratios under Basel 3 Standardized - Transition P. Common equity/tier 1 capital

Tier 1 capital / Total capital. Tier 1 leverage

1:62009<

233,632

255,905,1

11.6% .

12.9

15.8-8.5

1,1:18,936:-

224,162

■V 243,471:

12.3?

13 4 16 5 82

^(a) Fully taxable-equivalent (FTK) basis, return on average tangible common shareholders' equity and the efficiency ratio are non-GAAP financial measures. Other companies may define or calculate these measures differently. For more information on these measures and ratios, and a corresponding reconciliation to GAAP financial measures, see Supplemental Financial Data 011 page 16.

^(b) The diluted earnings (loss) per common share excludes the effect of any equity instruments that are antidilutive to earnings per share. There were no potential common shares that were dilutive in the third quarter of 2014 because of the net loss applicable to common shareholders.

^(c) 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 92 and corresponding Table 49, and Commercial Portfolio Credit Risk Management - Nonperforming Commercial Loans, Leases and Foreclosed Properties Activity on page 101 and corresponding Table 58.

^(d) Net charge-offs exclude \$246 million and \$797 million of write-offs in the purchased credit-impaired loan portfolio for the three and nine months ended September 30, 2015 compared to \$246 million and \$797 million for the same periods in 2014. These write-offs decreased the purchased credit-impaired valuation allowance included as part of the allowance for loan and lease losses. For more information on purchased credit-impaired write-offs, see Consumer Portfolio Credit Risk Management - Purchased Credit-impaired Loan Portfolio on page 87.

n/m = not meaningful

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Financial Highlights

Net income was \$4.5 billion, or \$0.37 per diluted share, and \$13.2 billion, or \$1.09 per diluted share for the three and nine months ended September 30, 2015 compared to a net loss of \$232 million, or a loss of \$0.04 per share, and net income of \$1.8 billion, or \$0.10 per share for the same periods in 2014. The results for the three and nine months ended September 30, 2015 compared to the same periods in 2014 were primarily driven by decreases of \$5.7 billion and \$15.2 billion in litigation expense, as well as declines in nearly all other noninterest expense categories, partially offset by a decline in net interest income on a fully taxable-equivalent (FTE) basis, higher provision for credit losses and lower revenue. Included in net interest income on an FTE basis were negative market-related adjustments on debt securities of \$597 million and \$412 million for the three and nine months ended September 30, 2015 compared to negative market-related adjustments of \$55 million and \$503 million for the same periods in 2014.

Total assets increased \$48.5 billion from December 31, 2014 to \$2.2 trillion at September 30, 2015 primarily due to higher cash and cash equivalents as a result of strong deposit inflows driven by growth in customer and client activity, as well as continued commercial loan growth. During the nine months ended September 30, 2015, we returned \$3.1 billion in capital to common shareholders through common stock repurchases and dividends. For more information on the increase in total assets and other significant balance sheet items, see Executive Summary - Balance Sheet Overview on page 11. From a capital management perspective, during the nine months ended September 30, 2015, we maintained our strong capital position with Common equity tier 1 capital of \$161.6 billion, risk-weighted assets of \$1,392 billion and a Common equity tier 1 capital ratio of 11.6 percent at September 30, 2015 compared to \$155.4 billion, \$1,262 billion and 12.3 percent at December 31, 2014 as measured under Basel 3 Standardized - Transition. The decline in the Common equity tier 1 capital ratio is primarily due to an increase in risk-weighted assets due to the change in the calculation of risk-weighted assets from the general risk-based approach at December 31, 2014 to the Basel 3 Standardized approach, starting in 2015. On September 3, 2015, we received approval to exit parallel run and begin using the Basel 3 Advanced approaches capital framework to determine risk-based capital requirements in the fourth quarter of 2015. Additionally, the Corporation's supplementary leverage ratio was 6.4 percent and 5.9 percent at September 30, 2015 and December 31, 2014, both above the 5.0 percent required minimum. Our Global Excess Liquidity Sources were \$499 billion with time-to-required funding at 42 months at September 30, 2015 compared to \$439 billion and 39 months at December 31, 2014. For additional information, see Capital Management on page 56 and Liquidity Risk on page 68.

Table 2

Summary Income Statement

(Dollars in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Net interest income (FTE basis) ^(a)	\$ 9,742	\$ 10,444	\$ 30,128	\$ 30,050

Noninterest income	11,171	10,990	34,551	35,205
| Total revenue, net of interest expense (FTE basis)"	20,913	21,434	64,679	66,161 j
Provision for credit losses	806	636	2,351	2,056
[Noninterest expense.	13,807	20,142	43,320	60,921~j
Income before income taxes (FTE basis)"	6,300	656	19,008	3,184
j Income tax expense i(FTE basis)" ~	1,792	~ 888	5,823	1,401 -
Net income (loss)	4,508	(232)	13,185	1,783
I Preferred stock dividends	441	238	1,153	732)
Net income (loss) applicable to common shareholders	\$ 4,067	\$ (470)	\$ 12,032	\$ 1,051
Per common share information				
| Earnings floss)" /	0.39	\$ (0.04)	1.09	0.10
Diluted earnings (loss)	0.37	(0.04)	1.09	0.10

Capital ratios under Basel 3 Standardized - Transition*2)	September 30	December 31
	2015	2014
Common equity tier 1 capital	11.6%	12.3%
Tier 1 capital	12.9	13.4
Total capital	15.8	16.5
Tier 1 leverage	8.5	8.2

FTE basis is a non-GAAP financial measure For more information on this measure and for a corresponding reconciliation to GAAP financial measures, see Supplemental Financial Data on page 16
 For more information on capital management and the related capital ratios, see Capital Management on page 56

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Net Interest Income

Net interest income on an FTE basis decreased \$702 million to \$9.7 billion, and \$828 million to \$30.1 billion for the three and nine months ended September 30, 2015 compared to the same periods in 2014. The net interest yield on an FTE basis decreased 19 basis points (bps) to 2.10 percent, and six bps to 2.21 percent for the same periods. The decrease for the three-month period was driven by negative market-related adjustments on debt securities, as well as lower loan yields and consumer loan balances, partially offset by commercial loan growth. Market-related adjustments on debt securities resulted in an expense of \$597 million for the three months ended September 30, 2015 compared to an expense of \$55 million for the same period in 2014. Negative market-related adjustments on debt securities were due to the acceleration of premium amortization on debt securities as the decline in long-term interest rates shortened the estimated lives of mortgage-related debt securities. Also included in market-related adjustments is hedge ineffectiveness that impacted net interest income.

The decrease for the nine-month period was primarily driven by lower loan yields and consumer loan balances, partially offset by lower long-term debt balances, commercial loan growth and a \$91 million improvement in market-related adjustments on debt securities. Market-related adjustments on debt securities resulted in an expense of \$412 million for the nine months ended September 30, 2015 compared to an expense of \$503 million for the same period in 2014. For additional information, see Note 1 - Summary of Significant Accounting Principles to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K.

Noninterest Income

Table 3

Noninterest Income

	Three Months Ended September 30	Nine Months Ended September 30
(Dollars in millions)		
Card income		
Service charges		
■ Investment and brokerage services]; Investment banking income		

Equity investment income (loss) Trading account profits Mortgage banking income

Gains on sales of debt securities

Other income

1,510 / \$.

1,898

3,336 / 1,287

(31), 7-

1,616 / 7407

385

763

1,907 / 1,351

1,500 / 4,381 s.

84

5,510 / 821

5,519 / 10/101 / 4,300

1,899

272 / 432

293

5,599

9,887

4,524

6,198

1-21*1

1,191

Total noninterest income

Noninterest income increased \$ 181 million to \$11.2 billion, and decreased \$654 million to \$34.6 billion for the three and nine months ended September 30, 2015 compared to the same periods in 2014. The following highlights the significant changes.

Investment and brokerage services income remained relatively unchanged for the three-month period and increased \$214 million for the nine-month period primarily driven by increased asset management fees due to the impact of long-term assets under management (AUM) flows and higher market levels, partially offset by lower transactional revenue.

- Investment banking income decreased \$64 million and \$224 million driven by lower debt and equity issuance fees, partially offset by higher advisory fees.

Equity investment income decreased \$40 million and \$1.1 billion as the year-ago period included a gain on the sale of a portion of an equity investment and gains from an initial public offering (IPO) of an equity investment in Global Markets.

Trading account profits decreased \$283 million and \$688 million driven by declines in credit-related businesses due to lower client activity, partially offset by strong performance in equity derivatives and improvement in rates, currencies and commodities products within fixed-income, currencies and commodities (FICC). For more information on trading account profits, see Global Markets on page 41.

- Mortgage banking income increased \$135 million for the three-month period primarily due to improved mortgage servicing rights (MSR) net-of-hedge performance and a lower provision for representations and warranties, partially offset by a decline in servicing fees. Mortgage banking income increased \$891 million for the nine-month period primarily due to a benefit in the provision for representations and warranties compared to an expense in the prior-year period, improved MSR net-of-hedge performance and an increase in core production revenue, partially offset by a decline in servicing fees.

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- Other income increased \$470 million for the three-month period due to higher gains on asset sales and higher net debit valuation adjustment (DVA) gains on structured liabilities in the current year period. Other income increased \$622 million for the nine-month period due to the same factors as described in the three-month discussion above, as well as lower U.K. consumer payment protection insurance (PPI) costs.

Provision for Credit Losses Table 4

Credit Quality Data

(Dollars in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Provision for credit losses				
Consumer	542	544	1,511	1,511
Commercial	264	92	637	705
Total provision for credit losses	\$ 806	\$ 636	\$ 2,351	\$ 2,056
Net charge-offs	\$ 932	\$ 1,043	\$ 3,194	\$ 3,504
Net charge-off ratio ⁽²⁾	0.42%	0.46%	0.49%	0.52%

⁽¹⁾ Net charge-offs exclude write-offs in the purchased credit-impaired loan portfolio.

⁽²⁾ 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

The provision for credit losses increased \$170 million to \$806 million, and \$295 million to \$2.4 billion for the three and nine months ended September 30, 2015 compared to the same periods in 2014. The provision for credit losses was \$126 million and \$843 million lower than net charge-offs, resulting in a reduction in the allowance for credit losses. The prior-year periods included \$400 million of additional costs associated with the consumer relief portion of the settlement with the U.S. Department of Justice (DoJ). Excluding these additional costs, the provision for credit losses in the consumer portfolio increased compared to the same periods in 2014 as we continue to release reserves, but at a slower pace than in the prior-year periods, and also due to a lower level of recoveries on nonperforming loan sales and other recoveries in the nine-month period. The provision for credit losses in the commercial portfolio increased during the three-month period primarily due to loan growth. The decreases in net charge-offs for the three and nine months ended September 30, 2015 were primarily due to credit quality improvement in the consumer portfolio.

We currently expect that, if economic conditions remain unchanged, the provision for credit losses would be generally consistent with present levels through mid-2016. For more information on the provision for credit losses, see Provision for Credit Losses on page 108.

Noninterest Expense Table 5

Noninterest Expense

(Dollars in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Personnel	\$ 25,333	\$ 26,094	\$ 78,229	\$ 80,339
Occupancy	1,028	1,070	3,082	3,264
Equipment	1,511	1,594	4,511	4,995
Marketing	445	446	1,330	1,338
Professional fees	673	611	1,955	1,588
Amortization of intangibles	207	234	632	705
Data processing	2,298	2,348	6,896	7,311
Telecommunications	210	311	583	1,005
Other general operating	2,185	2,185	8,163	6,963

44,113

<u>Total noninterest expense</u>	\$ 13,807	\$ 20,142	\$ 43,320	\$ 60,921
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Noninterest expense decreased \$6.3 billion to \$13.8 billion, and \$17.6 billion to \$43.3 billion for the three and nine months ended September 30, 2015 compared to the same periods in 2014. The following highlights the significant changes.

- ◆ Personnel expense decreased \$210 million and \$761 million as we continue to streamline processes, reduce headcount and achieve cost savings.

Professional fees increased \$62 million for the three-month period primarily due to higher consulting fees related to the CCAR resubmission. Professional fees decreased \$207 million for the nine-month period due to lower default-related servicing expenses and legal fees.

- Telecommunications expense decreased \$101 million and \$422 million due to efficiencies gained as we have simplified our operating model, including in-sourcing certain functions.

Other general operating expense decreased \$6.0 billion and \$ 15.8 billion primarily due to decreases in litigation expense which were primarily related to previously disclosed legacy mortgage-related matters and other litigation charges in the prior -year periods.

Income Tax Expense Table 6
Income Tax Expense

(Dollars in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
<i>Income before income taxes-</i>	\$ 6,069	\$ 431	\$ 18,330	\$ 2,545
Income tax expense	1,561	663	5,145	762
<i>[Effective tax rate . ; ~ ~</i>			28.1%	29.9%

The effective tax rates for the three and nine months ended September 30, 2015 were driven by our recurring tax preference benefits and also reflected tax benefits related to certain non-U.S. restructurings. The effective tax rate for the three months ended September 30, 2014 was driven by the impact of accruals estimated to be nondeductible, partially offset by recurring tax preference items, the impact of the resolution of several tax examinations and tax benefits from a non-U.S. restructuring. The effective tax rate for the nine months ended September 30, 2014 was impacted by the recurring preference and other tax benefit items previously mentioned, which more than offset the impact of the non-deductible charges.

On July 8, 2015, the U.K. Chancellor's Budget (the Budget) was released, proposing to reduce the U.K. corporate income tax rate by two percent to 18 percent. The first one percent reduction would be effective on April 1, 2017 and the second on April 1, 2020. The Budget also proposed a tax surcharge on banking institutions of eight percent, to be effective on January 1, 2016, and proposed that existing net operating loss carryforwards may not reduce the additional surcharge income tax liability. On October 26, 2015, these and other proposals were passed by the U.K. House of Commons, and they are expected to be fully enacted via Royal Assent before the end of 2015. Enactment would require us to remeasure our U.K. deferred tax assets, which we estimate would result in a charge of up to \$300 million. We expect the effective tax rate to be approximately 30 percent in the fourth quarter, excluding unusual items and specifically the recent U.K. tax proposals, and approximately 30 percent for the full-year 2015, including the impact of the recent U.K. tax proposals, but absent other unusual items.

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Balance Sheet Overview

Table 7

Selected Balance Sheet Data

September 30 2015
December 31 2014

Assets

Cash: and cash equivalents

Federal funds sold and securities borrowed or purchased under agreements to resell

Trading- account assets

Debt securities

Loans and leases

Allowance for loan and lease losses

All other assets

\$ 2,153,006 \$ 2,104,534

Liabilities

\$ 1,162,009 \$ 1,118,936

Federal funds purchased and securities loaned or sold under agreements to repurchase

Trading account liabilities

31,172

34,518

243,139

192,347

1,861,063 243,471

237,288 189,796

1,897,101 255,905

\$ 2,153,006 \$ 2,104,534

(2)

(1) 2~5 ->

Assets

At September 30, 2015, total assets were approximately \$2.2 trillion, up \$48.5 billion from December 31, 2014. The key driver of the increase in assets was increased cash and cash equivalents primarily due to strong deposit inflows driven by growth in customer and client activity. Debt securities increased primarily due to the deployment of deposit inflows. The increase in loans and leases was driven by strong demand for commercial loans, outpacing consumer loan sales and run-off. The increase in securities borrowed or purchased under agreements to resell was driven by market and trading activities, partially offset by a reduction in trading account assets. The Corporation also continues

to resell was driven by sales and trading activities, partially offset by a reduction in trading account assets. The Corporation took certain actions during the nine months ended September 30, 2015 to further optimize liquidity in response to the Basel 3 Liquidity Coverage Ratio (LCR) requirements. Most notably, we exchanged loans supported by long-term standby agreements with Fannie Mae (FNM A) and Freddie Mac (FHLMC) into debt securities guaranteed by FNM A and FHLMC, which further improved liquidity in the asset and liability management (ALM) portfolio.

Liabilities and Shareholders' Equity

At September 30, 2015, total liabilities were approximately \$ 1.9 trillion, up \$36.0 billion from December 31, 2014, primarily driven by an increase in deposits, partially offset by a decline in long-term debt.

Shareholders' equity of \$255.9 billion at September 30, 2015 increased \$12.4 billion from December 31, 2014 driven by earnings, preferred stock issuances and an increase in accumulated other comprehensive income (OCI) due to a positive net change in the fair value of available-for-sale (AFS) debt securities, partially offset by returns of capital to shareholders through share repurchases, as well as common and preferred dividends.

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*Table 8
Selected Quarterly Financial Data*

(In millions, except per share information)	2015 Quarters			2014 Quarters	
	Third	Second	First	Fourth	
Income statement					
Interest income			9,635	6,299	
Noninterest income	11,171	11,629	11,751	9,090	10,990
Provision for credit losses	806	780	765	219	636
Interest expense	13,807	13,818	15,695	14,196	20,142
Income before income taxes	6,069	7,519	4,742	4,310	431
Income tax expense	1,561	2,199	1,385	1,260	663
Net income (loss)	4,508	5,320	3,357	3,050	(232)
Net income per share	4.067	4.990	2.975	2.738	(.470)
Average common shares issued and outstanding	10,444	10,488	10,519	10,516	10,516
Average diluted	11,197	11,238	11,267	11,274	10,516
Performance ratios					
Return on average assets	0.182%	0.09%	0.64%	0.57%	n/m
Four quarter trailing return on average assets ⁽²⁾	0.76	0.54	0.39	0.23	0.24%
Return on average common shareholders' equity	10.11	12.78	7.88	7.15	n/m
Return on average tangible common shareholders' equity ⁽³⁾	10.11	12.78	7.88	7.15	n/m
Return on average tangible share	9.84	11.93	7.85	7.08	n/m
Total ending equity to total ending assets	11.89	11.71	11.67	11.57	11.24

	11.11.15	11.07.15	11.4.15	11.3.15	11.14.14
Total average equity to total-average assets					
Dividend payout	12.82	10.49	17.68	9.21	n/m
Per common share data					
Diluted earnings (loss) ⁽⁶⁾	0.37	0.45	0.27	0.25	(0.04)
Dividends paid			0.05	0.05	
Book value	22.41	21.91	21.66	21.32	20.99
Tangible book value		15.02	14.79	14.43	14.09
Market price per share of common stock					
Closing					17.05
High closing	18.45	17.67	17.90	18.13	17.18
Low closing	15.76	14.98	15.15		
Market capitalization	\$ 162,457	\$ 178,231	\$ 161,909	\$ 188,141	\$ 179,296

⁽⁶⁾ The diluted earnings (loss) per common share excluded the effect of any equity instruments that are antidilutive to earnings per share. There were no potential common shares that were dilutive in the third quarter of 2014 because of the net loss applicable to common shareholders.

Calculated as total net income (loss) 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. Other companies may define or calculate these measures differently. For more information on these ratios and for corresponding reconciliations to GAAP financial measures, see Supplemental Financial Data on page 16.

⁽⁴⁾ For more information on the impact of the purchased credit-impaired loan portfolio on asset quality, see Consumer Portfolio Credit Risk Management on page 75.

⁽⁵⁾ Includes the allowance for loan and lease losses and the reserve for unfunded lending commitments.

⁽⁶⁾ 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 92 and corresponding Table 49, and Commercial Portfolio Credit Risk Management - Nonperforming Commercial Loans, Leases and Foreclosed Properties Activity on page 101 and corresponding Table 58.

⁽⁷⁾ Primarily includes amounts allocated to the U.S. credit card and unsecured consumer lending portfolios in Consumer Banking, purchased credit-impaired loans and the non-U.S. credit card portfolio in All Other.

⁽⁸⁾ Net charge-offs exclude \$148 million, \$290 million, \$288 million, \$13 million and \$246 million of write-offs in the purchased credit-impaired loan portfolio in the third, second and first quarters of 2015 and in the fourth and third quarters of 2014, respectively. These write-offs decreased the purchased credit-impaired valuation allowance included as part of the allowance for loan and lease losses. For more information on purchased credit-impaired write-offs, see Consumer Portfolio Credit Risk Management - Purchased Credit-impaired Loan Portfolio on page 87.

n/m - not meaningful

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Table 8
Selected Quarterly Financial Data (continued)

(Dollars in millions)

Average balance sheet
\$ 882,841 \$ 881,415 \$ 872,393 \$ 884,733 ...\$ 899,241;

Total assets
1,146,789 1,130,726 1,122,514 1,127,488

Long-term debt

Common shareholders'

Total shareholders' equity

Asset quality
\$ 13,318 \$ 13,656 \$ 14,213 \$ 14,947 \$ 15,635*

Nonperforming loans, leases and foreclosed properties

allowance for loan and lease losses as a percentage of total nonperforming loans and leases

allowance for loan and lease losses as a percentage of total nonperforming loans and leases⁽⁶⁾

⁽⁶⁾ Allowance for loan and lease losses as a percentage of total nonperforming loans and leases; excluding the PCX loan portfolio

4,682

Amounts included in allowance for loan and lease losses for loans and leases that are excluded from nonperforming loans and leases⁽⁷⁾
932

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

Net charge-offs⁽⁵⁾

Annualized net charge-offs as a percentage of average loans and leases outstanding^(6,8) Annualized net charge-offs as a percentage of average loans and

0.43

1.2

leases outstanding, excluding the PCI loan portfolio⁽⁶⁾ Annualized net charge-offs and PCI write-offs as a percentage of average loans and leases outstanding⁽⁶⁾ Nonperforming loans and leases as a percentage of total loans and leases outstanding

⁽⁶⁾
1.17

Nonperforming loans, leases and foreclosed properties as a percentage of total loans, leases and foreclosed properties

3.42

Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs

Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs, excluding the PCI loan portfolio 3.18

Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs and PCI write-offs 2.95

Capital ratios at period end

! Risk-based capital under Basel 3 Standardized - Transition:

Common equity tier 1 capital : Tier 1 capital

⁽³⁾

(Tangible equity / Tangible common equity)

Total capital ! Tier 1 leverage

5,050 \$

7.5%

1,068 \$

0.49%

0.50

0.62 1.22 1.31 3.05 2.79 2.40

11.2% 12.5 15.5 8.5

8.6 7.6

5,492

73% 1,194 \$

5,500

0.56%

0.57

0.70

1.29

1.39

2.82

2.55

2.28

11.1% 12.3 15.3 8.4

8.6 7.5

5,944 \$

71%

879 \$

0.40%

0.41

0.40

1.37

1,45

4.14

3.66

4.08

12.3% 13.4 16.5 8.2

8.4 7.5

6,013

_ 6tl

1,043 0:46%; 0.48 _0.57 | 1.53 1.61J 3.65 3.27_j 2.95

12.0%
12.8";
15.8 7-.9 !
8.1
7.2

For footnotes see page 12

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Table 9
Selected Year-to-Date Financial Data

Nine Months Ended September 30

(In millions, except per share information)

29,450 34,551
64,001

30,317. 35,205 ~65;522' |

Provision for credit losses
Nbrriirerest expense'
Income before income taxes
Income tax expense;
13,185
12,032 10,483 ii,234
1,783

10,532 10;588 i

Performance ratios

Return on average assets :

Return on average common shareholders' equity

Return" on : average tangible common' shareholders':equity

Return on average tangible shareholders' equity

Total ending equity to total ending assets

Total average equity to total average assets

\ Dividend payout. ' , -

Per common share data

1 F.afning's'

Diluted earnings Dividehdspafd : ■;■

9.90

11.89 11.62 K06~

1.15 1.09

0:15

1.45

11.24 j 11.02

7o76?n

iO'iiO'

0.10

0:07/

Book value

BOOK VALUE

Tangible book value

Market price per share of common stock

Closing-

High closing to closing

15.58 18.45 15.15

17.05 17.92 14.5f ;

Market capitalization

(1) Tangible equity ratios and tangible book value per share of common stock are non-GAAP financial measures. Other companies may define or calculate these measures differently For more information on these ratios and for corresponding reconciliations to GAAP financial measures, see Supplemental Financial Data on page 16

(2) For more information on the impact of the purchased credit-impaired loan portfolio on asset quality, see Consumer Portfolio Credit Risk Management on page 75

(3) Includes the allowance for loan and lease losses and the reserve for unfunded lending commitments

(4) 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 92 and corresponding Table 49, and Commercial Portfolio Credit Risk Management - Nonperforming Commercial Loans, Leases and Foreclosed Properties Activity on page 101 and corresponding Table 58

(5) Primarily includes amounts allocated to the U S credit card and unsecured consumer lending portfolios in Consumer Banking, purchased credit-impaired loans and the non-U S credit card portfolio m All Other

(6) Net charge-offs exclude \$726 million and \$797 million of write-offs in the purchased credit-impaired loan portfolio for the nine months ended September 30, 2015 and 2014 These write-offs decreased the purchased credit-impaired valuation allowance included as part of the allowance for loan and lease losses For more information on purchased credit-impaired write-offs, see Consumer Portfolio Credit Risk Management - Purchased Credit-impaired Loan Portfolio on page 87

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Table 9

Selected Year-to-Date Financial Data (continued)

Nine Months Ended September 30

(Dollars in millions)

Average balance sheet

Total loans and leases

2,153,289 2,148,298

Total-deposits

Long-term debt

Common shareholders' equity

Total shareholders' equity

Asset quality

(•>)

Allowance for credit losses -³⁾

Nonperforming loans, leases and foreclosed properties

Allowance for loan and lease losses as a percentage of total loans and leases outstanding ⁽⁴⁾ Allowance for loan and lease losses as a percentage of total nonperforming loans and leases ¹⁴¹

14,232

13,318 . S : ? . ^15,635

1.44%

10,336

120

127

>. 1*7!)%

112

Allowance for loan and lease losses as a percentage of total nonperforming loans and leases, excluding the PCI loan portfolio ⁽⁴⁾ -

Amounts included in allowance for loan and lease losses for loans and leases that are excluded from nonperforming loans and leases ⁽⁵⁾

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 ^(4;5) -

Net charge-offs ^m

^(4, 6)

Annualized net charge-offs as a percentage of average loans and leases outstanding Annualized net charge-offs as a percentage of average loans and leases outstanding, excluding the PCI loan portfolio ⁽⁴⁾

Annualized net charge-offs and PCI write-offs as a percentage of average loans and leases outstanding ^w Nonperforming loans and leases as a percentage of total loans and leases outstanding ⁽⁴⁾

3,194

0.49%

0.50 OL60

1.11

Nonperforming loans, leases and foreclosed properties as a percentage of total loans, leases and foreclosed properties ^l

Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs

Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs, excluding the PCI loan portfolio

Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs and PCI write-offs

For footnotes see page 14

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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. We believe managing the business with net interest income on an FTE basis provides a more accurate picture of the interest margin for comparative purposes. 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 35 percent. This measure ensures comparability of net interest income arising from taxable and tax-exempt sources.

Certain performance measures including the efficiency ratio and net interest yield utilize net interest income (and thus total revenue) on an FTE basis. The efficiency ratio measures the costs expended to generate a dollar of revenue, and net interest yield measures the bps we earn over the cost of funds.

We also evaluate our business based on certain ratios that utilize tangible equity, a non-GAAP financial measure. Tangible equity represents an adjusted shareholders' equity or common shareholders' equity amount which has been reduced by goodwill and intangible assets (excluding MSRs), net of related deferred tax liabilities. 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 goals. These ratios are as follows:

Return on average tangible common shareholders' equity measures our earnings contribution as a percentage of adjusted common shareholders' equity. The tangible common equity ratio represents adjusted ending common shareholders' equity divided by total assets less goodwill and intangible assets (excluding MSRs), net of related deferred tax liabilities.

Return on average tangible shareholders' equity measures our earnings contribution as a percentage of adjusted average total shareholders' equity. The tangible equity ratio represents adjusted ending shareholders' equity divided by total assets less goodwill and intangible assets (excluding MSRs), net of related deferred tax liabilities.

- Tangible book value per common share represents adjusted ending common shareholders' equity divided by ending common shares outstanding.

The aforementioned supplemental data and performance measures are presented in Tables 8 and 9

The aforementioned supplemental data and performance measures are presented in Tables 9 and 7.

We evaluate our business segment results based on measures that utilize average allocated capital. Return on average allocated capital is calculated as net income adjusted for cost of funds and earnings credits and certain expenses related to intangibles, divided by average allocated capital. Allocated capital and the related return both represent non-GAAP financial measures. In addition, for purposes of goodwill impairment testing, the Corporation utilizes allocated equity as a proxy for the carrying value of its reporting units. 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 additional information, see Business Segment Operations on page 25.

Table 10 presents certain non-GAAP financial measures and performance measurements on an FTE basis.

Table 10
Supplemental Financial Data

	Three Months Ended September 30	Nine Months Ended September 30
(Dollars in millions)		
Fully taxable-equivalent basis data		
Net interest income	9,742	20,791
Total revenue, net of interest expense	472,113	1,413,210
Net interest yield	2.10%	1.49%
Efficiency ratio	66.03	66.98
2015		
	10,444	21,434
2014		
	93.97	92.08
2015		
	30,128	64,679
Net interest yield	17.2%	17.2%
2014		
	30,956	66,679
2015		
	92.08	92.08

Tables 11, 12 and 13 provide reconciliations of these non-GAAP financial measures to GAAP financial measures. We believe the use of these non-GAAP financial measures provides additional clarity in assessing the results of the Corporation and our segments. Other companies may define or calculate these measures and ratios differently.

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Table 11
Quarterly and Year-to-Date Supplemental Financial Data and Reconciliations to GAAP Financial Measures

Three Months Ended September 30

2014

Fully taxable-equivalent adjustment
 Fully taxable-equivalent adjustment
 Fully taxable-equivalent basis
 Fully taxable-equivalent basis
 9,511 \$ • -1.231f--\$>-?M9,742. \$ ' ^10,219. ?! : ^/225:vX;;"n0,444
 Total revenue, net of interest expense
 Income tax expense

Nine Months Ended September 30

2015
 65,522
 639
 66,161
 S • 30;128 '\$' 30,317^;,\$: 639 30,956 {
 64,679
 I Income tax expense

Table 12
 Period-end and Average Supplemental Financial Data and Reconciliations to GAAP Financial Measures

Average

Three Months Ended September 30
 Nine Months Ended September 30

(Dollars in millions) [Common shareholders' equity Goodwill
 ^Intangible assets (excluding MSRs) Related deferred tax liabilities j Tangible common shareholders' equity
 December 31 2014

2014
 2015
 2014
 2015
 (69,777)
 (69,792)
 (69,775)
 (69,818)
 (69,761)
 S 233,632 \$ 224,162 \$ 231,620 \$ 222,374 \$ 228,609 \$• 222,598 >
 (3,973) 1,762
 (69,774)
 (4,099)
 (4,612)
 (4,992).
 (5,232)
 1,811
 2,114
 1,960
 2,077
 (4,307) 7,885
 \$ 161,660 S 151,733 \$ 159,558 \$ 149;667 S 156,412 S 149,662'
 (69,774)
 (69,761)
 (69,777)
 (69,792)
 (69,818)
 \$ 255,905 \$ 243,471 \$. 253,893 \$ 238,040 \$ 250,260 \$ 236,806 i
 (69,775)
 Intangible assets (excluding MSRs)
 Related deferred tax liabilities
 S 183,933 \$ 171.042 S 181,831 \$ 1651333 \$ 178,063 \$ 163,870 j

! Assets Goodwill
 ^Intangible assets (excluding MSRs) Related deferred tax liabilities

Intangible assets (excluding MORS) related deferred tax liabilities
 \$ 2,153,006 ~ (69,761) ; (3,973) 1,762
 \$ 2,081,034 \$ 2,032,105

17

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Table 13



Segment Supplemental Financial Data Reconciliations to GAAP Financial Measures ^m

(Dollars in millions)	Three Months Ended September 30	Nine Months Ended September 30
	2015	2014 2015 2014
4,781		
1-669 ' S'		
Consumer Banking ^ Reported-net income		
1		
4,940		
•V,760 ySr		
■: > 1,670 .. \$		
•: 4,943 ;		
4,7841		
Adjustment related to intangibles		
59,312 S'		
• 60,401! (30,401)		
: 60,385t (30,385)		
: 59^30 y_ (30,330)		
-A'djustedtinct income		
(30,312)		
Average allocated equity ^(3,1-1)		
29,000 ' %		
29,000 !3'o: oob3		
: 30,000		
Adjustment related to goodwill and a percentage of intangibles		
. Average allocated capital		
Deposits [] Reported net'inepme.		
Adjustment related to intangibles (f		

Adjustment related to intangibles

Adjusted net income

Average allocated equity⁽³⁾

Adjustment related to goodwill and a percentage of intangibles

65-1-

651'

29,427 (18,427)

Average allocated capital

Consumer Lending

Reported-net income

Adjustment related to intangibles

Adjusted net income

Average allocated equity⁽³⁾

Adjustment related to goodwill and a percentage of intangibles

28,891 (11,891)

28,907 (11,907)

Average allocated capital

Global Wealth & Investment Management ; Reported net-income ; Adjustment related to intangibles⁽⁴⁾

2,004 (2,274)

Average allocated equity

Adjustment related to goodwill and a percentage of intangibles

Average allocated capital

Global Banking ^ Reported net income

Adjustment related to intangibles

Adjusted net income

Average allocated equity⁽³⁾

Adjustment related to goodwill and a percentage of intangibles

58,947 (23,947)

57,421 (23,921)

58,934 (23,934)

57,432

(23,932)

Average, allocated/capital

Global Markets i ., Reported-net income

Adjustment related to intangibles

Adjusted net income

1,008 (5)

3 (3)

371 (2)

373 (2)

2,744 (9)

2,953 (

2,780;

2,787.1

Average allocated equity⁽³⁾ ; Adjustment related to goodwill and a percentage of intangibles

40,351 (5,351)

39,401 (5,401)

Average allocated capital

Average allocated capital

⁽¹⁾ There are no adjustments to reported net income (loss) of average allocated equity for /-!/?

Represents cost of funds, earnings credits and certain expenses related to intangibles

⁽²⁾ Average allocated equity is comprised of average allocated capital plus capital for the portion of goodwill and intangibles specifically assigned to the business segment For more information on allocated capital, see Business Segment Operations on page 2.1

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Net Interest Income Excluding Trading-related Net Interest Income

We manage net interest income on an FTE basis and excluding the impact of trading-related activities. As discussed in Global Markets on page 41, we evaluate our sales and trading results and strategies on a total market-based revenue approach by combining net interest income and noninterest income for Global Markets. An analysis of net interest income, average earning assets and net interest yield on earning assets, all of which adjust for the impact of trading-related net interest income from reported net interest income on an FTE basis, is shown below. We believe the use of this non-GAAP presentation in Table 14 provides additional clarity in assessing our results.

Table 14

Net Interest Income Excluding Trading-related Net Interest Income

(Dollars in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Net interest income (FTE basis)				
As reported	\$ 9,742	\$ 10,444	\$ 30,728	\$ 30,956
Impact of trading-related net interest income	(1,034)	(906)	(2,870)	(2,672)
Net interest income excluding trading-related net interest income (FTE basis) ⁽¹⁾	\$ 8,708	\$ 9,538	\$ 27,858	\$ 28,284
Average earning assets				
As reported	\$ 1,847,396	\$ 1,720,720	\$ 5,819,247	\$ 5,819,247
Impact of trading-related earning assets	(421,639)	(441,661)	(419,711)	(449,249)
Average earning assets excluding trading-related earning assets	\$ 1,425,757	\$ 1,279,059	\$ 5,400,536	\$ 5,370,000
Net interest yield contribution (FTE basis) ⁽²⁾				
As reported	2.29%	2.29%	2.21%	2.27%
Impact of trading-related activities	0.33	0.48	0.39	0.48
Net interest yield on earning assets excluding trading-related activities (FTE basis) ⁽¹⁾	2.43%	2.77%	2.60%	2.75%

⁽¹⁾ Represents a non-GAAP financial measure ⁽²⁾ Calculated on an annualized basis

For the three and nine months ended September 30, 2015, net interest income excluding trading-related net interest income decreased \$830 million to \$8.7 billion, and \$1.0 billion to \$27.3 billion compared to the same periods in 2014.

The decrease for the three months ended September 30, 2015 was largely driven by a negative change of \$542 million in market-related adjustments on debt securities. Also contributing to the decline were lower loan yields and consumer loan balances, partially offset by commercial loan growth. Market-related adjustments on debt securities resulted in an expense of \$597 million for the three months ended September 30, 2015 compared to an expense of \$55 million for the same period in 2014. For more information on market-related adjustments, see Executive Summary - Financial Highlights on page 7. For more information on the impact of interest rates, see Interest Rate Risk Management for Non-trading Activities on page 118.

The decrease for the nine months ended September 30, 2015 was primarily driven by lower loan yields and consumer loan balances, partially offset by lower long-term debt balances and commercial loan growth. Market-related adjustments on debt securities resulted in an expense of \$412 million for the nine months ended September 30, 2015 compared to an expense of \$503 million for the same period in 2014.

Average earning assets excluding trading-related earning assets for the three and nine months ended September 30, 2015 increased \$53.9 billion to \$1,425.8 billion, and \$33.0 billion to \$1,403.0 billion compared to the same periods in 2014. The increases were primarily in debt securities, cash held at central banks and commercial loans, partially offset by a decline in consumer loans.

For the three and nine months ended September 30, 2015, net interest yield on earning assets excluding trading-related activities decreased 34 bps to 2.43 percent, and 15 bps to 2.60 percent compared to the same periods in 2014 due to the same factors as described above.

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Table IS

Quarterly Average Balances and Interest Rates - FTE Basis

Third Quarter 2015

Average Balance	Income/ Yield/ Expense Rate	Interest
Average Income/ Yield/ Balance	Expense Rate	Interest
Earning assets		
Interest-bearing deposits with the Federal Reserve ¹ , non-U.S. central banks and other banks		
Time deposits placed and other short-term investments		
Federal funds sold and securities borrowed or purchased under resale agreements ²		
Trading account assets		
Debt securities		
Loans and leases		193,791,715
		1,690,730
U.S. credit card		
Non-U.S. credit card		
Direct/Indirect consumer		
Other consumer		
Total consumer		
U.S. commercial, Commercial real estate ⁽³⁾		
Commercial lease financing \ Non-U.S. commercial		
Total commercial		
Total loans and leases		
Other earning assets		
Total earning assets		
88,201		
10,244		
85,975		
1,980		
459,906		
251,908 53,605		
25,425 91W		
477 935		

882,841
62,847
1,847,396
2,033
267
515
15
5,250
1,743,384
199
514
2,840
8,090
716
12,238
9.15
87,460
10.34
2:38
10,012,839.8
1,885
473,051
3.014154
2.75
3.12
244,540,507.78
2:22
24,723
^88,623^
2:64
1-815,892
■9:08
10.56
2:42
3 14
2 80 ~3 03- , -i
2.92
•217- ;
2 70 167^
4 60 T9T1
Cash and due from banks
t Other assets, less allowance for loan and lease losses.
S 2,168,993

2.67 408,364 3M-1 ■ 881,415 4.52 62,712

Yields on debt securities excluding the impact of market-related adjustments were 2.50 percent, 2.48 percent and 2.54 percent in the third, second and first quarters of 2015, and 2.53 percent and 2.55 percent in the fourth and third quarters of 2014, respectively. Yields on debt securities excluding the impact of market-related adjustments are a non-GAAP financial measure. The Corporation believes the use of this non-GAAP financial measure provides additional clarity in assessing its results.

Nonperforming loans are included in the respective average loan balances. Income on these nonperforming loans is generally recognized on a cost recovery basis. PCI loans were recorded at fair value upon acquisition and accrete interest income over the remaining life of the loan.

Includes non-U.S. consumer loans of \$4.0 billion for each of the quarters of 2015, and \$4.2 billion and \$4.3 billion in the fourth and third quarters of 2014, respectively. Includes consumer finance loans of \$605 million, \$632 million and \$661 million in the third, second and first quarters of 2015, and \$907 million and \$1.1 billion in the fourth and third quarters of 2014, respectively, consumer leases of \$1.2 billion, \$1.1 billion and \$1.0 billion in the third, second and first quarters of 2015, and \$965 million and \$887 million in the fourth and third quarters of 2014, respectively, and consumer overdrafts of \$177 million, \$131 million and \$141 million in the third, second and first quarters of 2015, and \$156 million and \$161 million in the fourth and third quarters of 2014, respectively.

Includes U.S. commercial real estate loans of \$49.8 billion, \$47.6 billion and \$45.6 billion in the third, second and first quarters of 2015, and \$45.1 billion and \$45.0 billion in the fourth and third quarters of 2014, respectively, and non-U.S. commercial real estate loans of \$3.8 billion, \$2.8 billion and \$2.7 billion in the third, second and first quarters of 2015, and \$1.9 billion and \$1.0 billion in the fourth and third quarters of 2014, respectively.

Interest income includes the impact of interest rate risk management contracts, which decreased interest income on the underlying assets by \$8 million, \$8 million and \$11 million in the third, second and first quarters of 2015, and \$10 million and \$30 million in the fourth and third quarters of 2014, respectively. Interest expense includes the impact of interest rate risk management contracts, which decreased interest expense on the underlying liabilities by \$590 million, \$509 million and \$582 million in the third, second and first quarters of 2015, and \$659 million and \$602 million in the fourth and third quarters of 2014, respectively. For additional information, see Interest Rate Risk Management for Non-trading Activities on page 118.

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Table IS

Quarterly Average Balances and Interest Rates - FTE Basis (continued)

Fourth Quarter 2014

Average Income/ Yield/ Balance	Expense Rate	Interest	Interest
Average Income/ Balance	Expense		
Yield/ Rate			
Average Balance			
Interest Income/ Expense			
Yield/ Rate			
Earning assets			
Interest-bearing deposits with the Federal Reserve, non-U.S. banks and their banks;			
Time deposits placed and other short-term investments			
Federal funds sold and securities borrowed or purchased under agreements to resell			
Trading account assets			
126,142			
8,379			
213,931	138,946		
84			
33			
1,122			
74	41		
237			
1,142			
0:43			
0.27%	\$ 110,876	\$ 177	
1.73	10.457	41	
3.15			
1,147			
223,978	V		
143,282			

0.28%

1.54 ' 0.42'

3.18

Debt securities-

Loans and leases

| Residential-mortgage :

Home equity

U.S. credit card

Non-US credit card f Direct/Indirect consumer ^

Other consumer

Total consumer

U S commercial

Commercial real estate¹

Commercial lease financing

Non-U.S commercial

Total commercial

Total loans and leases

Other earning assets

3.45 3.66

9.27

10.64

2.47

3.29

4.54

2.84 Y92 "

3.53

2.35

2.79

3.75

4.66

.223.132

86,825

89,381

10,950

83,121

2,031

495,440

231,215

46,996 24,238 86,844

389,293

884,733

65,864

1-.946, 808

2,087

280

522

85

5,728

1,648

360 199 '527

2,734

8,462

739

3.49 3.70

9.26_10 14
2.49
16 75
4.60
2.83 3.04 3 28 2.41 2 79
3.80 4.46

235,272 88,590
88,866
11,784
82,669
2,110
509,291
230,891 46,069
24,325 88,665
389,950
899,241
65,995

2;083 836

2,093
304
523
19
5,858
1,660 ~347
212 555"
2.774
8,632
710

3.54:
3 76
9.34J 10 25
2:51 I 3 44 4.58~>
2 86 ' 2.98
3 48 2.48 j
2 83
3.82 i 4 27

Total earning assets
Cash and due from banks
Other assets, less allowance for loan and lease losses
Total assets

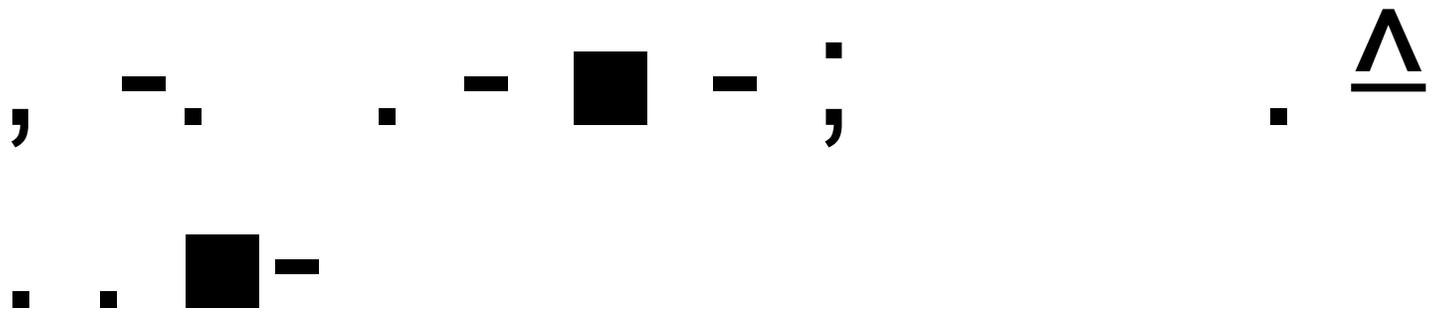
For footnotes see page 20

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Table 15
Quarterly Average Balances and Interest Rates - FTE Basis (continued)
Second Quarter 2015

Average Income/ Yield/ Balance	Expense Rate	Interest
Average Balance	Income/ Yield/ Expense Rate	Interest
Interest-bearing liabilities		

Interest-bearing accounts



Savings
 NOW and money market deposit accounts -
 Consumer CDs and IRAs
 Total U.S. interest-bearing deposits
 U.S. interest-bearing deposits:
 U.S. interest-bearing deposits
 Banks located in non-U.S. countries
 Governments and official institutions - Time, savings and other
 Total U.S. interest-bearing deposits

46,297 \$
 V.0545,741:
 53.174
 .S.S30.631
 675,843

4,196 7176~54
 53,793
 59i643' .
 0.05
 38 26

0.02% \$ 47,381
 •S36;201
 0.29
0.33
 0.08
 55,832 • 29,9047
 669,318
 0.71
 7;o7'33
73

.61-431,
 0.53
 81- - : 0.54

5,162 "T239:55,030

42 - 22~
 137

69
 79 ■

0.30 0.08

0.02% 7p!o5]

0.67 "o,38:

051 6!52-

Total interest-bearing deposits

Federal funds purchased; securities loaned or sold under agreements to repurchase and other borrowings

Trading account liabilities

Long-term debt

Total interest-bearing liabilities

0.92:

1.75

.222 0.76

1.09 ;

1.73 0.081

Noninterest-bearing sources-

Noninterest-bearing deposits

Other liabilities; Shareholders' equity

416,040 182,033 251,054

Total liabilities and shareholders' equity

Net interest spread

Impact of noninterest-bearing sources

1.88% 75.22

2.14% 0.23

Net interest income/yield on earning assets

For footnotes see page 20.

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Table 15

Quarterly Average Balances and Interest Rates - FTE Basis (continued)

Fourth Quarter 2014

(Dollars in millions)

Interest-bearing liabilities

U.S. interest-bearing deposits: * Savings

Interest

Average Income/ Balance Expense

46,224

Interest

Average Income/ Balance Expense

0.02% \$ 45,621 \$

Interest

Average Income/ Balance Expense

0.01% \$ 46,803 \$

Yield/ Rate

0.01%
67

45.22
.78%

59.27 •
165
0.06

0.35 0.34
0.10

0.55
0.56 0.12
0.63
0.18
0.53

0.53 0.13
1.05

0.14 0.54
0.59 0.15

Federal/funds' securities purchased or sold under agreements to repurchase and short-term borrowings

Trading account liabilities
| Long-term debt

244,134
78,787
240,127

585,394,113

0.97
2.03
2.20

251,432,781,742,49,221

615
350
1.11
0.97
1.78 2.10

0.92 1.183 2.19 i

Total interest-bearing liabilities

Noninterest-bearing sources:

Noninterest-bearing deposits

Other liabilities

Shareholders' equity

Total liabilities and shareholders' equity

Net interest spread

Impact of noninterest-bearing sources

Net interest income/yield on earning assets.

For footnotes see page 20.

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Table 16

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

Nine Months Ended September 30

2015

Average Balance	Income/ Yield/ Expense Rate	Interest
Average Income/ Balance Expense		Interest
Yield/ Rate		
Earning assets		
<u>} Interest-bearing deposits</u>		
Time deposits placed and other short-term investments		
Federal funds sold and securities borrowed or purchased - unsecured		
Trading account assets		
Debt securities:		
212,781		\$ 132,445,936
138,861		
.388,007		
261		
774		
3,406	.6,833	
1.50		
0.49	3.28	
0.26%	\$ 115,670	
	11,602	
	224,001	
2:36		
	146,205	
	345,194	
5323	2,269	
3.46	3.68	
U.S. credit card		
Non-U.S. credit card		
Direct/indirect consumer ¹		
Other consumer ¹		
Total consumer ¹		
U.S. commercial		
Commercial real estate--		
Commercial lease financing		
Non-U.S. commercial ¹		
Total commercial		
Total leases ¹		
Other earning assets		
Total earning assets		
Cash and due from banks		
Other assets, less allowance for loan and lease losses		
24,884		
88,089		
407,613		
.878,921		
62,339		
1,822,720		
28,726	30,843	
3.19		
2.24	2.71	3.69
4.59		
2.77		

2.45: j
2.84 ■3:84;

2:89:
Total assets

- ⁽¹⁾ Yields on debt securities excluding the impact of market-related adjustments were 2.49 percent and 2.67 percent for the nine months ended September 30, 2015 and 2014. Yields on debt securities excluding the impact of market-related adjustments are a non-GAAP financial measure. The Corporation believes the use of this non-GAAP financial measure provides additional clarity in assessing its results.
- ⁽²⁾ Nonperforming loans are included in the respective average loan balances. Income on these nonperforming loans is generally recognized on a cost recovery basis. PCI loans were recorded at fair value upon acquisition and accrete interest income over the remaining life of the loan.
- ⁽³⁾ Includes non-U.S. consumer loans of \$4.0 billion and \$4.4 billion for the nine months ended September 30, 2015 and 2014.
- ⁽⁴⁾ Includes consumer finance loans of \$633 million and \$1.1 billion, consumer leases of \$1.1 billion and \$769 million, and consumer overdrafts of \$150 million and \$146 million for the nine months ended September 30, 2015 and 2014. ■
- ⁽⁵⁾ Includes U.S. commercial real estate loans of \$47.7 billion and \$46.2 billion, and non-U.S. commercial real estate loans of \$3.1 billion and \$1.5 billion for the nine months ended September 30, 2015 and 2014.
- ⁽⁶⁾ Interest income includes the impact of interest rate risk management contracts, which decreased interest income on the underlying assets by \$27 million and \$48 million for the nine months ended September 30, 2015 and 2014. Interest expense includes the impact of interest rate risk management contracts, which decreased interest expense on the underlying liabilities by \$1.7 billion and \$1.8 billion for the nine months ended September 30, 2015 and 2014. For additional information, see Interest Rate Risk Management for Non-trading Activities on page 118.

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Table 16
Year-to-Date Average Balances and Interest Rates - FTE Basis (continued)

Nine Months Ended September 30

2015		
Average Balance		
Interest Income/ Expense		
Yield/ Rate		
Average Income/ Balance Expense		Interest
Yield/ Rate		
Interest-bearing liabilities		
Interest-bearing deposits:		
Savings		
Money market deposit accounts:		
Consumer CDs and IRAs		
Other deposits		
205	125	
70		
Total U.S. interest-bearing deposits		

Banks located in non-U.S. countries plus Government institutions Time, savings and other
: ^ r ; ; Total interest-bearing deposits.

24

217 244

0 70

0.13 i

0 54 ~ b l > 5

Total interest-bearing deposits

Federal Viinds ^ purchased ^ securities loaned or sold under agreements to repurchase and shon-tenn ' borrowings • C : - ,

Trading account liabilities

Longr term debt

Total interest-bearing liabilities

Noninterest-bearing sources:

No D interest-bearing deposits

Other liabilities

Shareholders' equity

1.98% 0.23

2 05% 0.22 ;

Net interest income/yield on earning assets

For footnotes see page 24.

6 p ^ i) u ^ ^ S ^ ^ ^ ' p f e i ^ i f i d n s . - ^ r '

Segment Description and Basis of Presentation

We report our results of operations through the following five business segments: Consumer Banking, Global Wealth & Investment Management (GWIM), Global Banking, Global Markets and Legacy Assets & Servicing (LAS), with the remaining operations recorded in All Other. Effective January 1, 2015, we realigned the segments with how we are managing the businesses in 2015. For more information on the segment realignment, see Note 18 - Business Segment Information to the Consolidated Financial Statements.

We prepare and evaluate segment results using certain non-GAAP financial measures. For additional information, see Supplemental Financial Data on page 16. Table 17 provides selected summary financial data for our business segments and All Other for the three and nine months ended September 30, 2015 compared to the same periods in 2014. For additional detailed information on these results, see the business segment and All Other discussions which follow.

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Table 17

Business Segment Results

Three Months Ended September 30
Provision for Credit

(Dollars in millions)	Total Revenue ⁽¹⁾		Losses		Noninterest Expense		Net Income (Loss)	
	2015	2014	2015	2014	2015	2014	2015	2014
Banking	7,832	7,749	648	668	4,434	4,452	1,669	1,520
Global Wealth & Investment Management	4,468	4,666	(2)	(15)	3,447	3,405	656	812
Global Markets	4,071	4,161	42	45	2,683	3,357	1,008	371
All Other	(490)	(43)	(67)	(265)	80	254	459	(514)
Total - ITR basis	21,434	21,434	636	807	14,808	14,808	(232)	(232)
FTE adjustment	(231)	(225)	=	=	=	=	=	=
Total Consolidated	20,682	20,682	806	807	14,672	14,672	(464)	(464)

Nine Months Ended September 30

	2015	2014	2015	2014	2015	2014	2015	2014
Banking	2,027	1,870	13	13	10,366	10,213	1,995	2,264
Global Wealth & Investment Management	13,558	13,802	36	-	5,952	6,200	3,895	4,442
Global Markets	12,961	13,801	69	83	8,556	9,341	2,944	1,780
Uglycy & Servicing					3,307	3,307	(390)	(12,737)
All Other	(77)	174	(230)	(647)	1,998	2,434	(199)	446
Total - ITR basis	64,679	66,161	2,056	43,320	31,855	31,855	1,783	1,783
FTE adjustment	(678)	(639)	=	=	=	=	=	=
Total Consolidated	64,001	65,522	2,351	43,320	31,855	31,855	1,783	1,783

⁽¹⁾ Total revenue is net of interest expense and is on an FTE basis which for consolidated revenue is a non-GAAP financial measure. For more information on this measure and for a corresponding reconciliation to a GAAP financial measure, see Supplemental Financial Data on page 16.

The Corporation periodically reviews capital allocated to its businesses and allocates 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. The Corporation's 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 55. The capital allocated to the business segments is referred to as allocated capital, which represents a non-GAAP financial measure. For purposes of goodwill impairment testing, the Corporation utilizes allocated equity as a proxy for the carrying value of its reporting units. 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.

During the latest annual planning process, we made refinements to the amount of capital allocated to each of our businesses based on multiple considerations that included, but were not limited to, risk-weighted assets measured under Basel 3 Standardized and Advanced approaches, business segment exposures and risk profile, and strategic plans. As a result of this process, in the first quarter of 2015, we adjusted the amount of capital being allocated to our business segments, primarily LAS.

For more information on the basis of presentation for business segments, including the allocation of market-related adjustments to net interest income, and reconciliations to consolidated total revenue, net income and period-end total assets, see Note 18 - Business Segment Information to the Consolidated Financial Statements.

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Three Months Ended September 30

Total Consumer Banking
(Dollars in millions)
f Net interest income (FTE basis) ; Noninterest income' • ' Card income
Service charges
Mortgage banking income
All other income
i Total noninterest income'
Total revenue, net of interest expense (FTE basis)

i Provision for credit losses
Noninterest expense
Income before income taxes (FTE basis).
Income tax expense (FTE basis)
Net income
\\ Net interest yield (FTE basis)
Return on average allocated capital
^Efficiency ratio (FTE basis)

Balance Sheet

Three Months Ended September 30

% Change
[Total loans and leases
'Total earning assets'
Total-assets
Total deposits
| Allocated capital

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

n/m ~ not meaningful

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Nine Months Ended September 30

Total Consumer Banking
(Dollars in millions)

n*
I Net interest income (FTE basis): Noninterest income: I Card income: Service charges
Mortgage, banking income :-
All other income
2015
7,125 .: . \$. .: 7,660 V \$

3,117
295
2014
2015

8,086..f- \$.14,786 \$ * .: .15.211-.-
3,520
.-. 3,621.
3,118
3,056
751.:.' .;
620

3,512 1

612
580
..,620-':.
285

Total noninterest income"
Total revenue, net of interest expense (FTE basis)

^Provision for credit losses',
Noninterest expense
Income before income taxes:(FTE basis)
Income tax expense (FTE basis)
1;852V' S, ' ■■ 21983!

Net interest yield (FTE basis) ; ' -'; Return on average allocated capital
-r.-'1 .-.-: -!'
j.Efficiency ratio:(FTE basis)

Balance Sheet

Nine Months Ended September 30

% Change
5,827' -.'S : ' ■" : 6iQ90 .:': S : ' 196,738-
514,581
545,804
540,849
.572,797. : ' , .:- .54V.223-
12,000
510.388
11,000. •

Period end
[Totarioans.'aiid'le'ases -:]

December 31 2014

September 30 2015

;;5.751'";-Sj,, 203;1611' , \$> . 196;049/'... S, .208-981!

December 31 2014

202;000i
526,872
205,415
n/m
. 55.4,170: . 214,928 .
523,348

For footnote see page 27

Consumer Banking, which is comprised of Deposits and Consumer Lending, offers a diversified range of credit, banking and investment products and services to consumers and small businesses. Our customers and clients have access to a franchise network that stretches coast to coast through 33 states and the District of Columbia. The franchise network includes approximately 4,700 financial centers, 16,100 ATMs, nationwide call centers, and online and mobile platforms.

Consumer Banking Results

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014

Net income for Consumer Banking increased \$90 million to \$1.8 billion primarily driven by higher noninterest income, lower noninterest expense and lower provision for credit losses, partially offset by lower net interest income. Net interest income decreased \$76 million to \$5.0 billion as the beneficial impact of an increase in investable asset's as a result of higher deposits and higher residential mortgage balances were more than offset by the impact of the allocation of ALM activities, higher funding costs and lower card yields. Noninterest income increased \$ 159 million to \$2.8 billion driven by gains on asset sales and higher card income, partially offset by lower service charges.

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The provision for credit losses decreased \$20 million to \$648 million driven by continued improvement in credit quality primarily related to our small business and credit card portfolios. Noninterest expense decreased \$28 million to \$4.4 billion primarily driven by lower personnel and litigation expenses, partially offset by higher fraud costs in advance of Europay, MasterCard and Visa (EMV) chip implementation.

The return on average allocated capital was 24 percent, up from 22 percent, reflecting higher net income and a decrease in allocated capital. For more information on capital allocated to the business segments, see Business Segment Operations on page 25.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

Net income for Consumer Banking increased \$159 million to \$4.9 billion primarily driven by lower noninterest expense, higher noninterest income and lower provision for credit losses, partially offset by lower net interest income. Net interest income decreased \$425 million to \$14.8 billion primarily due to the same factors as described in the three-month discussion above. Noninterest income increased \$202 million to \$8.0 billion driven by higher mortgage banking income from improved production margins, and higher card income, partially offset by lower service charges.

The provision for credit losses decreased \$157 million to \$1.9 billion primarily driven by the same factor as described in the three-month discussion above. Noninterest expense decreased \$305 million to \$13.1 billion primarily driven by the same factors as described in the three-month discussion above.

The return on average allocated capital was 23 percent, up from 21 percent, driven by the same factors as described in the three-month discussion above.

Deposits

Deposits includes the results of consumer deposit activities which consist of a comprehensive range of products provided to consumers and small businesses. Our deposit products include traditional savings accounts, money market savings accounts, CDs and IRAs, noninterest- and interest-bearing checking accounts, as well as investment accounts and products. The revenue is allocated to the deposit products using our funds transfer pricing process that matches assets and liabilities with similar interest rate sensitivity and maturity characteristics. Deposits generates fees such as account service fees, non-sufficient funds fees, overdraft charges and ATM fees, as well as investment and brokerage fees from Merrill Edge accounts. Merrill Edge is an integrated investing and banking service targeted at customers with less than \$250,000 in investable assets. Merrill Edge provides investment advice and guidance, client brokerage asset services, a self-directed online investing platform and key banking capabilities including access to the Corporation's network of financial centers and ATMs.

Deposits includes the net impact of migrating customers and their related deposit and brokerage asset balances between Deposits and GWIM as well as other client-managed businesses. For more information on the migration of customer balances to or from GWIM, see GWIM on page 33.

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014

Net income for Deposits increased \$44 million to \$695 million driven by higher net interest income and lower provision for credit losses, partially offset by lower noninterest income. Net interest income increased \$51 million to \$2.4 billion primarily due to the beneficial impact of an increase in investable assets as a result of higher deposits, partially offset by the impact of the allocation of ALM activities. Noninterest income of \$1.2 billion remained relatively unchanged.

The provision for credit losses decreased \$35 million to \$58 million driven by continued improvement in credit quality in the small business portfolio. Noninterest expense of \$2.5 billion remained relatively unchanged.

Average deposits increased \$34.1 billion to \$547.7 billion driven by a continuing customer shift to more liquid products in the low rate environment. Growth in checking, traditional savings and money market savings of \$45.2 billion was partially offset by a decline in time deposits of \$11.0 billion. As a result of our continued pricing discipline and the shift in the mix of deposits, the rate paid on average deposits declined by one bp to five bps.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

Net income for Deposits increased \$105 million to \$2.0 billion driven by lower noninterest expense and provision for credit losses. Net interest income of \$7.1 billion remained relatively unchanged as the beneficial impact of an increase in investable assets as a result of higher deposits was offset by the impact of the allocation of ALM activities. Noninterest income of \$3.4 billion remained relatively unchanged.

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The provision for credit losses decreased \$62 million to \$145 million driven by the same factor as described in the three-month discussion above. Noninterest expense decreased \$103 million to \$7.3 billion due to lower operating and personnel expenses.

Average deposits increased \$30.5 billion to \$540.8 billion driven by a continuing customer shift to more liquid products in the low rate environment.

Key Statistics - Deposits

	Three Months Ended September 30		Nine Months Ended	
	September 30		September 30	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Provision for credit losses (excludes noninterest costs)	\$145 million	\$145 million	\$145 million	\$145 million
Noninterest expense	\$7.3 billion	\$7.3 billion	\$7.3 billion	\$7.3 billion
Net interest income	\$2.4 billion	\$2.4 billion	\$2.4 billion	\$2.4 billion
Net income	\$695 million	\$695 million	\$695 million	\$695 million

Period end

Online banking active accounts (units in thousands)	31,627	30,822
Mobile banking active accounts (units in thousands)	18,398	16,107
Financial centers	4,741	4,947

Client brokerage assets increased \$8.7 billion driven by strong account flows, partially offset by lower market valuations. Mobile banking active accounts increased 2.3 million reflecting continuing changes in our customers' banking preferences. The number of financial centers declined 206, driven by changes in customer preferences to self-service options and as we continue to optimize our consumer banking network and improve our cost-to-serve.

Consumer Lending

Consumer Lending offers products to consumers and small businesses across the U.S. The products offered include credit and debit cards, residential mortgages and home equity loans, and direct and indirect loans such as automotive, marine, aircraft, recreational vehicle and consumer personal loans. In addition to earning net interest spread revenue on its lending activities, Consumer Lending generates interchange revenue from credit and debit card transactions, late fees, cash advance fees, annual credit card fees, mortgage banking fee income and other miscellaneous fees. Consumer Lending products are available to our customers through our retail network, direct telephone, and online and mobile channels.

Consumer Lending includes the net impact of migrating customers and their related loan balances between Consumer Lending and GWIM. For more information on the migration of customer balances to or from GWIM, see GWIM on page 33.

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014

Net income for Consumer Lending increased \$46 million to \$1.1 billion primarily due to higher noninterest income and lower noninterest expense, partially offset by lower net interest income and higher provision for credit losses. Net interest income decreased \$127 million to \$2.6 billion driven by higher funding costs, lower card yields and lower average card loan balances, and the impact of the allocation of ALM activities, partially offset by higher residential mortgage balances. Noninterest income increased \$173 million to \$1.6 billion due to gains on asset sales and higher card income.

The provision for credit losses increased \$15 million to \$590 million as continued credit quality improvement in the small business and credit card portfolios was more than offset by increased provision expense within the home loans portfolio. Noninterest expense of \$2.0 billion remained relatively unchanged.

Average loans increased \$9.2 billion to \$200.5 billion primarily driven by increases in residential mortgages and consumer vehicle loans, partially offset by lower home equity loans and continued run-off of non-core portfolios. Beginning with new originations in 2014, we retain certain residential mortgages in Consumer Ranking, consistent with where the overall relationship is managed; previously such mortgages were in All Other.

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Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

Net income for Consumer Lending increased \$54 million to \$3.0 billion due to higher noninterest income, lower noninterest expense and lower provision for credit losses, partially offset by lower net interest income. Net interest income decreased \$426 million to \$7.7 billion driven by the same factors as described in the three-month discussion above. Noninterest income increased \$205 million to \$4.6 billion due to higher mortgage banking income from improved production margins, and card income.

The provision for credit losses decreased \$95 million to \$ 1.7 billion driven by continued credit quality improvement within the small business and credit card portfolios. Noninterest expense decreased \$202 million to \$5.8 billion primarily driven by lower personnel expense. Average loans increased \$6.4 billion to \$196.7 billion primarily driven by the same factors as described in the three-month discussion above.

Key Statistics - Consumer Lending

(Dollars in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Total U.S. credit card ⁽¹⁾				
Gross interest yield	9.16%	9.34%	9.17%	9.37%
Risk-adjusted margin	9.54	9.33	9.17	9.26
New accounts (in thousands)	1,257	1,202	3,713	3,357
Purchase volumes	\$ 56,471	\$ 53,784	\$ 162,625	\$ 156,231
Debit card purchase volumes	\$ 69,289	\$ 67,990	\$ 206,941	\$ 203,372

⁽¹⁾ Total U.S. credit card includes portfolios in Consumer Banking and GWIM.

During the three months ended September 30, 2015, the total U.S. credit card risk-adjusted margin increased 21 bps compared to the same period in 2014 due to a gain on an asset sale in the current-year period. During the nine months ended September 30, 2015, the total U.S. credit card risk-adjusted margin decreased 9 bps compared to the same period in 2014 due to a decrease in net interest margin and the net impact of gains on asset sales, partially offset by an improvement in credit quality in the U.S. Card portfolio. Total U.S. credit card purchase volumes increased \$2.7 billion to \$56.5 billion, and \$6.4 billion to \$ 162.6 billion, and debit card purchase volumes increased \$1.3 billion to \$69.3 billion, and \$3.6 billion to \$206.9 billion, reflecting higher levels of consumer spending.

Mortgage Banking Income

Mortgage banking income is earned primarily in Consumer Banking and LAS. Mortgage banking income in Consumer Lending consists mainly of core production income, which is comprised primarily of revenue from the fair value gains and losses recognized on our interest rate lock commitments (IRLCs) and loans held-for-sale (LHFS), the related secondary market execution, and costs related to representations and warranties in the sales transactions along with other obligations incurred in the sales of mortgage loans.

The table below summarizes the components of mortgage banking income.

Mortgage Banking Income ¹

(Dollars in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Consumer Lending:				
Core production revenue	\$ 221	\$ 239	\$ 794	\$ 661
Representations and warranties provision		2	(15)	9
Other consumer mortgage banking income ⁽¹⁾	(16)	(19)	(5.2)	(55)
Total Consumer Lending mortgage banking income		207	205	751
LAS mortgage banking income ⁽²⁾	266	152	1,409	812
Eliminations ⁽²⁾	(66)	(85)	(58)	(221)
Total consolidated mortgage banking income	\$ 407	\$ 407	\$ 2,722	\$ 2,102

⁽¹⁾ Primarily relates to intercompany charges for loan servicing activities provided by LAS

⁽²⁾ Amounts for LAS are included in this Consumer Banking table to show the components of consolidated mortgage banking income

⁽¹⁾ Includes the effect of transfers of certain mortgage loans from Consumer Banking to the ALM portfolio included in Other and intercompany

charges for loan servicing

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Core production revenue for the three months ended September 30, 2015 decreased \$18 million to \$221 million compared to the same period in 2014 due to a decrease in production volume to be sold, resulting from a decision to retain certain residential mortgage loans in Consumer Banking. Core production revenue for the nine months ended September 30, 2015 increased \$133 million to \$794 million compared to the same period in 2014 primarily due to an increase in margins.

Key Statistics

(Dollars in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Loan production				
Total				
First mortgage	\$ 13,711	\$ 11,725	\$ 43,386	\$ 31,674
Home equity	2,841	2,970	8,797	7,156

The above 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 in Consumer Banking and for the total Corporation increased for the three and nine months ended September 30, 2015 compared to the same periods in 2014 reflecting growth in the overall mortgage market as lower interest rates beginning in late 2014 drove an increase in refinances.

During the three months ended September 30, 2015, 54 percent of the total Corporation first mortgage production volume was for refinance originations and 46 percent was for purchase originations compared to 57 percent and 43 percent for the same period in 2014. Home Affordable Refinance Program (HARP) originations were two percent of all refinance originations compared to five percent for the same period in 2014. Making Home Affordable non-HARP originations were eight percent of all refinance originations compared to 15 percent for the same period in 2014. The remaining 90 percent of refinance originations were conventional refinances compared to 80 percent for the same period in 2014.

During the nine months ended September 30, 2015, 63 percent of the total Corporation first mortgage production volume was for refinance originations and 37 percent was for purchase originations compared to 58 percent and 42 percent for the same period in 2014. HARP originations were three percent of all refinance originations compared to seven percent for the same period in 2014. Making Home Affordable non-HARP originations were nine percent of all refinance originations compared to 18 percent for the same period in 2014. The remaining 88 percent of refinance originations were conventional refinances compared to 75 percent for the same period in 2014.

Home equity production for the total Corporation was \$3.1 billion and \$9.6 billion for the three and nine months ended September 30, 2015 compared to \$3.2 billion and \$7.8 billion for the same periods in 2014, with the nine-month increase due to a higher demand in the market based on improving housing trends, and increased market share driven by improved financial center engagement with customers and more competitive pricing.

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- 2014
- 2015
- 2014
- 2015

Three Months Ended September 30 Nine Months Ended September 30

1,376 S
4,430
.1,459'

% Change

^(6)%%;:S.S;- "iMc; [\$:

Investment and brokerage services:

1,318

(17)

~"(4) - -...:9,472 .

Total revenue, net of interest expense (FTE basis)

Provision for credit losses

Noninterest expense

Income before income taxes (FTE basis) Income tax expense (FTE basis)

Net income-

(15)

3,405

1,276 464

812

(87) 1

(20) (21)

.09) ' S..

10.213

3,589, 1.325

2,264

■ n/m!

1

(12)_(42)

"(12)]

[Net interest yield (FTE basis) Return on average allocated capital

Efficiency ratio (FTE basis)

Balance Sheet

Average

| Total assets Total deposits

jiotal loans and leases Total earning assets

[Allocated capital Period end

j Total loans and leases Total earning assets

| Total assets Total deposits

2015

Three Months Ended September 30

133,168 257,344

2014

274,192

121,002_ 248.223

243,980

266.324

12,000
239,352
12,000
2014
2015
Nine Months Ended September 30

129,881 255,498
118,505 249,102
% Change
10% \$ _ 4
272,715
242,507
12,000
267,779_ 240,716

December 31 2014

125.431
12,000

September 30 2015

262,870 279,155
\$ 134,630
256,519
246,172
274,887"
245,391

% Change
10%;
3
"1

% Change
7 %

n/m = not meaningful

GWIM consists of two primary businesses: Merrill Lynch Global Wealth Management (MLGWM) and U.S. Trust, Bank of America Private Wealth Management (U.S. Trust).

MLGWM's advisory business provides a high-touch client experience through a network of financial advisors focused on clients with over \$250,000 in total investable assets. MLGWM provides tailored solutions to meet our clients' needs through a full set of investment management, brokerage, banking and retirement products.

U.S. Trust, together with MLGWM's Private Banking & Investments Group, provides comprehensive wealth management solutions targeted to high net worth and ultra high net worth clients, as well as customized solutions to meet clients' wealth structuring, investment management, trust and banking needs, including specialty asset management services.

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Client assets managed under advisory and/or discretion of GWIM are AUM and are typically held in diversified portfolios. The majority of client AUM have an investment strategy with a duration of greater than one year and are, therefore, considered long-term AUM. Fees earned on long-term AUM are calculated as a percentage of total AUM. The asset management fees charged to clients are dependent on various factors, but are generally driven by the breadth of the client's relationship and generally range from 50 to 150 bps on their total AUM. The net client long-term AUM flows represent the net change in clients' long-term AUM balances over a specified period of time, excluding market appreciation/depreciation and other adjustments.

Client assets under advisory and discretion of GWIM in which the investment strategy seeks current income, while maintaining liquidity and capital preservation, are considered liquidity AUM. The duration of these strategies is primarily less than one year. The change in AUM balances from the prior-year periods is primarily the net client flows for liquidity AUM.

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014

Net income for GWIM decreased \$ 156 million to \$656 million driven by declines in both net interest income and noninterest income. Net interest income decreased \$83 million to \$1.4 billion due to the impact of the allocation of ALM activities, partially offset by the impact of loan and deposit growth. Noninterest income, primarily investment and brokerage services income, decreased \$115 million to \$3.1 billion driven by lower transactional revenue, resulting in part from the ongoing migration of clients from brokerage to managed relationships, as well as lower markets and muted new issue activity, partially offset by increased asset management fees due to the impact of long-term AUM flows. Noninterest expense increased \$42 million to \$3.4 billion primarily due to higher litigation-related costs and continued investment in client-facing professionals.

Return on average allocated capital was 22 percent, down from 27 percent, due to a decrease in net income. For more information on capital allocated to the business segments, see Business Segment Operations on page 25.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

Net income for GWIM decreased \$269 million to \$2.0 billion driven by a decrease in revenue and an increase in noninterest expense. Net interest income decreased \$344 million to \$4.1 billion driven by the same factors as described in the three-month discussion above. Noninterest income, primarily investment and brokerage services income, increased \$100 million to \$9.5 billion, driven by increased asset management fees due to the impact of long-term AUM flows and higher market levels, partially offset by lower transactional revenue. Noninterest expense increased \$153 million to \$10.4 billion primarily due to higher revenue-related incentive compensation and investment in client-facing professionals.

Return on average allocated capital was 22 percent, down from 25 percent, due to a decrease in net income.

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Key Indicators and Metrics

(Dollars in millions, except as noted)	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Revenue by Business				
Merrill Lynch Global Wealth Management	11,234	11,429	3,694	3,874
U.S. Trust			756	775
Total revenue, net of interest expense (FTE basis)	\$ 4,468	\$ 4,666	\$ 13,558	\$ 13,802
Client Balances by Business, at period end				
Merrill Lynch Global Wealth Management			1,942,623	2,491,000
U.S. Trust			375,751	381,054
Other			76,640	-
Total client balances			\$ 2,396,484	\$ 2,462,085
Client Balances by Type, at period end				
Long-term assets under management			798,887	811,403
Liquidity assets under management			78,106	76,603
Total client balances			\$ 876,993	\$ 888,006
Assets under management			1,026,355	1,073,858
Assets in custody			-	109,196
Deposits			246,172	238,710
Loans and leases			-	-
Total client balances		~125,625;	\$ 2,396,484	\$ 2,462,085
Assets Under Management Rollforward				
Assets under management, beginning balance	902,872	930,360	\$ 878,741	\$ -
Net long-term client flows	4,448	11,168	-	27,695
Net liquidity client flows	-	-	(3,210)	5,910
Total client balances		3,616,1		

Market valuation/other	(54,605)	(7,813)						(54,894)
22,521								
Total assets under management, ending balance	\$	876,993	\$	888,006	\$	876,993	\$	888,006
						\$ 888,006]		

Associates, at period end

Number of financial advisors		16,605	15,867
Total wealth advisors		18,037	17,039
Total client-facing professionals		20,535	19,727'

Merrill Lynch Global Wealth Management Metrics

[Financial advisor productivity' ⁴⁾ (in thousands)	\$	1,000	\$	1,077	\$	1,027	\$	1,064'
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U.S. Trust Metrics, at period end

i Client-facing professionals		2,178	2,135
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Includes the results of BofA Global Capital Management, the cash management division of Bank of America, and certain administrative items ^m Includes margin receivables which are classified in customer and other receivables on the Consolidated Balance Sheet Includes financial advisors in the Consumer banking segment of 2,042 and 1,868 at September 30, 2015 and 2014

⁽⁴⁾ Financial advisor productivity is defined as annualized Merrill Lynch Global Wealth Management total revenue divided by the total number of financial advisors (excluding financial advisors in the Consumer Banking segment). Total revenue excludes the allocation of certain ALM activities

Client balances decreased \$65.6 billion, or three percent, to \$2.4 trillion driven by lower market levels, partially offset by positive long-term AUM flows.

The number of wealth advisors increased six percent, due to continued investment in the advisor development programs, improved competitive recruiting and near historically low advisor attrition levels.

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Three Months Ended September 30,2015 Compared to Three Months Ended September 30,2014

Revenue from MLGWM of \$3.7 billion decreased five percent driven by declines in both net interest income and noninterest income. Net interest income decreased due to the impact of the allocation of ALM activities, partially offset by the impact of loan and deposit growth. Noninterest income decreased driven by lower transactional revenue, partially offset by increased asset management fees due to the impact of long-term AUM flows.

Revenue from U.S. Trust of \$756 million decreased two percent primarily driven by the impact of the allocation of ALM activities.

Nine Months Ended September 30,2015 Compared to Nine Months Ended September 30,2014

Revenue from MLGWM of \$ 11.2 billion and U.S. Trust of \$2.3 billion were each down two percent due to lower net interest income due to the impact of the allocation of ALM activities, partially offset by higher noninterest income driven by long-term AUM flows and higher market levels.

Net Migration Summary

GWIM results are impacted by the net migration of clients and their corresponding deposit, loan and brokerage balances primarily to or from Consumer Banking, as presented in the table below. Migrations result from the movement of clients between business segments to better align with client needs.

Net Migration Summary

(Dollars in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
total deposits, net to-(from) Gfff/A/.	1,697	(41)	1,169	1,794
Total loans, net - to (from) GWIM	(15)	(40)	(69)	(58)
[Tmalffrokerage^	: ~PP;^^-'pT7"77i3?S S" (446) j'!'!"^			

(Dollars in millions)	Three Months Ended September,30			Nine Months Ended September 30		
	2015	2014	% Change	2015	2014	% Change
Net interest income (FTE; basis):	\$ 2,345	\$ 2,450	(4)%	\$ 6,818	\$ 7,396	(8)%
Noninterest income:						
Service charges		746		730	1,184	(38)%
Investment banking fees	752	727	3%	2,381	2,383	(0)%
Other income	841	977	(13)%	2,707	3,329	(18)%
Total	\$ 3,938	\$ 4,154	(5)%	\$ 11,916	\$ 13,138	(9)%

Total noninterest income	1,846	1,895	(3)	5,749	5,897	(3)
Total fee revenue of interest expense (FTE basis)	4,191	4,345	(4)	12,567	13,293	(7)
Provision for credit losses	179	(64)	n/m	452	353	28
Noninterest expense	2,020	2,016	-	5,952	6,200	(4)
Income before income taxes (FTE basis)	1,992	2,393	(17)	6,163	6,740	(9)
Income tax expense (FTE basis)	715	872	(18)	2,268	2,491	(9)
Net income	1,277	1,521	(16)	3,895	4,249	(10)
Net interest yield (FTE basis)	2.86%	3.03%	-	2.85%	3.13%	(0.28)
Return on average allocated capital	14	18	-	48.17	46.39	(1.78)
Efficiency ratio (ETC basis)	47.36	46.65	(0.71)	48.17	46.39	(1.78)

Balance Sheet

Average	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	2015	2014	% Change
Total loans	300,141	286,309	5%	310,043	283,264	9%
Total earning assets	315,713	320,931	1%	319,899	370,246	15%
Total assets	364,659	361,306	1%	370,246	364,565	1%
Total deposits	286,633	291,927	2%	290,327	353,537	19%
Average assets per employee	35,000	33,750	3%	35,000	33,750	3%

Period end	September 30		December 31	
	2015	2014	2015	2014
Total earning assets	327,313	308,419	308,419	288,905
Total assets	327,313	353,637	308,419	288,905
Total deposits	297,644	279,792	279,792	288,905

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 to clients, and underwriting and advisory services through our network of offices and client relationship teams. Our lending products and services include commercial loans, leases, commitment facilities, trade finance, real estate lending and asset-based lending. Our treasury solutions business includes treasury management, foreign exchange and short-term investing options. We also provide investment banking products to our clients such as debt and equity underwriting and distribution, and merger-related and other advisory services. Underwriting debt and equity issuances, fixed-income and equity research, and certain market-based activities are executed through our global broker-dealer affiliates which are our primary dealers in several countries. Within Global Banking, Global Commercial Banking clients generally include middle-market companies, commercial real estate firms, auto dealerships and not-for-profit companies. Global Corporate Banking clients generally include large global corporations, financial institutions

and leasing clients. Business Banking clients include mid-sized U.S.-based businesses requiring customized and integrated financial advice and solutions.

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Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014

Net income for Global Banking decreased \$244 million to \$1.3 billion primarily driven by an increase in the provision for credit losses and lower revenue.

Revenue decreased \$ 154 million to \$4.2 billion primarily due to lower net interest income. The decline in net interest income reflects the impact of the allocation of ALM activities and increased liquidity costs as well as loan spread compression, partially offset by loan growth. Noninterest income decreased \$49 million to \$1.8 billion primarily driven by higher losses on loans accounted for under the fair value option.

The provision for credit losses increased \$243 million to \$ 179 million from a provision benefit of \$64 million in the prior-year period primarily driven by increases in loan balances combined with reserve releases in the prior-year period. Noninterest expense of \$2.0 billion remained relatively unchanged as lower litigation expense was offset by investment in commercial and business bankers.

The return on average allocated capital was 14 percent, down from 18 percent, due to increased capital allocations and lower net income. For more information on capital allocated to the business segments, see Business Segment Operations on page 25.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

Net income for Global Banking decreased \$354 million to \$3.9 billion primarily driven by lower revenue and higher provision for credit losses, partially offset by lower noninterest expense.

Revenue decreased \$726 million to \$12.6 billion primarily due to lower net interest income driven by the same factors as described in the three-month discussion above. Noninterest income decreased \$148 million to \$5.7 billion primarily driven by lower gains within the leasing business and a gain in the prior period on the sale of an equity investment in Global Commercial Banking.

The provision for credit losses increased \$99 million to \$452 million, driven by the same factors as described in the three-month discussion above. Noninterest expense decreased \$248 million to \$6.0 billion primarily due to lower litigation expense and technology initiative costs.

The return on average allocated capital was 15 percent, down from 17 percent, driven by the same factors as described in the three-month discussion above.

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Global Corporate, Global Commercial and Business Banking

Global Corporate, Global Commercial and Business Banking each include Business Lending and Global Transaction Services activities. Business Lending includes various lending-related products and services, and related hedging activities, including commercial loans, leases, commitment facilities, trade finance, real estate lending and asset-based lending. Global Transaction Services includes deposits, treasury management, credit card, foreign exchange and short-term investment products. The table below presents a summary of the results, which exclude certain capital markets activity in Global Banking.

Global Corporate, Global Commercial and Business Banking

Three Months Ended September 30

Global Corporate Banking
Global Commercial Banking

(Dollars in millions)

Revenue

1,664

179

91 \$ 1,889 \$ 1,903;

1,569

\$ 1,531 \$ 1,644 \$ 1,657 \$ 1,653 \$ 270 \$ 270 ; Sv 3,458;;, , 3,567 j

Balance Sheet

\$ 142,634 \$ 127,513 \$ 150,494 \$ 139,499 \$ 16,681 \$ 16,238 \$ 309,809 \$ 283,250

296,326 291,927!

Nine Months Ended September 30

2014

Revenue

j Business Lending

Global Transaction Services

2,154

2,245

1,954

517

4,550

2,079

2^413 \$ 2,620 2,900 \$ 2,951 263 \$ 272 \$ 5,576

" 532

\$ 5,843; 4,931

\$ 4,492 \$ 4,865 \$ 4,854 \$ 5,105 S 780 \$ 804 \$ 10,126 \$ 10,774|

Balance Sheet

S 136,946 \$ 129,505 """"137,157" . 141,655

146,518 \$ 140,436 \$ 16,579 \$ 16,353 \$ 300,043 120'238 115,640 32,935

[Period end

Total loans and leases

Total deposits

\$ 144,471 \$ 129,969 140,177 " 135/744

153,911 \$ 138,581 \$ 16,808 \$ 16,356 S 315,190 \$ 284,906 122,688 "fl 5,631347784 30,950 ~ 297,649" 282,325-1

Business Lending revenue of \$1.9 billion remained relatively unchanged for the three months ended September 30, 2015 compared to the same period in 2014 as loan spread compression and lower gains within the leasing business were offset by the benefit of loan growth. Business Lending revenue declined \$267 million for the nine months ended September 30, 2015 compared to the same period in 2014 due to the same factors as described in the three-month discussion above as well as a gain in the prior period on the sale of an equity investment in Global Commercial Banking.

Global Transaction Services revenue decreased \$95 million and \$381 million for the three and nine months ended September 30, 2015 compared to the same periods in 2014 primarily due to lower net interest income as a result of the impact of the allocation of ALM activities and liquidity costs.

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Average loans and leases increased nine percent for the three months ended September 30, 2015 compared to the same period in 2014 due to strong origination volumes and increased utilization in the commercial and industrial and commercial real estate portfolios. Average loans and leases increased five percent for the nine months ended September 30, 2015 compared to the same period in 2014 due to strong origination volumes and increased utilization in the commercial and industrial portfolio. Average deposits remained relatively unchanged for the three and nine months ended September 30, 2015 compared to the same periods in 2014.

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 most investment banking and underwriting activities are shared primarily between Global Banking and Global Markets based on the activities performed by each segment. 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)	Three Months Ended September 30		Nine Months Ended September 30		2015		2014	
	Global Banking	Total Corporation	Global Banking	Total Corporation	Global Banking	Total Corporation	Global Banking	Total Corporation
2014								
Products								
Advisory fees	\$ 365	\$ 291	\$ 391	\$ 316	\$ 1,153	\$ 2,416	\$ 1,031	\$ 2,701
Debt issuance	325	318	748	784	1,031	1,153	2,416	2,701
Equity issuance	62	118	188	315	111	448	950	1,421
Gross investment banking fees	752	727	1,327	1,415	2,381	2,383	4,461	4,708
Self-led deals								
Total investment banking fees	\$ 741	\$ 701	\$ 1,287	\$ 1,351	\$ 2,331	\$ 2,306	\$ 4,300	\$ 4,524

Total Corporation investment banking fees of \$1.3 billion, excluding self-led deals, included within Global Banking and Global Markets, decreased five percent for the three months ended September 30, 2015 compared to the same period in 2014 as higher advisory fees were more than offset by lower equity underwriting fees. Total Corporation investment banking fees of \$4.3 billion, excluding self-led deals, included within Global Banking and Global Markets, decreased five percent for the nine months ended September 30, 2015 compared to the same period in 2014 driven by lower debt and equity issuance fees, partially offset by higher advisory fees. Underwriting fees for debt products declined primarily as a result of lower debt issuance volumes mainly in leveraged finance transactions.

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 2014
 2014
 2015
 2015

14' % '\$' r • "37i72:' \$; '- • -'■' 21968-. ^> -" 7 %'

Noninterest income:
Investment and brokerage services
Investment banking fees
Trading account profits
All other income
Total noninterest income
Total revenue, net of interest expense (FTE basis)

Provision for credit losses
Noninterest expense
Income before income taxes (FTE basis)
Income tax expense (FTE basis)
Net income

Return on average allocated capital
Efficiency ratio (FTE basis)

Balance Sheet Average
[Trading-related assets:
Trading account securities
Reverse repurchases
Securities borrowed
Derivative assets
Total trading-related assets
i Total loans and leases Total earning assets ⁽¹⁾
, Total assets Total deposits Allocated capital
2014

Three Months Ended September 30
201.964
2015
116.853

\$ 196,884
83.369
103,422
44.305
75,786
446,491
55,385

62,959 457,836 599,977 39,345 34.000
431,477
_66,392 439,859 "597^103" 37,050 35,000

2014
2015

Nine Months Ended September 30
201,986
% Change

115,3.43 86,455 "44,103

(3)% S 195,842
 (11)
 (9)
 447, 887
 25
 " (3)

(4) (6)
a

439,267

109,415 78,520 ~ 55,490
61,798 436,970 599,472 38,813 35^000

63,409 464,306 606,205 40,769 . 34,000

% Change

J
 (3) %
 (5)
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 (2) "
 ' (3)
 (6)
(1)
 (5)

Period end

] Total trading-related assets ⁽¹⁾

Total loans and leases [Total earning assets ⁽¹⁾: Total assets i Total deposits

December 31 2014
 September 30 2015

407,493 \$ 418,860
 70,159 59,388
 421,909 .421/799
 579,776 579,594
 36,01940,746

% Change

(3)% . 18

(12)

¹ Trading-related assets include derivative assets, which are considered non-earning assets n/m
 = not meaningful

Global Markets offers sales and trading services, including research, 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. Global Markets provides market-making, financing, securities clearing, settlement and custody services globally to our institutional investor clients in support of their investing and trading activities. We also work with our commercial and corporate clients to provide risk management products using interest rate, equity, credit, currency and commodity derivatives, foreign exchange,

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fixed-income and mortgage-related products. As a result of our market-making activities in these products, we may be required to manage risk in a broad range of financial products including government securities, equity and equity-linked securities, high-grade and high-yield corporate debt securities, syndicated loans, mortgage-backed securities (MBS), commodities and asset-backed securities (ABS). The economics of most investment banking and underwriting activities are shared primarily between Global Markets and Global Banking based on the activities performed by each segment. Global Banking originates certain deal-related transactions with our corporate and commercial clients that are executed and distributed by Global Markets. For more information on investment banking fees on a consolidated basis, see page 40.

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014

Net income for Global Markets increased \$637 million to \$1.0 billion. Excluding net DVA, net income increased \$571 million to \$814 million primarily driven by a decline in noninterest expense and lower tax expense, partially offset by lower revenue. Net DVA gains were \$313 million compared to gains of \$205 million. Sales and trading revenue, excluding net DVA, decreased \$124 million primarily driven by lower FICC revenue, partially offset by increased Equities revenue. Noninterest expense decreased \$674 million to \$2.7 billion largely due to lower litigation expense and to a lesser extent lower revenue-related incentive compensation and support costs. The effective tax rate for the year-ago quarter reflected the impact of non-deductible litigation expense.

Average earning assets decreased \$18.0 billion to \$439.9 billion largely driven by a decrease in reverse repos, securities borrowed and trading securities primarily due to reduction in client financing activity and continuing balance sheet optimization efforts across Global Markets.

The return on average allocated capital was 11 percent, up from four percent, primarily driven by higher net income. For more information on capital allocated to the business segments, see Business Segment Operations on page 25.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

Net income for Global Markets increased \$164 million to \$2.9 billion. Excluding net DVA, net income increased \$136 million to \$2.7 billion primarily driven by the same factors as described in the three-month discussion above, partially offset by lower equity investment gains (not included in sales and trading revenue) as the year-ago period included gains related to the IPO of an equity investment. Net DVA gains were \$434 million compared to gains of \$386 million. Sales and trading revenue, excluding net DVA, decreased \$415 million primarily driven by the same factors as described in the three-month discussion above. Noninterest expense decreased \$785 million to \$8.6 billion driven by the same factors as described in the three-month discussion above.

Average earning assets decreased \$27.3 billion to \$437.0 billion primarily driven by the same factors as described in the three-month discussion above. Period-end loans and leases increased \$10.8 billion from December 31, 2014 due to growth in mortgage and securitization finance.

The return on average allocated capital was unchanged at 11 percent, reflecting increases in both net income and allocated capital.

increased \$260 million to \$3.5 billion. Both were driven by the same factors as described in the three-month discussion above as well as stronger results in currencies and commodities products within FICC and a benefit in Equities from increased client activity in the Asia-Pacific region.

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(Dollars in millions)

Net interest income (FTE basis); Noninterest income:

Mortgage servicing income

All other income

2015

2014

2014

% Change

2015

Three Months Ended September 30

Nine Months Ended September 30

\$

\$

\$

% Change

.266

1,409

1,126

75;

1.52). 17

228 ; \$; 1,126 ; , 9 %¹

192

n/m

207

104

74:

99

76:

Total revenue, net of interest expense (FTE basis)

Provision for credit losses.. Noninterest expense

Loss before income taxes (FTE basis): -

Income tax benefit (FTE basis)

Net loss

Net interest yield (FTE basis)

Balance Sheet

Average	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014	% Change	2015	2014	% Change
Total earning assets	41,179	40,718	1	41,678	38,625	8
Total assets	50,719	53,843	(6)	51,994	54,030	(4)
Allocated capital	24,000	17,000	41	24,000	17,000	41

Period end

Total loans and leases: Total earning assets / Total assets

	September 30	December 31	% Change
	2015	2014	
	40,187	33,923	18
	49,080	51,958	7

n/m = not meaningful

LAS is responsible for our mortgage servicing activities related to residential first mortgage and home equity loans serviced for others and loans held by the Corporation, including loans that have been designated as the LAS Portfolios. The LAS Portfolios (both owned and serviced), herein referred to as the Legacy Owned and Legacy Serviced Portfolios, respectively (together, the Legacy Portfolios), and as further defined below, include those loans originated prior to January 1, 2011 that would not have been originated under our established underwriting standards as of December 31, 2010. For more information on our Legacy Portfolios, see page 45. In addition, LAS is responsible for managing certain legacy exposures related to mortgage origination, sales and servicing activities (e.g., litigation, representations and warranties). LAS also includes the financial results of the home equity portfolio selected as part of the Legacy Owned Portfolio and the results of MSR activities, including net hedge results.

LAS includes certain revenues and expenses on loans serviced for others, including owned loans serviced for Consumer Banking, GWIM and All Other.

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Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014

The net loss for LAS decreased \$4.9 billion to \$196 million primarily driven by significantly lower litigation expense, which is included in noninterest expense. Also contributing to the decrease in the net loss were higher revenue, lower provision for credit losses and lower noninterest expense, excluding litigation. Revenue increased \$285 million primarily due to gains realized from the deconsolidation of certain home equity securitizations as well as higher mortgage banking income. Mortgage banking income increased due to improved MSR net-of-hedge performance and lower representations and warranties provision, partially offset by lower mortgage servicing fees. The provision for credit losses decreased \$261 million primarily driven by costs related to the consumer relief portion of the DoJ settlement in the prior-year period. Noninterest expense decreased \$5.5 billion primarily due to a \$5.1 billion decrease in litigation expense. Excluding litigation, noninterest expense decreased \$430 million to \$915 million due to lower default-related staffing and other default-related servicing expenses. We believe we are on track to achieve our goal of reducing noninterest expense, excluding litigation expense, to approximately \$800 million, per quarter beginning in the fourth quarter of 2015.

The increase in allocated capital for LAS reflects higher Basel 3 Advanced approaches operational risk capital than in 2014. For more information on capital allocated to the business segments, see Business Segment Operations on page 25.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

The net loss for LAS decreased \$12.3 billion to \$390 million primarily driven by the same factors as described in the three-month discussion above. Total revenue increased \$802 million due to higher mortgage banking income reflecting a decrease in representation and warranties provision and higher MSR net-of-hedge performance, partially offset by lower servicing fees due to a smaller portfolio. The provision for credit losses decreased \$86 million primarily driven by the same factors as described in the three-month discussion above. Noninterest expense decreased \$16.0 billion primarily due to a \$14.5 billion decrease in litigation expense. Excluding litigation, noninterest expense decreased \$ 1.5 billion to \$2.8 billion due to lower default-related staffing and other default-related servicing expenses.

The increase in allocated capital for LAS was driven by the same factors as described in the three-month discussion above.

Servicing

LAS is responsible for all of our in-house servicing activities related to the residential mortgage and home equity loan portfolios, including owned loans and loans serviced for others (collectively, the mortgage serviced portfolio). A portion of this portfolio has been designated as the Legacy Serviced Portfolio, which represented 26 percent and 27 percent of the total mortgage serviced portfolio, as measured by unpaid principal balance, at September 30, 2015 and 2014. In addition, LAS is responsible for managing vendors who subservice on our behalf.

Servicing activities include collecting cash for principal, interest and escrow payments from borrowers, disbursing customer draws for lines of credit, accounting for and remitting principal and interest payments to investors and escrow payments to third parties, and responding to customer inquiries. Our home retention efforts, including single point of contact resources, are also part of our servicing activities, along with supervision of foreclosures and property dispositions. Prior to foreclosure, LAS evaluates various workout options in an effort to help our customers avoid foreclosure. For more information on our servicing activities, including the impact of foreclosure delays, see Off-Balance Sheet Arrangements and Contractual Obligations - Servicing, Foreclosure and Other Mortgage Matters on page 53 of the MD&A of the Corporation's 2014 Annual Report on Form 10-K.

Legacy Portfolios

The Legacy Portfolios (both owned and serviced) include those loans originated prior to January 1, 2011 that would not have been originated under our established underwriting standards in place as of December 31, 2010. The purchased credit-impaired (PCI) portfolio, as well as certain loans that met a pre-defined delinquency status or probability of default threshold as of January 1, 2011, are also included in the Legacy Portfolios. Since determining the pool of loans to be included in the Legacy Portfolios as of January 1, 2011, the criteria have not changed for these portfolios, but will continue to be evaluated over time.

Legacy Owned Portfolio

The Legacy Owned Portfolio includes those loans that met the criteria as described above and are on the balance sheet of the Corporation. Home equity loans in this portfolio are held on the balance sheet of LAS, and residential mortgage loans in this portfolio are included as part of All Other. The financial results of the on-balance sheet loans are reported in the segment that owns the loans or in All Other. Total loans in the Legacy Owned Portfolio decreased \$14.2 billion during the nine months ended September 30, 2015 to \$75.7 billion, of which \$28.0 billion was held on the LAS balance sheet and the remainder was included in All Other. The decrease was largely due to payoffs and paydowns, as well as loan sales.

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Legacy Serviced Portfolio

The Legacy Serviced Portfolio includes loans serviced by LAS in both the Legacy Owned Portfolio and those loans serviced for outside investors that met the criteria as described above. The table below summarizes the balances of the residential mortgage loans included in the Legacy

Serviced Portfolio (the Legacy Residential Mortgage Serviced Portfolio) representing 24 percent and 25 percent of the total residential mortgage serviced portfolio of \$504 billion and \$636 billion, as measured by unpaid principal balance, at September 30, 2015 and 2014. The decline in the Legacy Residential Mortgage Serviced Portfolio was due to paydowns and payoffs, and MSR and loan sales.

Legacy Residential Mortgage Serviced Portfolio, a subset of the Residential Mortgage Serviced Portfolio

<u>(Dollars in billions)</u>	September 30	
	<u>2015</u>	<u>2014</u>
Unpaid principal balance		
Residential mortgage: loans-		
Total	\$ 121	\$ 160
60 days or more past due-	14	32

Number of loans serviced (in thousands)		
Residential mortgage loans-		
Total	659	853
60-days or more past due	81	163

" Excludes \$29 billion and \$36 billion of home equity loans and HELOCs at September 30, 2015 and 2014.

Non-Legacy Portfolio

As previously discussed, LAS is responsible for all of our servicing activities. The table below summarizes the balances of the residential mortgage loans that are not included in the Legacy Serviced Portfolio (the Non-Legacy Residential Mortgage Serviced Portfolio) representing 76 percent and 75 percent of the total residential mortgage serviced portfolio, as measured by unpaid principal balance, at September 30, 2015 and 2014. The decline in the Non-Legacy Residential Mortgage Serviced Portfolio was primarily due to paydowns and payoffs, partially offset by new originations.

Non-Legacy Residential Mortgage Serviced Portfolio, a subset of the Residential Mortgage Serviced Portfolio

<u>(Dollars in billions)</u>	September 30	
	<u>2015</u>	<u>2014</u>
Unpaid principal balance		
Residential mortgage loans;		
Total	\$ 383	\$ 476
60 days or more past due.	10	10

Number of loans serviced (in thousands)		
Residential mortgage loans:		
Total	2,438	3,035
60 days or more past due	58	58

" Excludes \$47 billion and \$50 billion of home equity loans and HELOCs at September 30, 2015 and 2014

LAS Mortgage Banking Income

LAS mortgage banking income includes income earned in connection with servicing activities and MSR valuation adjustments, net of results from risk management activities used to hedge certain market risks of the MSRs. The costs associated with our servicing activities are included in noninterest expense. LAS mortgage banking income also includes the cost of legacy representations and warranties exposures and revenue from the sales of loans that had returned to performing status. The table below summarizes LAS mortgage banking income.

Table of Contents LAS Mortgage

Banking Income

(Dollars in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Servicing income:				
Amortization of expected cash flows ⁽¹⁾	\$ 345		\$ 471	\$ 1,167
Fair value change of MSR asset	(179)			\$ 1,496
Other servicing-related revenue	-	83	5267	(201)
Representations and warranties (provision) benefit				(564) (620)
Other mortgage banking income	94		243	(19)
Total LAS mortgage banking income	\$ 266	249	1,129	1,036
			152	812

⁽¹⁾ Represents the net change in fair value of the MSR asset due to the recognition of modeled cash flows

⁽²⁾ Includes gains (losses) on sales of MSRs.

⁽³⁾ Consists primarily of revenue from sales of repurchased loans that had returned to performing status

During the three and nine months ended September 30, 2015, LAS mortgage banking income increased \$114 million to \$266 million, and \$597 million to \$1.4 billion compared to the same periods in 2014, primarily driven by a benefit in the provision for representations and warranties in the nine-month period, and improved MSR net-of-hedge performance, partially offset by lower servicing fees due to a smaller servicing portfolio. For the three and nine months ended September 30, 2015, servicing fees declined 27 percent and 22 percent to \$345 million and \$1.2 billion as the size of the servicing portfolio continued to decline driven by loan prepayment activity, which exceeded new originations primarily due to our exit from non-retail channels, as well as strategic sales of MSRs in prior periods. The \$37 million benefit in the provision for representations and warranties for the nine months ended September 30, 2015 compared to a provision of \$447 million in the same period in 2014 was primarily driven by the impact of the ACE Securities Corp v. DB Structured Products, Inc. (ACE) decision, as time-barred claims are now treated as resolved. For more information on the ACE decision, see Off-Balance Sheet Arrangements and Contractual Obligations - Representations and Warranties on page 50.

Key Statistics

(Dollars in millions, except as noted)

[Mortgage serviced portfolio (in billions)^(1,2) Mortgage loans serviced for investors (in billions)⁽¹⁾ Mortgage servicing rights:

580 391

September 30 2015

693 474

[Balance

Capitalized mortgage servicing rights (% of loans serviced for investors)

⁽¹⁾ The servicing portfolio and mortgage loans serviced for investors represent the unpaid principal balance of loans At September 30, 2015 and December 31, 2014, the balance excludes \$17 billion and \$16 billion of non-U S consumer mortgage loans serviced for investors

⁽²⁾ Servicing of residential mortgage loans, HLLOCs and home equity loans by US.

⁽³⁾ At September 30, 2015 and December 31, 2014, excludes \$344 million and \$259 million of certain non-U S residential mortgage MSR balances that are recorded in

Global Markets

Mortgage Servicing Rights

At September 30, 2015, the balance of consumer MSRs managed within LAS, which excludes \$344 million of certain non-U.S. residential mortgage MSRs recorded in Global Markets was \$2.7 billion compared to \$3.3 billion at December 31, 2014. The consumer MSR balance managed within LIS¹ decreased \$572 million in the nine months ended September 30, 2015 primarily driven by the recognition of modeled cash flows and sales of MSRs, partially offset by new loan originations. For more information on our servicing activities, see Off-Balance Sheet Arrangements and Contractual Obligations - Servicing, Foreclosure and Other Mortgage Matters on page 54. For more information on MSRs, see Note 17 - Mortgage Servicing Rights to the Consolidated Financial Statements.

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Three Months Ended September 30

(Dollars in millions)

(502); Vv : jfov; : / V 'n7m '-vf • 1'

Noninterest income:

Card income •

Equity investment income \ Gains on sales of debt securities

All other loss

Total revenue, net of interest expense (FTE basis)

(24) .;

n/m (40)

ri/m 1

n/m

I⁶⁷);

(230). 1,998

_(647) 2,434

Income (loss) ; before income taxes (FTE.basis);

Income tax expense (benefit) (FTE basis)

Net income (loss)-

Balance Sheet

Three Months Ended September 30

Average

Loans and leases:

Residential mortgage

Non-U.S. credit card.

Other

Total loans and leases '

0)

Total assets I Total deposits •

10,244

(13)
 11,784:

 6,404 10,437 (39)

 137,827' v.: . -199;404;; f ■ ; (3^v;
 272,554
 ("24)
 29.879
 264,385 ""22,605
 1*1,700'
 11,077
 ■ 209,057
 283,356 "37,739'
 (-14); 1
 (42)
 726): j
 (9)

Period end

Loans and leases:

Residential mortgage

NoitUJS. credit card Other

Total loans and le"ases-

Total equity investments Total assets" ; ; ; . . ; . ' Total deposits

September 30 2015

114,512 \$
 10,066 6,135
 .130,713;
 4,378
 • 257,480...
 21,771

% Change

December 31 2014

155,595 nb;465'

_(10) 13
6,552

1721612 ' . '(24)

4,886 ' ; 261"583 " 19,242

" In segments where the total of liabilities and equity exceeds assets, which arc generally deposit-taking segments, we allocate assets from All Other to those segments to match liabilities (i e , deposits) and allocated shareholders' equity Such allocated assets were \$494 3 billion and \$496 3 billion for the three and nine months ended September 30, 2015 compared to \$490 6 billion and \$480 1 billion for lhe same periods in 2014, and \$493 7 billion and \$474 6 billion at September 30, 2015 and December 31, 2014

n/m = not meaningful

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All Other consists of ALM activities, equity investments, the international consumer card business, liquidating businesses, residual expense allocations and other. ALM activities encompass residential mortgages, debt securities, interest rate and foreign currency risk management activities including the residual net interest income allocation, the impact of certain allocation methodologies and accounting hedge ineffectiveness. The results of certain ALM activities are allocated to our business segments. Beginning with new originations in 2014, we retain certain residential mortgages in Consumer Banking, consistent with where the overall relationship is managed; previously such mortgages were in All Other. Additionally, certain residential mortgage loans that are managed by I^{AS} are held in All Other. For more information on our ALM activities, see Interest Rate Risk Management for Non-trading Activities on page 118 and Note 18 -Business Segment Information to the Consolidated Financial Statements. Equity investments include our merchant services joint venture as well as Global Principal Investments (GPI) which is comprised of a portfolio of equity, real estate and other alternative investments. For more information on our merchant services joint venture, see Note 10- Commitments and Contingencies to the Consolidated Financial Statements.

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30,2014

Net income for All Other decreased \$505 million to \$4 million due to lower net interest income and a decrease in the benefit in the provision for credit losses, partially offset by gains on the sales of consumer real estate loans. Net interest income decreased \$570 million compared to the same period in 2014 primarily driven by the negative impact of the market-related adjustments on debt securities due to lower long-term interest rates. Gains on the sales of loans, including nonperforming and other delinquent loans, net of hedges, were \$370 million compared to gains of \$223 million, and are included in all other loss in the table on page 48. Also included in all other loss were U.K. PPI costs of \$303 million compared to \$298 million, and negative FTE adjustments of \$342 million compared to \$301 million to eliminate the FTE treatment of certain tax credits recorded in Global Banking.

The benefit in the provision for credit losses decreased \$198 million to a benefit of \$67 million compared to the prior-year period primarily due to a slower pace of reserve releases in the current period.

Noninterest expense decreased \$174 million to \$80 million reflecting a decrease in litigation expense and lower personnel and infrastructure costs, partially offset by higher professional fees related in part to our CCAR resubmission. The income tax benefit was \$507 million compared to a benefit of \$541 million, as the prior-period tax benefits attributable to the resolution of several tax examinations exceeded the current period tax benefits related to certain non-U.S. restructurings. In addition, both periods include income tax benefit adjustments to eliminate the FTE treatment of certain tax credits recorded in Global Banking.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

Net income for All Other decreased \$645 million to a net loss of \$ 199 million due to a decrease in equity investment income, lower gains on sales of debt securities and a decrease in the benefit in the provision for credit losses, partially offset by higher net interest income, gains on sales of consumer real estate loans, lower U.K. PPI costs and a decrease in noninterest expense. Net interest income increased \$213 million primarily driven by the impact of market-related adjustments on debt securities. Negative market-related adjustments on debt securities were \$412 million compared to \$503 million in the prior-year period. Equity investment income decreased \$800 million as the prior-year period included a gain on the sale of a portion of an equity investment. Gains on the sales of loans, including nonperforming and other delinquent loans, net of hedges, were \$934 million compared to gains of \$405 million in the prior-year period. Also included in all other loss were U.K. PPI costs of \$319 million compared to \$482 million, and negative FTE adjustments of \$1.2 billion compared to \$962 million to eliminate the FTE treatment of certain tax credits recorded in Global Banking.

The benefit in the provision for credit losses declined \$417 million to a benefit of \$230 million primarily driven by the same factor as described in the three-month discussion above as well as lower recoveries on nonperforming loan sales.

Noninterest expense decreased \$436 million to \$2.0 billion primarily driven by the same factors as described in the three-month discussion above. The income tax benefit was \$1.6 billion compared to a benefit of \$2.1 billion, as the prior-year period included tax benefits attributable to the resolution of several tax examinations. In addition, both periods include income tax benefit adjustments to eliminate the FTE treatment of certain tax credits recorded in Global Banking.

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We have contractual obligations to make future payments on debt and lease agreements. Additionally, in the normal course of business, we enter into contractual arrangements whereby we commit to future purchases of products or services from unaffiliated parties. For more information on obligations and commitments, see Note 10 - Commitments and Contingencies to the Consolidated Financial Statements, Off-Balance Sheet Arrangements and Contractual Obligations on page 50 of the MD&A of the Corporation's 2014 Annual Report on Form 10-K, as well as Note 11 - Long-term Debt and Note 12 - Commitments and Contingencies to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K.

Representations and Warranties

We securitize first-lien residential mortgage loans generally in the form of RMBS guaranteed by the government-sponsored enterprises (GSEs), which include FHLMC and FNMA, or by the Government National Mortgage Association (GNMA) in the case of Federal Housing Administration (FHA)-insured, U.S. Department of Veterans Affairs (VA)-guaranteed and Rural Housing Service-guaranteed mortgage loans, and sell pools of first-lien residential mortgage loans in the form of whole loans. In addition, in prior years, legacy companies and certain subsidiaries sold pools of first-lien residential mortgage loans and home equity loans as private-label securitizations (in certain of these securitizations, monoline insurers or other financial guarantee providers insured all or some of the securities) or in the form of whole loans. In connection with these transactions, we or certain of our subsidiaries or legacy companies made various representations and warranties. Breaches of these representations and warranties have resulted in and may continue to result in the requirement to repurchase mortgage loans or to otherwise make whole or provide other remedies to the GSEs, U.S. Department of Housing and Urban Development with respect to FHA-insured loans, VA, whole-loan investors, securitization trusts, monoline insurers or other financial guarantors as applicable (collectively, repurchases). In all such cases, subsequent to repurchasing the loan, we would be exposed to any credit loss on the repurchased mortgage loans after accounting for any mortgage insurance (MJ) or mortgage guarantee payments that we may receive.

We have vigorously contested any request for repurchase where we have concluded that a valid basis for repurchase does not exist and will continue to do so in the future. However, in an effort to resolve legacy mortgage-related issues, we have reached settlements, certain of which have been for significant amounts, in lieu of a loan-by-loan review process, including with the GSEs, four monoline insurers and BNY Mellon, as trustee for certain securitization trusts.

For more information on accounting for representations and warranties, repurchase claims and exposures, including a summary of the larger bulk settlements, see Note 7 - Representations and Warranties Obligations and Corporate Guarantees and Note 12 - Commitments and Contingencies to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K and Item 1A. Risk Factors of the Corporation's 2014 Annual Report on Form 10-K.

Settlement with the Bank of New York Mellon, as Trustee

On April 22, 2015, the New York County Supreme Court entered final judgment approving the BNY Mellon Settlement. In October 2015, BNY Mellon obtained certain state tax opinions and an IRS private letter ruling confirming that the settlement will not impact the real estate mortgage investment conduit tax status of the trusts. The final conditions of the settlement have thus been satisfied, requiring the Corporation to make the settlement payment of \$8.5 billion (excluding legal fees) on or before February 9, 2016. The settlement payment and legal fees were previously fully reserved. BNY Mellon is required to determine the share of the

settlement payment that will be allocated to each of the trusts covered by the settlement and then to distribute those amounts. For information on servicing matters associated with the BNY Mellon Settlement, see Off-Balance Sheet Arrangements and Contractual Obligations - Mortgage-related Settlements - Servicing Matters on page 54 of the MD&A of the Corporation's 2014 Annual Report on Form 10-K.

New York Court Decision on Statute of Limitations

On June 11, 2015, the New York Court of Appeals, New York's highest appellate court, issued its opinion on the statute of limitations applicable to representations and warranties claims in *ACE Securities Corp. v. DB Structured Products, Inc. (ACE)*. The Court of Appeals held that, under New York law, a claim for breach of contractual representations and warranties begins to run at the time the representations and warranties are made, and rejected the argument that the six-year statute of limitations does not begin to run until the time repurchase is refused. The Court of Appeals also held that compliance with the contractual notice and cure period was a pre-condition to filing suit, and claims that did not comply with such contractual requirements prior to the expiration of the statute of limitations period were invalid. While no entity affiliated with the Corporation was a party to this litigation, the vast majority of the private-label RMBS trusts into which entities affiliated with the Corporation sold loans and made representations and warranties are governed by New York law. While the Corporation treats claims where the statute of limitations has expired, as determined in accordance with the ACE decision, as time-barred and therefore resolved and no longer outstanding, investors or trustees may seek to distinguish certain aspects of the ACE decision or to

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assert other claims seeking to avoid the impact of the ACE decision. For example, a recent ruling by a New York intermediate appellate court allowed a counterparty to pursue litigation on loans in the entire trust even though only some of the loans complied with the condition precedent of timely pre-suit notice and opportunity to cure or repurchase. The potential impact on the Corporation, if any, of judicial limitations on the ACE decision, or claims seeking to distinguish or avoid the ACE decision is unclear at this time. For additional information, see Note 7- Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements of the Corporation's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015.

Unresolved Repurchase Claims

Unresolved representations and warranties repurchase claims represent the notional amount of repurchase claims made by counterparties, typically the outstanding principal balance or the unpaid principal balance at the time of default. In the case of first-lien mortgages, the claim amount is often significantly greater than the expected loss amount due to the benefit of collateral and, in some cases, MI or mortgage guarantee payments. Claims received from a counterparty remain outstanding until the underlying loan is repurchased, the claim is rescinded by the counterparty, we determine that the applicable statute of limitations has expired, or representations and warranties claims with respect to the applicable trust are settled, and fully and finally released. When a claim is denied and we do not receive a response from the counterparty, the claim remains in the unresolved repurchase claims balance until resolution in one of the ways described above.

At September 30, 2015, we had \$18.3 billion of unresolved repurchase claims, net of duplicate claims, compared to \$22.8 billion at December 31, 2014. These repurchase claims primarily relate to private-label securitizations and exclude claims in the amount of \$7.4 billion at September 30, 2015, net of duplicate claims, where the statute of limitations has expired without litigation being commenced. At December 31, 2014, time-barred claims of \$5.2 billion, net of duplicate claims, were included in unresolved repurchase claims. The notional amount of unresolved repurchase claims at both September 30, 2015 and December 31, 2014 includes \$3.5 billion of claims, net of duplicate claims, related to loans in specific private-label securitization groups or tranches where we own substantially all of the outstanding securities. For additional information, see Note 7 - Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements.

The decrease in the notional amount of outstanding unresolved repurchase claims, net of duplicate claims, in the nine months ended September 30, 2015 is primarily due to the impact of the ACE decision. Excluding time-barred claims that were treated as outstanding at December 31, 2014, the remaining outstanding unresolved repurchase claims are driven by: (1) continued submission of claims by private-label securitization trustees, (2) the level of detail, support and analysis accompanying such claims, which impact overall claim quality and, therefore, claims resolution and (3) the lack of an established process to resolve disputes related to these claims. For example, claims submitted without individual file reviews generally lack the level of detail and analysis of individual loans that is necessary to evaluate a claim.

During the three and nine months ended September 30, 2015, we had limited loan-level representations and warranties repurchase claims experience with the monoline insurers due to bulk settlements in prior years and ongoing litigation with a single monoline insurer. For additional information, see Note 12 - Commitments and Contingencies to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K.

As a result of various bulk settlements with the GSEs, we have resolved substantially all outstanding and potential representations and warranties repurchase claims on whole loans sold by legacy Bank of America and Countrywide Financial Corporation (Countrywide) to FNM A and FHLMC through June 30, 2012 and December 31, 2009, respectively. After these settlements, our exposure to representations and warranties liability for loans originated prior to 2009 and sold to the GSEs is limited to loans with an original principal balance of \$18.3 billion and loans with certain characteristics excluded from the settlements that we do not believe will be material, such as certain specified violations of the GSEs' charters, fraud and title defects. As of September 30, 2015, of the \$18.3 billion, approximately \$16.0 billion in principal has been paid and \$991 million in principal has defaulted or was severely delinquent. At September 30, 2015, the notional amount of unresolved repurchase claims submitted by the GSEs was \$20 million related to these vintages. For more information on the monolines and experience with the GSEs, see Note 7 - Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements.

In addition to unresolved repurchase claims, we have received notifications from sponsors of third-party securitizations with whom we engaged in whole-loan transactions indicating that we may have indemnity obligations with respect to loans for which we have not received a repurchase request. These outstanding notifications totaled \$ 1.4 billion and \$2.0 billion at September 30, 2015 and December 31, 2014.

We also from time to time receive correspondence purporting to raise representations and warranties breach issues from entities that do not have contractual standing or ability to bring such claims. We believe such communications to be procedurally and/or substantively invalid, and generally do not respond.

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The presence of repurchase claims on a given trust, receipt of notices of indemnification obligations and receipt of other communications, as discussed above, are all factors that inform our liability for representations and warranties and the corresponding estimated range of possible loss.

Representations and Warranties Liability

The liability for representations and warranties and corporate guarantees is included in accrued expenses and other liabilities on the Consolidated Balance Sheet and the related provision is included in mortgage banking income in the Consolidated Statement of Income. For more information on the representations and warranties liability and the corresponding estimated range of possible loss, see Off-Balance Sheet Arrangements and Contractual Obligations - Estimated Range of Possible Loss on page 54 and Note 7 - Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements.

At September 30, 2015 and December 31, 2014, the liability for representations and warranties was \$11.5 billion and \$12.1 billion, which includes \$8.6 billion related to the BNY Mellon Settlement. The representations and warranties provision was \$75 million for the three months ended September 30, 2015 compared to a provision of \$167 million for the same period in 2014. The representations and warranties benefit was \$46 million for the nine months ended September 30, 2015 compared to a provision of \$433 million for the same period in 2014. The benefit in the provision for representations and warranties for the nine months ended September 30, 2015 compared to a provision in the same period in 2014 was primarily driven by the impact of the ACE decision, as time-barred claims are now treated as resolved.

Our liability for representations and warranties is necessarily dependent on, and limited by, a number of factors including for private-label securitizations the implied repurchase experience based on the BNY Mellon Settlement, as well as certain other assumptions and judgmental factors. Where relevant, we also consider more recent experience, such as claim activity, notification of potential indemnification obligations, our experience with various counterparties, the ACE decision and other recent court decisions related to the statute of limitations and other facts and circumstances, such as bulk settlements, as we believe appropriate. Accordingly, future provisions associated with obligations under representations and warranties may be materially impacted if future

experiences are different from historical experience or our understandings, interpretations or assumptions.

Experience with Private-label Securitization and Whole-loan Investors

In prior years, legacy companies and certain subsidiaries sold pools of first-lien residential mortgage loans and home equity loans as private-label securitizations or in the form of whole loans to investors other than the GSEs (although the GSEs are investors in certain private-label securitizations). The majority of the loans sold were included in private-label securitizations, including third-party sponsored transactions. We provided representations and warranties to the whole-loan investors and these investors may retain those rights even when the whole loans were aggregated with other collateral into private-label securitizations sponsored by the whole-loan investors. Such loans originated from 2004 through 2008 had an original principal balance of \$970 billion, including \$786 billion sold to private-label and whole-loan investors without monoline insurance. Of the \$970 billion, \$582 billion in principal has been paid, \$212 billion in principal has defaulted, \$36 billion in principal was severely delinquent, and \$140 billion in principal was current or less than 180 days past due at September 30, 2015, as summarized in Table 18.

Loans originated between 2004 and 2008 and sold without monoline insurance had an original total principal balance of \$786 billion, which is included in Table 18. Of the \$786 billion, \$477 billion has been paid in full and \$196 billion was defaulted or severely delinquent at September 30, 2015. At least 25 payments have been made on approximately 64 percent of the defaulted and severely delinquent loans.

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Table 18

Overview of Non-Agency Securitization and Whole-Loan Balances from 2004 to 2008

Defaulted or Severely Delinquent

Original Principal Balance

Outstanding Principal Balance

September 30 2015

Outstanding

Principal Balance 180 Days or More Past Due

Defaulted Principal Balance	Defaulted or Severely Delinquent	Made Less than 13 Payments	Made 13 to 24 Payments	Made 25 to 36 Payments	Made More than 36 Payments	Borrower	Borrower	Borrower	Borrower
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By Entity

i Bank of America

Countrywide I BNY Mellon Settlement

Other
Total. Countrywide
Merrill Lynch
First Franklin.
212 S
By Product
Prime
Alt-A Pay option Subpnmc
302 \$
173 150 251
48 \$
40 30 46
29 \$
42 46
75
34 \$ ■
50
54 88
J9J 20
21 > 34
Home equity

Other
212 S

" ' Excludes transactions sponsored by Bank of America and Merrill Lynch where no representations or warranties were made. ¹²¹ Includes exposures on third-party sponsored transactions related to legacy entity originations

As it relates to private-label securitizations, a contractual liability to repurchase mortgage loans generally arises if there is a breach of representations and warranties that materially and adversely affects the interest of the investor or all the investors in a securitization trust or of the monoline insurer or other financial guarantor (as applicable).

We have received approximately \$36.8 billion of representations and warranties repurchase claims (including duplicate claims) related to loans originated between 2004 and 2008, including \$27.5 billion from private-label securitization trustees and a financial guarantee provider, \$8.5 billion from whole-loan investors and \$816 million from one private-label securitization counterparty. New private-label claims are primarily related to repurchase requests received from trustees for private-label securitization transactions not included in the BNY Mellon Settlement. Of the \$36.8 billion in claims, we have resolved \$ 17.5 billion of these claims with losses of \$2.0 billion. Approximately \$3.8 billion of these claims were resolved through repurchase or indemnification, \$5.0 billion were rescinded by the investor, \$336 million were resolved through settlements and \$8.4 billion are not actionable under the applicable statute of limitations and are therefore considered resolved.

At September 30,2015, for these vintages, the notional amount of unresolved repurchase claims (including duplicate claims) submitted by private-label securitization trustees, whole-loan investors, including third-party securitization sponsors and others was \$19.2 billion, before subtracting \$2.6 billion of duplicate claims primarily submitted without loan file reviews, resulting in net unresolved repurchase claims of \$16.6 billion. We have performed an initial review with respect to substantially all of these claims and although we do not believe a valid basis for repurchase has been established by the claimant, we consider such claims activity in the computation of our liability for representations and warranties. Until we receive a repurchase claim, we generally do not review loan files related to private-label securitizations and believe we are not required by the governing documents to do so, unless particular facts suggest we should review an individual loan file.

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Estimated Range of Possible Loss

We currently estimate that the range of possible loss for representations and warranties exposures could be up to \$2 billion over existing accruals at September 30, 2015. We treat claims that are time-barred as resolved and do not consider such claims in the estimated range of possible loss. The estimated range of possible loss reflects principally non-GSE exposures. It represents a reasonably possible loss, but does not represent a probable loss, and is based on currently available information, significant judgment and a number of assumptions that are subject to change.

For more information on the methodology used to estimate the representations and warranties liability, the corresponding estimated range of possible loss and the types of losses not considered, see Note 7 - Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements and Item 1 A. Risk Factors of the Corporation's 2014 Annual Report on Form 10-K and, for more information related to the sensitivity of the assumptions used to estimate our liability for representations and warranties, see Complex Accounting Estimates - Representations and Warranties Liability on page 113 of the MD&A of the Corporation's 2014 Annual Report on Form 10-K.

Servicing, Foreclosure and Other Mortgage Matters

We service a large portion of the loans we or our subsidiaries have securitized and also service loans on behalf of third-party securitization vehicles and other investors. Our servicing obligations are set forth in servicing agreements with the applicable counterparty. These obligations may include, but are not limited to, loan repurchase requirements in certain circumstances, indemnifications, payment of fees, advances for foreclosure costs that are not reimbursable, or responsibility for losses in excess of partial guarantees for VA loans.

Servicing agreements with the GSEs and GNMA generally provide the GSEs and GNMA with broader rights relative to the servicer than are found in servicing agreements with private investors. For example, the GSEs claim that they have the contractual right to loan repurchase for certain servicing breaches. In addition, the GSEs' first-lien mortgage seller/servicer guides provide timelines to resolve delinquent loans through workout efforts or liquidation, if necessary, and require the imposition of compensatory fees if those deadlines are not satisfied except for reasons beyond the control of the servicer. Servicers for GNMA are required to service in accordance with the applicable government agency requirements which include detailed regulatory requirements for servicing loans and reducing the amount of insurance or guaranty benefits that are paid if the applicable timelines are not satisfied. In addition, many non-agency RMBS and whole-loan servicing agreements state that the servicer may be liable for failure to perform its servicing obligations in keeping with industry standards or for acts or omissions that involve willful malfeasance, bad faith or gross negligence in the performance of, or reckless disregard of, the servicer's duties.

It is not possible to reasonably estimate our liability with respect to certain potential servicing-related claims. While we have recorded certain accruals for servicing-related claims, the amount of potential liability in excess of existing accruals could be material to the Corporation's results of operations or cash flows for any particular reporting period.

Mortgage Electronic Registration Systems, Inc.

For information on Mortgage Electronic Registration Systems, Inc., see Off-Balance Sheet Arrangements and Contractual Obligations - Mortgage Electronic Registration Systems, Inc. on page 54 of the MD&A of the Corporation's 2014 Annual Report on Form 10-K.

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Other Mortgage-related Matters

We continue to be subject to additional borrower and non-borrower litigation and governmental and regulatory scrutiny and investigations related to our past and current origination, servicing, transfer of servicing and servicing rights, servicing compliance obligations, and foreclosure activities, and MI and captive reinsurance practices with mortgage insurers, including those claims not covered by the National Mortgage Settlement or the August 20, 2014 settlement with the DoJ. For more information on the DoJ Settlement, see Off-Balance Sheet Arrangements and Contractual Obligations - Department of Justice Settlement on page 53 of the MD&A of the Corporation's 2014 Annual Report on Form 10-K. The ongoing environment of additional regulation, increased regulatory compliance obligations, and enhanced regulatory enforcement, combined with ongoing uncertainty related to the continuing evolution of the regulatory environment, has resulted in increased operational and compliance costs and may limit our ability to continue providing certain products and services. For more information on management's estimate of the aggregate range of possible loss and on regulatory investigations, see Note 10 - Commitments and Contingencies to the Consolidated Financial Statements.

Mortgage-related Settlements - Servicing Matters

The National Mortgage Settlement expired in substantial part in accordance with its terms on October 4, 2015. The independent monitor for the settlement is continuing to conduct his review of our compliance with the uniform servicing standards during the period prior to the expiration of the National Mortgage Settlement. The DoJ and all of the original servicers subject to the National Mortgage Settlement have agreed to extend one section of the National Mortgage Settlement that relates to remediation to service members in order to allow the parties further time to complete such remediation. For more information on servicing matters associated with the BNY Mellon Settlement and the National Mortgage Settlement, see Off-Balance Sheet Arrangements and Contractual Obligations - Mortgage-related Settlements - Servicing Matters on page 54 of the MD&A of the Corporation's 2014 Annual Report on Form 10-K.

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

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

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

also similarly aligned. For a more detailed discussion of our risk management activities, see the discussion below and pages 55 through 109 of the MD&A of the Corporation's 2014 Annual Report on Form 10-K.

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Strategic risk is embedded in every business and is one of the major risk categories along with credit, market, liquidity, compliance, operational and reputational risks. It is the risk that results from incorrect assumptions, inappropriate business plans, ineffective business strategy execution, or failure to respond in a timely manner to changes in the regulatory, macroeconomic and competitive environments, customer preferences, and technology developments in the geographic locations in which we operate.

Our appetite for strategic risk is assessed based on the strategic plan, with strategic risks selectively and carefully considered against the backdrop of the evolving marketplace. Strategic risk is managed in the context of our overall financial condition, risk appetite and stress test results, among other considerations. The chief executive officer and executive management team manage and act on significant strategic actions, such as divestitures, consolidation of legal entities or capital actions subsequent to required review and approval by the Board.

For more information on our strategic risk management activities, see page 58 of the MD&A of the Corporation's 2014 Annual Report on Form 10-K.

The Corporation manages its capital position to maintain sufficient capital to support its business activities and to maintain capital, risk and risk appetite commensurate with one another. Additionally, we seek to maintain safety and soundness at all times, even under adverse scenarios, take advantage of organic growth opportunities, maintain ready access to financial markets, continue to serve as a credit intermediary, remain a source of strength for our subsidiaries, and satisfy current and future regulatory capital requirements. Capital management is integrated into our risk and governance processes, as capital is a key consideration in the development of our strategic plan, risk appetite and risk limits.

We conduct an Internal Capital Adequacy Assessment Process (ICAAP) on a periodic basis. The ICAAP is a forward-looking assessment of our projected capital needs and resources, incorporating earnings, balance sheet and risk forecasts under baseline and adverse economic and market conditions. We utilize periodic stress tests to assess the potential impacts to our balance sheet, earnings, regulatory capital and liquidity under a variety of stress scenarios. We perform qualitative risk assessments to identify and assess material risks not fully captured in our forecasts or stress tests. We assess the potential capital impacts of proposed changes to regulatory capital requirements. Management assesses ICAAP results and provides documented quarterly assessments of the adequacy of our capital guidelines and capital position to the Board or its committees.

The Corporation periodically reviews capital allocated to its businesses and allocates capital annually during the strategic and capital planning processes. For additional information, see Business Segment Operations on page 25.

CCAR and Capital Planning

The Federal Reserve requires BHCs to submit a capital plan and requests for capital actions on an annual basis, consistent with the rules governing the Comprehensive Capital Analysis and Review (CCAR) capital plan. The CCAR capital plan is the central element of the Federal Reserve's approach to ensure that large BHCs have adequate capital and robust processes for managing their capital.

In January 2015, we submitted our 2015 CCAR capital plan and related supervisory stress tests. The requested capital actions included a request to repurchase \$4.0 billion of common stock over five quarters beginning in the second quarter of 2015, and to maintain the quarterly common stock dividend at the current rate of \$0.05 per share. Based on the information in our January 2015 submission, we exceeded all stressed capital ratio minimum requirements in the severely adverse scenario with more than \$20 billion in excess capital after all planned capital actions, a significant improvement from the prior-year CCAR quantitative results. On March 11, 2015, the Federal Reserve advised that it did not object to our 2015 capital plan but gave a conditional non-objection under which we were required to resubmit our CCAR capital plan by September 30, 2015 and address certain weaknesses the Federal Reserve identified in our capital planning process. We have established plans and taken actions which we believe address the identified weaknesses, and we resubmitted our CCAR capital plan on September 30, 2015. The Federal Reserve has 75 days to review our resubmitted CCAR capital plan and our capital planning revisions. Following that review, the Federal Reserve may determine that the capital plan is not adequate or the identified weaknesses are not being satisfactorily addressed, and may restrict our future capital actions.

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Pending the Federal Reserve's review of the resubmission of our CCAR capital plan, we are permitted to proceed with our stock repurchase program and to maintain our common stock dividend at the current rate. As of September 30, 2015, in connection with our 2015 CCAR capital plans, we have repurchased approximately \$1.6 billion of common stock. The timing and amount of additional common stock repurchases and common stock dividends will continue to be consistent with our 2015 CCAR capital plan and will be subject to the Federal Reserve's review of our submission of a revised capital plan as discussed above. In addition, the timing and amount of common stock repurchases will be subject to various factors, including the Corporation's capital position, liquidity, financial performance and alternative uses of capital, stock trading price, and general market conditions, and may be suspended at any time. The common stock 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.

Regulatory Capital

As a financial services holding company, we are subject to regulatory capital rules issued by U.S. banking regulators. On January 1, 2014, we became subject to Basel 3, which includes certain transition provisions through January 1, 2019. The Corporation and its primary affiliated banking entity, BANA, are Advanced approaches institutions under Basel 3.

Basel 3 Overview

Basel 3 updated the composition of capital and established a Common equity tier 1 capital ratio. Common equity tier 1 capital primarily includes common stock, retained earnings and accumulated OCI. Basel 3 revised minimum capital ratios and buffer requirements, added a supplementary leverage ratio (SLR), and addressed the adequately capitalized minimum requirements under the PC A framework. Finally, Basel 3 established two methods of calculating risk-weighted assets, the Standardized approach and the Advanced approaches. For additional information, see Capital Management - Standardized Approach and Capital Management -

Advanced Approaches on page 59.

As an Advanced approaches institution, under Basel 3, we were required to complete a qualification period (parallel run) to demonstrate compliance with the Basel 3 Advanced approaches to the satisfaction of U.S. banking regulators. We received approval to begin using the Advanced approaches capital framework to determine risk-based capital requirements beginning in the fourth quarter of 2015. As previously disclosed, with the approval to exit parallel run, U.S. banking regulators requested modifications to certain internal analytical models including the wholesale (e.g., commercial) credit models which will increase our risk-weighted assets in the fourth quarter of 2015. All requested modifications to the internal analytical models will be reflected in the risk-based capital ratios in the fourth quarter of 2015. Prior to the requested modification, we estimate that our Common equity tier 1 capital ratio under Basel 3 Advanced approaches on a fully phased-in basis would have been approximately 11.0 percent at September 30, 2015. Having exited parallel run on October 1, 2015, with the requested modifications to these models fully incorporated, the pro-forma Common equity tier 1 capital ratio under the Basel 3 Advanced approaches on a fully phased-in basis would have been an estimated 9.7 percent at September 30, 2015. In the fourth quarter of 2015, we will be required to report regulatory risk-based capital ratios and risk-weighted assets under both the Standardized and Advanced approaches. The approach that yields the lower ratio is to be used to assess capital adequacy including under the PCA framework. Prior to the fourth quarter of 2015, we are required to report our capital adequacy under the Standardized approach only.

Regulatory Capital Composition

Basel 3 requires certain deductions from and adjustments to capital, which are primarily those related to MSRs, deferred tax assets and defined benefit pension assets. Also, any assets that are a direct deduction from the computation of capital are excluded from risk-weighted assets and adjusted average total assets. Basel 3 also provides for the inclusion in capital of net unrealized gains and losses on AFS debt and certain marketable equity securities recorded in accumulated OCI. These changes are impacted by, among other factors, fluctuations in interest rates, earnings performance and corporate actions. Under Basel 3 regulatory capital transition provisions, changes to the composition of regulatory capital are generally recognized in 20 percent annual increments, and will be fully recognized as of January 1, 2018.

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Table 19 summarizes how certain regulatory capital deductions and adjustments have been or will be transitioned from 2014 through 2018 for Common equity tier 1 and Tier 1 capital.

Table 19

Summary of Certain Basel 3 Regulatory Capital Transition Provisions

Beginning on January 1 of each year	2014	2015	2016	2017	2018
Common equity tier 1 capital					
Percent of total amount deducted from Common equity tier 1 capital includes:	20%	40%	60%	80%	100%
Deferred tax assets arising from net operating loss and tax credit carryforwards; intangibles, other than mortgage servicing rights and goodwill; defined benefit pension fund net assets; net unrealized cumulative gains (losses) related to changes in own credit risk on liabilities, including derivatives, measured at fair value; direct and indirect investments in our own Common equity tier 1 capital instruments; certain amounts exceeding the threshold by 10 percent individually and 15 percent in aggregate					
Percent of total amount used to adjust Common equity tier 1 capital includes	80%	60%	40%	20%	0%
Net unrealized gains (losses) on AFS debt and certain marketable equity securities recorded in accumulated OCI; employee benefit plan					

adjustments recorded in accumulated OCI

Tier 1 capital

Percent of total amount deducted from Tier 1 capital includes: 80% 60% 40% 20% 0%

Deferred tax assets arising from net operating loss and tax credit carryforwards; defined benefit pension fund net assets; net unrealized cumulative gains (losses) related to changes in own credit risk on liabilities, including derivatives, measured at fair value

¹⁰ Represents the phase-out percentage of the exclusion by year (e.g., 20 percent of net unrealized gains (losses) on AFS debt and certain marketable equity securities recorded in accumulated OCI was included in 2014)

Additionally, Basel 3 revised the regulatory capital treatment for Trust Securities, requiring them to be transitioned from Tier 1 capital into Tier 2 capital in 2014 and 2015, until fully excluded from Tier 1 capital in 2016, and transitioned from Tier 2 capital beginning in 2016 with the full exclusion in 2022. As of September 30, 2015, our qualifying Trust Securities were \$1.4 billion, approximately 10 bps of the Tier 1 capital ratio.

Minimum Capital Requirements

Minimum capital requirements and related buffers are being phased in from January 1, 2014 through January 1, 2019. Effective January 1, 2015, the PCA framework was also amended to reflect the requirements of Basel 3. The PCA framework establishes categories of capitalization, including "well capitalized," based on regulatory ratio requirements. U.S. banking regulators are required to take certain mandatory actions depending on the category of capitalization, with no mandatory actions required for "well-capitalized" banking organizations, which included BANA at September 30, 2015. Also effective January 1, 2015, Common equity tier 1 capital is included in the measurement of "well capitalized" for depository institutions.

Beginning January 1, 2016, we will be subject to a capital conservation buffer, a countercyclical capital buffer and a G-SIB surcharge which will be phased in over a three-year period ending January 1, 2019. Once fully phased in, the Corporation's risk-based capital ratio requirements will include a capital conservation buffer greater than 2.5 percent, plus any applicable countercyclical capital buffer and G-SIB surcharge in order to avoid certain restrictions on capital distributions and discretionary bonus payments. The buffers and surcharge must be composed solely of Common equity tier 1 capital. The countercyclical capital buffer is currently set at zero. U.S. banking regulators must jointly decide on any increase in the countercyclical buffer, after which time institutions will have up to one year for implementation. Based on the Federal Reserve final rule published in July 2015, under certain assumptions, we estimate that our G-SIB surcharge will increase our risk-based capital ratio requirements by 3.0 percent. For more information on our G-SIB surcharge, see Capital Management - Regulatory Developments on page 65.

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Table 20 presents regulatory minimum and "well-capitalized" ratio requirements in accordance with Basel 3 Standardized - Transition as measured at September 30, 2015 and December 31, 2014.

Table 20

Bank of America Corporation Regulatory Capital Ratio Requirements under Basel 3 Standardized - Transition

	September 30, 2015	December 31, 2014
	Regulatory Minimum	Well-capitalized ⁽²⁾ Regulatory Well-Minimum ¹⁰ Well-capitalized ⁽²⁾
<i>Common equity tier 1¹</i>	~: v* yxivr;- ' ; J: !P-v* "4.5%.	n/a 4.0% ••• n/a |

Tier 1 capital	6.0	6.0%	5.5	6.0%
Total capital	10.0	8.0	10.0	j
Tier 1 leverage	4.0	n/a	4.0	n/a

" When presented on a fully phased-in basis, beginning January 1, 2019, the minimum Basel 3 risk-based capital ratio requirements for the Corporation are expected to significantly increase. For additional information, see Table 24.

¹²⁾ To be "well capitalized" under current U.S. banking regulatory agency definitions, a bank holding company must maintain these or higher ratios and not be subject to a Federal Reserve order or directive to maintain higher capital levels

n/a = not applicable Standardized

Approach

Total risk-weighted assets under the Basel 3 Standardized approach consist of credit risk and market risk measures. Credit risk-weighted assets are measured by applying fixed risk weights to on- and off-balance sheet exposures (excluding securitizations), determined based on the characteristics of the exposure, such as type of obligor, Organization for Economic Cooperation and Development (OECD) country risk code and maturity, among others. Off-balance sheet exposures primarily include financial guarantees, unfunded lending commitments, letters of credit and potential future derivative exposures. Market risk applies to covered positions which include trading assets and liabilities, foreign exchange exposures and commodity exposures. Market risk capital is modeled for general market risk and specific risk for products where specific risk regulatory approval has been granted; in the absence of specific risk model approval, standard specific risk charges apply. For securitization exposures, risk-weighted assets are determined using the Simplified Supervisory Formula Approach (SSFA). Under the Standardized approach, no distinction is made for variations in credit quality for corporate exposures, and the economic benefit of collateral is restricted to a limited list of eligible securities and cash.

Advanced Approaches

In addition to the credit risk and market risk measures, Basel 3 Advanced approaches include measures of operational risk and risks related to the credit valuation adjustment (CVA) for over-the-counter (OTC) derivative exposures. The Advanced approaches rely on internal analytical models to measure risk weights for credit risk exposures and allow the use of models to estimate the exposure at default (EAD) for certain exposure types. Market risk capital measurements are consistent with the Standardized approach, except for securitization exposures. For both trading and non-trading securitization exposures, institutions are permitted to use the Supervisory Formula Approach (SFA) and would use the SSFA if the SFA is unavailable for a particular exposure. Non-securitization credit risk exposures are measured using internal ratings-based models to determine the applicable risk weight by estimating the probability of default, loss given default (LGD) and, in certain instances, EAD. The internal analytical models primarily rely on internal historical default and loss experience. Operational risk is measured using internal analytical models which rely on both internal and external operational loss experience and data. The calculations require management to make estimates, assumptions and interpretations, including with respect to the probability of future events based on historical experience. Actual results could differ from those estimates and assumptions. Under the Federal Reserve's reservation of authority, they may require us to hold an amount of capital greater than otherwise required under the capital rules if they determine that our risk-based capital requirement using our internal analytical models is not commensurate with our credit, market, operational or other risks.

Supplementary Leverage Ratio

Basel 3 also requires Advanced approaches institutions to disclose a SLR. The numerator of the SLR is quarter-end Basel 3 Tier 1 capital. The denominator is total leverage exposure based on the daily average of the sum of on-balance sheet exposures less permitted Tier 1 deductions, as well as the simple average of certain off-balance sheet exposures, as of the end of each month in a quarter. Off-balance sheet exposures primarily include undrawn lending commitments, letters of credit, OTC derivatives and repo-style transactions. Total leverage exposure includes the effective notional principal amount of credit derivatives and similar instruments through which credit protection is sold. The credit conversion factors (CCFs) applied to certain off-balance sheet exposures conform to the graduated CCF utilized under the Basel 3 Standardized approach, but are subject to a minimum 10 percent CCF. Effective January 1, 2018, the Corporation will be required to maintain a minimum SLR of 3.0 percent, plus a supplementary leverage buffer of 2.0 percent, in order

to avoid certain restrictions on capita) distributions and discretionary bonuses. Insured depository institution subsidiaries of BHCs, including BANA, will be required to maintain a minimum 6.0 percent SLR to be considered "well capitalized" under the PCA framework.

As of September 30,2015, the Corporation's estimated SLR on a fully phased-in basis was 6.4 percent, which exceeds the 5.0 percent threshold that represents the minimum plus the supplementary leverage buffer for BHCs. The estimated SLR for BANA on a fully phased-in basis was 7.0 percent, which exceeds the 6.0 percent "well-capitalized" level for insured depository institutions of BHCs.

Capital Composition and Ratios

Table 21 presents Bank of America Corporation's capital ratios and related information in accordance with Basel 3 Standardized -Transition as measured at September 30,2015 and December 31,2014. As of September 30,2015 and December 31,2014, the Corporation meets the definition of "well capitalized" under current regulatory requirements.

Table 21

Bank of America Corporation Regulatory Capital under Basel 3 Standardized - Transition

(Dollars in millions) j Corrimbn equity tier! capital Tier 1 capital Total capital Tier 1 leverage

	September 30,2015	December 31,2014
Ratio	Amount	Ratio Amount
•./: 11.6% S	161,649)	12.3% \$ TSfoITj
12 . 9	178,830	13 . 4 168,973
15 . 8	219,901 '	"716:5 , ,208,670-]
	8.5	178,830 8.2 168,973

September 30 December 31

	2015	2014
[Ris¥-wi^ited assels (in bllions);:9.	\$ 1,392	\$ 1,262 j
Adjusted quarterly average total assets (in billions)<2)	2,092	2,060

" On a pro-forma basis, under Basel 3 Standardized - Transition as measured at January 1, 2015, the December 31, 2014 risk-weighted assets would have been \$1,392 billion.

<2) Reflects adjusted average total assets for the three months ended September 30, 2015 and December 31, 2014.

Common equity tier 1 capital under Basel 3 Standardized - Transition was \$161.6 billion at September 30,2015, an increase of \$6.3 billion compared to December 31, 2014 driven by earnings, partially offset by dividends, common stock repurchases and the impact of certain transition provisions under Basel 3 Standardized - Transition. For more information on Basel 3 transition provisions, see Table 19. During the nine months ended September 30, 2015, Total capital increased \$11.2 billion primarily driven by the same factors that drove the increase in Common equity tier 1 capital as well as issuances of preferred stock and subordinated debt. The Tier 1 leverage ratio increased 35 bps compared to December 31, 2014 primarily driven by an increase in Tier 1 capital. For additional information, see Table 22.

Risk-weighted assets increased \$130 billion during the nine months ended September 30, 2015 to \$1,392 billion primarily due to the change in the calculation of risk-weighted assets from the general risk-based approach at December 31,2014 to the Basel 3 Standardized approach. During the nine months ended September 30,2015, on a pro-forma basis under Basel 3 Standardized - Transition, risk-weighted assets of \$1,392 billion remained unchanged compared to December 31, 2014.

At September 30, 2015, an increase or decrease in our Common equity tier 1, Tier 1 or Total capital ratios by one bp would require a change of \$139 million in Common equity tier 1, Tier 1 or Total capital. We could also increase our Common equity tier 1, Tier 1 or Total capital ratios by one bp on such date by a reduction in risk-weighted assets of \$1.2 billion, \$1.1 billion and \$880 million, respectively. An increase in our Tier 1 leverage ratio by one bp on such date would require \$209 million of additional Tier 1 capital or a reduction of \$2.4 billion in adjusted average assets.

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Table 22 presents the capital composition as measured under Basel 3 Standardized - Transition at September 30, 2015 and December 31, 2014.

Table 22

Capital Composition under Basel 3 Standardized - Transition

September 30 2015
December 31 2014

Total common shareholders' equity			
Goodwill			
Deferred tax assets arising from/hefdp^			
Unamortized net periodic benefit costs recorded in accumulated OCI, net-of-tax			
Net unrealized,(gains)-losses on AF^			net (gains) losses on
accumulated OCI^	f	:<!'■	
Intangibles, other than mortgage servicing rights and goodwill			
DVA related to liabilities 'and 'derivatives -IP "'			
Other			
, Common Equity tier 1 capitalj,r			
Qualifying preferred stock, net of issuance cost			
Deferred tax assets arising from net operating loss and tax credit carryforwards			
Trust preferred securities			
Defined benefit pension fund assets			
DVA related to liabilities and derivatives under transition			
Other			
Total Tier 1 capital			
j Long-term debt qualifying as Tier 2 capital			
Qualifying allowance for credit losses			
[Nonqualifying capital instruments subject to phase out from Tier 2 capital			
Minority interest			
Other			
Total capital			
168,973			
178,830			
			20,565 13,318 4,803
3,233			
			2,404 (19)
\$ 219,901	\$ 208:670		
Represents loss on structured liabilities and derivatives, net-of-tax, that is excluded from Common equity tier 1, Tier 1 and Total capital for regulatory capital purposes			

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Table 23 presents the components of our risk-weighted assets as measured under Basel 3 Standardized -2015 and December 31, 2014.

Table 23

Risk-weighted assets under Basel 3 Standardized- Transition

September 30 December 31 2015 2014

S. r " 1,297 \$^{Ty} : 1,169[^]

Market risk

Total: risk-weighted; assets:

Table 24 presents the expected regulatory minimum ratio requirements in accordance with Basel 3 on a fully phased-in basis at January 1, 2019. The regulatory minimum Basel 3 Common equity tier 1, Tier 1 and Total capital ratio requirements for the Corporation will be comprised of the minimum ratio for Common equity tier 1, Tier 1 and Total capital as shown in Table 20, plus a capital conservation buffer greater than 2.5 percent, the G-SIB surcharge of 3.0 percent and any countercyclical buffer, which is currently set at zero. Table 24 assumes a capital conservation buffer of 2.5 percent. For more information on these buffers, see Capital Management - Regulatory Developments on page 65.

Table 24

Bank of America Corporation Regulatory Capital Ratio Requirements - Fully Phased-in

January 1,2019
Regulatory
Minimum

Common equity tier "1

Tier I capital

Total capital

Tier 1 leverage

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Table 25 presents estimates of our Basel 3 regulatory risk-based capital ratios on a fully phased-in basis at September 30, 2015 and December 31, 2014. The Common equity tier 1, Tier 1 and Total capital estimates reflect the full impact of Basel 3 changes to capital composition after the transition period ends on January 1, 2019. These changes include certain deductions from and adjustments to capital, the most significant of which relate to deferred tax assets, and the inclusion of net unrealized gains and losses on AFS debt and certain marketable equity securities recorded in accumulated OCI. These ratios are considered non-GAAP financial measures until the end of the transition period on January 1, 2019 when adopted and required by U.S. banking regulators.

Table 25

Bank of America Corporation Regulator}' Capital - Fully Phased-in (12>

September 30, 2015

(Dollars in millions)

Standardized approach

- . - ' --

Cbmmoh.equity tier I capital

(3);

Tier 1 capital

Total capital

Advanced approaches

j. Common equity tier 1 capital. Tier 1 capital

12.3

10.8% \$ 153,089;

14.9

174,631

11.0

210,817

153,089

12.5

14.5

174,631 202,662"

10.0%

11.3

13.9

9.6 11.0 12.7 ~

\$ 141,217; 160,480 ;I96,T15j

14L2j[7J 160,480 "~T857861

Pro-forma Common equity tier 1 capital ⁽⁴⁾

	September 30 <u>2015</u>	December 31 <u>2014</u>
I Risk-weighted assets - Standardized approach (in billions)	\$ 1,415	\$ 1,415 j
Risk-weighted assets - Advanced approaches (in billions)	1,398	1,465
Pro-forma risk-weighted-assets - Advanced approaches (in billions) ⁽⁴⁾	1,570	-!

⁽¹⁾ We received approval to begin using the Advanced approaches capital framework to determine risk-based capital requirements beginning in the fourth quarter of 2015. With the approval to exit parallel run, we will be required to report regulatory capital risk-weighted assets and ratios under both the Standardized and Advanced approaches. The approach that yields the lower ratio is to be used to assess capital adequacy. Prior to exiting parallel run, we were required to report regulatory capital risk-weighted assets and ratios under the Standardized approach only. As previously disclosed, with the approval to exit parallel run, U.S. banking regulators requested modifications to certain internal analytical models including the wholesale (e.g., commercial) credit models which will increase our risk-weighted assets in the fourth quarter of 2015.

⁽²⁾ Basel 3 Advanced approaches estimates assume approval by U.S. banking regulators of our internal analytical models. We are working to obtain approval from our regulators of the internal models methodology (IMM).

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⁾ Pro-forma Basel 3 Advanced approaches estimates include all requested modifications to the internal analytical models.

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Table 26 presents a reconciliation of regulatory capital in accordance with Basel 3 Standardized- Transition to the Basel 3 Standardized approach fully phased-in estimates and Basel 3 Advanced approaches fully phased-in estimates at September 30, 2015 and December 31, 2014.

Table 26

Regulatory Capital Reconciliation between Basel 3 Transition to Fully Phased-in ⁽²⁾

September 30 2015
December 31 ■ 2014

Common equity tier 1 capital (trans[^] "" ,

Deferred tax assets arising from net operating loss and tax credit carryforwards phased in during transition

Accumulated

Intangibles phased in during transition

Defined benefit pension fund; assets phased in during transition

DVA related to liabilities and derivatives phased in during transition Other adjustments to Additional Tier 1 capital (1,654)

(470) 228 (92)

(2,556)

(599) 925 (1,417)

Common equity tier 1 capital (fully phased-in)

Additional Tier 1 capital (transition)

Deferred tax assets arising from net operating loss and tax credit carryforwards phased out during transition

Preferred securities phased out during transition

Defined benefit pension fund assets phased out during transition

DVA related to liabilities and derivatives phased out during transition

Other transition adjustments to Additional Tier 1 capital

153,089

17,181 5,554 (430) 470 (228) (5)

141,217

13,612 8,905 (2,893) 599 (1,925)

(35)

Additional Tier 1 capital (fully phased-in)

Tier 1 capital (fully phased-in)

Tier 2 capital (transition)

Nonqualifying capital instruments phased out during transition

Other adjustments to Tier 2 capital

Tier 2 capital (fully phased-in)

Basel 3, Standardized approach Total capital (fully phased-in)

Change in Tier 2 qualifying allowance for credit losses

Basel 3 Advanced approaches Total/capital (fully phased-in)

\$ 1,391,672 \$ 1,261,544 22,989 153,722

Risk-weighted assets - As reported to Basel 3 (fully phased-in) As reported risk-weighted assets

1,414,661 1,415,266 (17,157) 50,213

Changes in risk-weighted assets from reported to fully phased-in . Basel 3 Standardized approach risk-weighted assets (fully phased-in)

Changes in risk-weighted assets for advanced models

Basel 3 Advanced approaches risk-weighted assets (fully phased-in)

\$ 1,397,504 \$ 1,465,479%

Changes in risk-weighted assets due to modifications to Internal Analytical Models

172,697 -

Pro-forma Basel 3 Advanced approaches risk-weighted assets (fully phased-in)⁽³⁾ \$ 1,570,201 -

⁽³⁾ We received approval to begin using the Advanced approaches capital framework to determine risk-based capital requirements beginning in the fourth quarter of 2015. With the approval to exit parallel run, we will be required to report regulatory capital risk-weighted assets and ratios under both the Standardized and Advanced approaches. The approach that yields the lower ratio is to be used to assess capital adequacy. Prior to exiting parallel run, we were required to report regulatory capital risk-weighted assets and ratios under the Standardized approach only. As previously disclosed, with the approval to exit parallel run, U.S. banking regulators requested modifications to certain internal analytical models including the wholesale (e.g., commercial) credit models which will increase our risk-weighted assets in the fourth quarter of 2015.

⁽²⁾ Basel 3 Advanced approaches estimates assume approval by U.S. banking regulators of our internal analytical models. We are working to obtain approval from our regulators of the internal models methodology (IMM).

⁽¹⁾ Pro-forma Basel 3 Advanced approaches estimates include all requested modifications to the internal analytical models.

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Bank of America, N.A. Regulatory Capital

Table 27 presents regulatory capital information for BANA in accordance with Basel 3 Standardized - Transition as measured at September 30, 2015 and December 31, 2014.

Table 27

Bank of America, N.A. Regulatory Capital under Basel 3 Standardized - Transition

	September 30, 2015		December 31, 2014	
	Ratio	Amount Required ⁽¹⁾	Ratio	Amount
Required ⁽¹⁾				
Common/gqu [^]	12.5%	144,880	13.1%	145,150
Tier 1 capital	12.5	144,880	13.1	145,150
Tier 1 leverage	93	144,880	96	145,150

⁽¹⁾ Percent required to meet guidelines to be considered "well capitalized" under the Prompt Corrective Action framework, except for the December 31, 2014 Common equity tier 1 capital which reflects capital adequacy minimum requirements as an Advanced approaches bank under Basel 3 during a transition period that ended in 2014.

BANA's Common equity tier 1 capital ratio under Basel 3 Standardized - Transition was 12.5 percent at September 30, 2015, a decrease of 66 bps from December 31, 2014, primarily driven by dividends to the parent company and the change in the calculation of risk-weighted assets from the general risk-based approach at December 31, 2014 to the Basel 3 Standardized approach, partially offset by earnings. The Total capital ratio decreased 82 bps to 13.8 percent at September 30, 2015 compared to December 31, 2014 and the Tier 1 leverage ratio decreased 29 bps to 9.3 percent. The decrease in the Total capital ratio was driven by the same factors as the Common equity tier 1 capital ratio. The decrease in the Tier 1 leverage ratio was primarily driven by an increase in adjusted quarterly average total assets.

Regulatory Developments

Global Systemically Important Bank Surcharge

We have been designated as a global systemically important bank (G-SIB) and as such, are subject to a risk-based capital surcharge (G-SIB surcharge) that must be satisfied with Common equity tier 1 capital. The surcharge assessment methodology published by the Basel Committee on Banking Supervision (Basel Committee) relies on an indicator-based measurement approach (e.g., size, complexity, cross-jurisdictional activity, inter-connectedness and substitutability/financial institution infrastructure) to determine a score relative to the global banking industry. Institutions with the highest scores are designated as G-SIBs and are assigned to one of four loss absorbency buckets from 1.0 percent to 2.5 percent, in 0.5 percent increments based on each institution's relative score and supervisory judgment. A fifth loss absorbency bucket of 3.5 percent serves to discourage banks from becoming more systemically important.

In July 2015, the Federal Reserve finalized a regulation that will implement G-SIB surcharge requirements for the largest U.S. BHCs. Under the final rule, assignment to loss absorbency buckets will be determined by the higher score as calculated according to two methods. Method 1 is consistent with the Basel Committee's methodology, whereas Method 2 replaces the substitutability/financial institution infrastructure indicator with a measure of short-term wholesale funding and then determines the overall score by applying a fixed multiplier for each of the other systemic indicators. Under the final U.S. rules, the G-SIB surcharge will be phased in beginning on January 1, 2016, becoming fully effective on January 1, 2019. We estimate that our G-SIB surcharge will increase our risk-based capital ratio requirements by 3.0 percent under Method 2 and 1.5 percent under Method 1.

For more information on regulatory capital, see Note 16 - Regulatory Requirements and Restrictions to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K.

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Minimum Total Loss-Absorbing Capacity

In November 2014, the FSB proposed standards for the total loss-absorbing capacity (TLAC) that G-SIBs would be required to maintain in order to facilitate an orderly resolution in the event of failure. The proposal would require G-SIBs to hold sufficient amounts of qualifying regulatory capital and debt instruments to help ensure recapitalization and continuity of critical functions upon a resolution without imposing losses on taxpayers or threatening financial stability. Under the proposal, a G-SIB would be required to maintain minimum TLAC of 16.0 percent to 20.0 percent of risk-weighted assets, excluding regulatory Common equity tier 1 capital buffers, at least twice the minimum Basel 3 Tier 1 leverage ratio and at least 33 percent of the minimum TLAC requirement in the form of eligible long-term debt. The FSB intends to submit a final revised proposal recommendation to the Group of Twenty (G-20) in November 2015.

On October 30, 2015, the Federal Reserve voted to issue a notice of proposed rulemaking which establishes external TLAC requirements for U.S. BHCs designated as G-SIBs. Under the proposal by the Federal Reserve, U.S. G-SIBs would be required to maintain a minimum external TLAC of 16 percent of risk-weighted assets, excluding regulatory buffers, in 2019, increasing to the greater of 18 percent of risk-weighted assets, excluding regulatory buffers, and 9.5 percent of the denominator of the SLR in 2022. In addition, U.S. G-SIBs must meet the external TLAC requirement with minimum eligible long-term debt equal to the greater of 6 percent of risk-weighted assets plus the G-SIB surcharge, and 4.5 percent of the denominator of the SLR. We continue to monitor and evaluate developments and impacts related to this proposal.

Revisions to Approaches for Measuring Risk-weighted Assets

The Basel Committee has several open proposals to revise key methodologies for measuring risk-weighted assets. The proposals include a fundamental review of the trading book, which would update market risk measurement, and revisions to the CVA risk framework. The proposed revisions affect both modeled and standardized approaches for measuring market risk and CVA risk. The Basel Committee has also proposed revisions to the standardized approach for credit risk and the standardized approaches for operational risk. A revised standardized model for counterparty credit risk has previously been finalized. These revisions would be coupled with a proposed capital floor framework to limit the extent to which banks can reduce risk-weighted asset levels through the use of internal models. The Basel Committee expects to finalize the outstanding proposals by the end of 2016. Once the proposals are finalized, U.S. banking regulators may update the U.S. Basel 3 rules to incorporate the Basel Committee revisions.

Broker-dealer Regulatory Capital and Securities Regulation

The Corporation's principal U.S. broker-dealer subsidiaries are Merrill Lynch, Pierce, Fenner & Smith (MLPF&S) and Merrill Lynch Professional Clearing Corp (MLPCC). MLPCC is a fully-guaranteed subsidiary of MLPF&S and provides clearing and settlement services. Both entities are subject to the net capital requirements of SEC Rule 15c3-1. Both entities are also registered as futures commission merchants and are subject to the Commodity Futures Trading Commission Regulation 1.17.

MLPF&S has elected to compute the minimum capital requirement in accordance with the Alternative Net Capital Requirement as permitted by SEC Rule 15c3-1. At September 30, 2015, MLPF&S's regulatory net capital as defined by Rule 15c3-1 was \$10.1

billion and exceeded the minimum requirement of \$1.4 billion by \$8.7 billion. MLPCC's net capital of \$3.2 billion exceeded the minimum requirement of \$365 million by \$2.8 billion.

In accordance with the Alternative Net Capital Requirements, MLPF&S is required to maintain tentative net capital in excess of \$1.0 billion, net capital in excess of \$500 million and notify the SEC in the event its tentative net capital is less than \$5.0 billion. At September 30, 2015, MLPF&S had tentative net capital and net capital in excess of the minimum and notification requirements.

Merrill Lynch International (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 September 30, 2015, MLI's capital resources were \$34.3 billion which exceeded the minimum requirement of \$16.8 billion.

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Common and Preferred Stock Dividends

For a summary of our declared quarterly cash dividends on common stock during the third quarter of 2015 and through October 30, 2015, see Note 11 - Shareholders' Equity to the Consolidated Financial Statements. The Corporation has certain warrants outstanding and exercisable to purchase 150.4 million shares of its common stock, expiring on January 16, 2019 and warrants outstanding and exercisable to purchase 121.8 million shares of its common stock, expiring on October 28, 2018. For more information on the original issuance and exercise price of these warrants, see Note 11 - Shareholders' Equity to the Consolidated Financial Statements.

Table 28 is a summary of our cash dividend declarations on preferred stock during the third quarter of 2015 and through October 30, 2015. During the third quarter of 2015, we declared \$441 million of cash dividends on preferred stock. For more information on preferred stock, see Note 11 - Shareholders' Equity to the Consolidated Financial Statements.

Table 28

Preferred Stock Cash Dividend Summary

Preferred Stock	Outstanding Notional Amount (in millions)	Declaration Date	Record Date	Per Annum Dividend Payment Date	Dividend Rate	Share
[Series IV("	\$ 1	July 23, 2015	October 9, 2015	October 23, 2015	7.00%	\$ L75J
		<u>October 22, 2015</u>	<u>January 11, 2016</u>	<u>January 25, 2016</u>	<u>7.00%</u>	<u>1.75</u>
j Series D ⁽²⁾		\$ 654	July 9, 2015	August 31, 2015	6.204%	September 14, 2015
		\$ 0.38775	October 9, 2015	November 30, 2015	6.204%	December 14, 2015
Series E ⁽²⁾		\$ 317	July 9, 2015	July 31, 2015	0.25556	August 17, 2015
			Floating	October 9, 2015	0.25556	October 30, 2015
} Series F		"li 14?	July 9, 2015	August 31, 2015		September 15, 2015

Floating				\$1,022.22222 !					
		October 9,2015	November 30,2015	December 15,2015	Floating	1,011.11111			
[Series G	:	' _.	\$ 493		July 9; 2015"	August 31,2015	September 15,2015		
Adjustable		\$ 1,022:22222 j							
		October 9,2015	November 30,2015	December 15,2015	Adjustable	1,011.11111			
[Series I ⁽²⁾	:	'	\$ 365		July 9,2015	September 15,2015	October 1,2015	~	6.625%\$
0:4140625 j									
		October 9,2015	December 15,2015	January 4,2016'	6.6250.4140625				
j Series JC ^(3 4)	:	\$ 1,544	July 9,2015	July 15,2015	July 30,2015	Fixed-to-floating	\$ 40:00!		
Series L	:	\$ 3,080	June 19,2015	July 1,2015	July 30,2015	7.25%	\$ 18.125		
[	:		Septe'mbeVIMOIis		'Oc^obe7T720i5~""	October""3bT2"bT5:"	""""""725.'	'|j~Y2y|	
Series M ^(3 4)	:	\$ 1,310		October 9,2015	October 31,2015	November 16,2015	I		
Lxed-to-floating					\$ 40.625				
| Series T	:	\$ 5,000		July 23,2015	September 25,2015	October 13,2015	6.00%~\$		
1,500.00 [
		October 22,2015		December 26,2015	January 11,2016		6.00	1,500.00	
| Series U ^{a4)}	:	\$ 1,000		October 9,2015	November 15,2015	December 1,2015			
Fixed-to-floating					\$ 26.00 j				
Series V ^{a4)}	:	\$ UOO		October 9,2015	December 1,2015	December 17,2015			
Fixed-to-floating					\$ 25.625				
| Series W ⁽²⁾	:	\$ 1,100		July 9,2015	August 15,2015	September 9,2015	\		
6.625%					\$ 0.4140625;				
		October 9,2015		November 15,2015	December 9,2015		6.625	0.4140625	
j Series X ^{<341}	:	\$ 2,000		July 9,2015	August 15,2015	September 8,2015			
Fixed-to-floating					\$ 31.251				
Series Y ⁽²⁾	:	\$ 1,100	June 19,2015	July 1,2015	July 27,2015	6.50%	\$ 0.40625		
j	:	~		September 18,2015	October 1,2015	October 27,2015			
6TsO-	:	~ 0.40625]							
Series/ ^{13a0}	:	\$ 1,400		September 18,2015	October 1,2015	October 23,2015			
Fixed-to-floating					\$ 32.50				
| Series AA ⁽³⁴⁾	:	\$ 1,900		July 9,2015	September 1,2015	September 17,2015-			
Fixed-to-floating					\$ 3o!50~j				

" Dividends are cumulative

¹²¹ Dividends per depositary share, each representing a 1/1,000th interest in a share of preferred stock ^{1.1} Initially pays dividends semi-annually

⁽⁴⁾ Dividends per depositary share, each representing a 1/25th interest in a share of preferred stock.

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Table 28

Preferred Stock Cash Dividend Summary (continued)

Outstanding Notional Amount	Per Annum Dividend Per
-----------------------------------	------------------------

Preferred Stock	(in millions)	Declaration Date	Record Date	Payment Date	Dividend Rate	Share
Series 1 ⁽⁵⁾	0-187-501	September 9, 2015	July 9, 2015	August 15, 2015	0.18750	Floating \$
Series 2	0-3984375	October 9, 2015	November 15, 2015	November 30, 2015	0.19167	Floating \$
Series 3	0-1255561	October 9, 2015	November 15, 2015	November 30, 2015	0.25556	Floating \$

⁽⁵⁾ Dividends per depositary share, each representing a 1/1,200th interest in a share of preferred stock

Funding and Liquidity Risk Management

We define liquidity risk as the potential inability to meet our contractual and contingent financial obligations, on- or off-balance sheet, as they come due. Our primary liquidity risk management objective is to meet all contractual and contingent financial obligations at all times, including during periods of stress. To achieve that objective, we analyze and monitor our liquidity risk under expected and stressed conditions, maintain excess liquidity and access to diverse funding sources, including our stable deposit base, and seek to align liquidity-related incentives and risks.

We define excess 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 those obligations arise. We manage our liquidity position through line of business and asset-liability management 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 risk management within Corporate Treasury 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, see Liquidity Risk - Funding and Liquidity Risk Management on page 65 of the MD&A of the Corporation's 2014 Annual Report on Form 10-K.

Global Excess Liquidity Sources and Other Unencumbered Assets

We maintain excess liquidity available to Bank of America Corporation, including the parent company and selected subsidiaries, in the form of cash and high-quality, liquid, unencumbered securities. Our liquidity buffer, or Global Excess Liquidity Sources (GELS), is comprised of assets that are readily available to the parent company and selected subsidiaries, including bank and broker-dealer subsidiaries, even during stressed market conditions. Our cash is primarily on deposit with the Federal Reserve and, to a lesser extent, central banks outside of the U.S. We limit the composition of high-quality, liquid, unencumbered securities to U.S. government securities, U.S. agency securities, U.S. agency MBS and a select group of non-U.S. government and supranational securities. We believe we can quickly obtain cash for these securities, even in stressed conditions, through repurchase agreements or outright sales. We hold our GELS in legal entities that allow us to meet the liquidity requirements of our global businesses, and we consider the impact of potential regulatory, tax, legal and other restrictions that could limit the transferability of funds among entities. Our GELS are substantially the same in composition to what qualifies as High Quality Liquid Assets (HQLA) under the final LCR

rules. For more information on the final rules, see Liquidity Risk - Basel 3 Liquidity Standards on page 70.

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Our GELS were \$499 billion and \$439 billion at September 30, 2015 and December 31, 2014 and were maintained as shown in Table 29.

Table 29

Global Excess Liquidity Sources

	September 30 2015	December 31 2014
Average for Three Months Ended September 30,2015		
Parent company; ¹		
306 359		
i Other regulated entities :		
Total Global Excess Liquidity Sources		

As shown in Table 29, parent company GELS totaled \$98 billion at both September 30,2015 and December 31,2014. Parent company liquidity remained unchanged as subsidiary inflows and debt issuances were largely offset by debt maturities and derivative collateral outflows. Typically, parent company excess liquidity is in the form of cash deposited with BANA.

GELS available to our bank subsidiaries totaled \$354 billion and \$306 billion at September 30, 2015 and December 31, 2014. The increase in bank subsidiaries' liquidity was primarily due to deposit inflows and net debt issuances, partially offset by loan growth. GELS at bank subsidiaries exclude the cash deposited by the parent company. Our bank subsidiaries can also generate incremental liquidity by pledging a range of other 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 approximately \$239 billion and \$214 billion at September 30,2015 and December 31, 2014. 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 can only be transferred to the parent company or nonbank subsidiaries with prior regulatory approval.

GELS available to our other regulated entities, comprised primarily of broker-dealer subsidiaries, totaled \$47 billion and \$35 billion at September 30, 2015 and December 31, 2014. The increase in liquidity in other regulated entities is largely driven by parent company liquidity contributions to the Corporation's primary U.S. broker-dealer. Our other regulated entities also held other unencumbered investment-grade securities and equities that we believe could be used to generate additional liquidity. Liquidity held in an other regulated entity 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.

Table 30 presents the composition of GELS at September 30, 2015 and December 31, 2014.

Table 30

Global Excess Liquidity Sources Composition

(Dollars in billions)

Cash on deposit

U.S. Treasury securities

| U.S. agency securities and mortgage-backed securities Non-U.S. government and supranational securities
September 30 2015

130 49

299

21

December 31 2014

97 i 74

252

16

Total Global Excess Liquidity Sources

Time-to-required Funding and Stress Modeling

We use a variety of metrics to determine the appropriate amounts of excess liquidity to maintain at the parent company, our bank subsidiaries and other regulated entities. One metric we use to evaluate the appropriate level of excess liquidity at the parent company is "time-to-required funding." This debt coverage measure indicates the number of months that the parent company can continue to meet its unsecured contractual obligations as they come due using only the parent company's liquidity sources without issuing any new debt or accessing any additional liquidity sources. We define unsecured contractual obligations for purposes of this metric as maturities of senior or subordinated debt issued or guaranteed by Bank of America Corporation. These include certain unsecured debt instruments, primarily structured liabilities, which we may be required to settle for cash prior to maturity. Our time-to-required funding was 42 months at September 30, 2015. For purposes of calculating time-to-required funding at September 30, 2015, we have included in the amount of

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unsecured contractual obligations \$8.6 billion related to the BNY Mellon Settlement. The final conditions of the settlement have been satisfied, requiring the Corporation to make the settlement payment on or before February 9, 2016. For more information on the BNY Mellon Settlement, see Note 7 - Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements.

We also utilize liquidity stress analysis to assist us in determining the appropriate amounts of excess liquidity to maintain at the parent company, our bank subsidiaries and other regulated entities. The liquidity stress testing process is an integral part of analyzing our potential contractual and contingent cash outflows beyond the outflows considered in the time-to-required funding analysis. We evaluate the liquidity requirements under a range of scenarios with varying levels of severity and time horizons. The scenarios we consider and utilize incorporate market-wide and Corporation-specific events, including potential credit rating downgrades for the parent company and our subsidiaries, and are based on historical experience, regulatory guidance, and both expected and unexpected future events.

The types of potential contractual and contingent cash outflows we consider in our scenarios may include, but are not limited to, upcoming contractual maturities of unsecured debt and reductions in new debt issuance; diminished access to secured financing markets; potential deposit withdrawals; increased draws on loan commitments, liquidity facilities and letters of credit; additional collateral that counterparties could call if our credit ratings were downgraded; collateral and margin requirements arising from market value changes; and potential liquidity required to maintain businesses and finance customer activities. Changes in certain market factors including, but not limited to, credit rating downgrades, could negatively impact potential contractual and contingent outflows and the related financial instruments, and in some cases these impacts could be material to our financial results.

We consider all sources of funds that we could access during each stress scenario and focus particularly on matching available sources with corresponding liquidity requirements by legal entity. We also use the stress modeling results to manage our asset-liability profile and establish limits and guidelines on certain funding sources and businesses.

Basel 3 Liquidity Standards

The Basel Committee has issued two liquidity risk-related standards that are considered part of the Basel 3 liquidity standards: the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR).

In 2014, U.S. banking regulators finalized LCR requirements for the largest U.S. financial institutions on a consolidated basis and for their subsidiary depository institutions with total assets greater than \$10 billion. 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. Under the final rule, an initial minimum LCR of 80 percent was required as of January 2015, and will increase thereafter in 10 percentage point increments annually through January 2017. These minimum requirements are applicable to the Corporation on a consolidated basis and to our insured depository institutions. As of September 30, 2015, we estimate that the consolidated Corporation was above the 2017 LCR requirements. The Corporation's LCR may fluctuate from period to period due to normal business flows from customer activity.

In 2014, the Basel Committee issued a final standard for the NSFR, the standard that is intended to reduce funding risk over a longer time horizon. The NSFR is designed to ensure an appropriate amount of stable funding, generally capital and liabilities maturing beyond one year, given the mix of assets and off-balance sheet items. The final standard aligns the NSFR to the LCR and gives more credit to a wider range of funding. The final standard also includes adjustments to the stable funding required for certain types of assets, some of which reduce the stable funding requirement and some of which increase it. Basel Committee standards generally do not apply directly to U.S. financial institutions, but require adoption by U.S. banking regulators. U.S. banking regulators are expected to propose a similar NSFR regulation applicable to U.S. financial institutions in the near future. We expect to meet the NSFR requirement within the regulatory timeline.

Diversified Funding Sources

We fund our assets primarily with a mix of deposits and secured and unsecured liabilities through a centralized, globally coordinated funding strategy. We diversify our funding globally across products, programs, markets, currencies and investor groups.

The primary benefits of our centralized funding strategy include greater control, reduced funding costs, wider name recognition by investors and greater flexibility to meet the variable funding requirements of subsidiaries. Where regulations, time zone differences or other business considerations make parent company funding impractical, certain other subsidiaries may issue their own debt.

We fund a substantial portion of our lending activities through our deposits, which were \$1.16 trillion and \$1.12 trillion at September 30, 2015 and December 31, 2014. Deposits are primarily generated by our Consumer Banking, GWIM and Global Banking segments. These deposits are diversified by clients, product type and geography, and the majority of our U.S. deposits are insured by the Federal Deposit Insurance Corporation. We consider a substantial portion of our deposits to be a stable, low-cost and consistent source

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of funding. We believe this deposit funding is generally less sensitive to interest rate changes, market volatility or changes in our credit ratings than wholesale funding sources. Our lending activities may also be financed through secured borrowings, including credit card securitizations and securitizations with GSEs, the FHA and private-label investors, as well as FHLBs loans.

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. We believe funding these activities in the secured financing markets is more cost-efficient and less sensitive to changes in our credit ratings than unsecured financing. Repurchase agreements are generally short-term and often overnight. Disruptions in secured financing markets for financial institutions have occurred in prior market cycles which resulted in adverse changes in terms or significant reductions in the availability of such financing. We manage the liquidity risks arising from secured funding by sourcing funding globally from a diverse group of counterparties, providing a range of securities collateral and pursuing longer durations, when appropriate. For more information on secured financing agreements, see Note 9 - Federal Funds Sold or Purchased, Securities Financing Agreements and Short-term Borrowings to the Consolidated Financial Statements.

We issue long-term unsecured debt in a variety of maturities and currencies to achieve cost-efficient funding and to maintain an appropriate maturity profile. While the cost and availability of unsecured funding may be negatively impacted by general market conditions or by matters specific to the financial services industry or the Corporation, we seek to mitigate refinancing risk by actively managing the amount of our borrowings that we anticipate will mature within any month or quarter.

During the three and nine months ended September 30, 2015, we issued \$8.3 billion and \$34.0 billion of long-term debt, consisting of \$6.6

billion and \$21.1 billion for Bank of America Corporation, \$76 million and \$7.7 billion for Bank of America, N.A. and \$1.6 billion and \$5.2 billion of other debt.

Table 31 presents the carrying value of aggregate annual contractual maturities of long-term debt as of September 30, 2015. During the nine months ended September 30, 2015, we had total long-term debt maturities and purchases of \$34.6 billion consisting of \$20.6 billion for Bank of America Corporation, \$6.3 billion for Bank of America, N.A. and \$7.7 billion of other debt.

Table 31
Long-term Debt By Maturity

(Dollars in millions)	Remainder of					
	2015	2016	2017	2018	2019	Thereafter
Total						
Bank of America Corporation						
Senior notes	\$ 2,483	\$ 16,945	\$ 18,568	\$ 20,420	\$ 17,056	\$ 49,231
Senior structured notes	891	4,177	1,580	1,737	1,381	7,140
Subordinated notes	660	---	4,893	4,952	2,750	1,511
Junior subordinated notes	---	--7,303	7,303			
Total Bank of America Corporation	3,377	18,289	26,015	25,100	24,907	19,948
Bank of America, N.A.						
Senior notes	3,052	3,653	3,522			
Subordinated notes		-1,060	3,485	-11,732	6,278	
Advances from Federal Home Loan Banks			499	6,003	10	10
Securitized Bank VIEs ⁰	140	1,290	3,550	2,300	2,451	934
Other	14	53	2,697	6	9	71
Total Bank of America, N.A.	653	11,458	13,395	5,838	2,476	2,894
Other debt						
Senior notes	-	-	1	-	-	30
Structured liabilities	345	2,491	2,000	1,287	875	7,929
Junior subordinated notes	-	-	-	-	-	340
Nonbank VIRs ¹¹	-	456	241	38	22	1,500
Other	200	500				730
Total other debt	545	3,447	2,242	1,325	897	9,829
Total long-term debt	\$ 5,232	\$ 40,920	\$ 40,737	\$ 32,070	\$ 23,321	\$ 95,008

⁰ Represents the total long-term debt included in the liabilities of consolidated VIEs on the Consolidated Balance Sheet

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Table 32 presents our long-term debt by major currency at September 30, 2015 and December 31, 2014.

Table 32
Long-term Debt By Major Currency

September 30 December 31

! U.S. Dollar Euro
 ! British Pound Japanese Yen
 (Dollars in millions)

2015 2014

	2015	2014
Australian-Dollar	3,632	6,058
Canadian Dollar	1,492	1,779
[Swiss Franc	900	89
Other	1,725	2,438
Total long-term debt	7,749	13,170

Total long-term debt decreased \$5.9 billion, or two percent, during the nine months ended September 30, 2015 primarily due to the impact of revaluation of non-U.S. Dollar debt and changes in fair value for debt accounted for under the fair value option. These impacts were substantially offset through derivative hedge transactions. Excluding these two factors, total long-term debt remained relatively unchanged for the nine months ended September 30, 2015. We may, from time to time, purchase outstanding debt instruments in various transactions, depending on prevailing market conditions, liquidity and other factors. In addition, our other regulated entities may make markets in our debt instruments to provide liquidity for investors. For more information on long-term debt funding, see Note 11 - Long-term Debt to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K and for more information regarding funding and liquidity risk management, see page 65 of the MD&A of the Corporation's 2014 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 further details on our ALM activities, see Interest Rate Risk Management for Non-trading Activities on page 118.

We may also issue unsecured debt in the form of structured notes for client purposes. During the three and nine months ended September 30, 2015, we issued \$1.2 billion and \$4.8 billion of structured notes, a majority of which was issued by Bank of America Corporation. Structured notes are debt obligations that pay investors returns linked to other debt or equity securities, indices, currencies or commodities. 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 liability 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. We had outstanding structured liabilities with a carrying value of \$31.6 billion and \$38.8 billion at September 30, 2015 and December 31, 2014.

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.

Contingency Planning

We maintain contingency funding plans that outline our potential responses to liquidity stress events at various levels of severity. These policies and plans are based on stress scenarios and include potential funding strategies and communication and notification procedures that we would implement in the event we experienced stressed liquidity conditions. We periodically review and test the contingency funding plans to validate efficacy and assess readiness.

Our U.S. bank subsidiaries can access contingency funding through the Federal Reserve Discount Window. Certain non-U.S. subsidiaries have access to central bank facilities in the jurisdictions in which they operate. While we do not rely on these sources in our liquidity modeling, we maintain the policies, procedures and governance processes that would enable us to access these sources if necessary.

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Credit Ratings

Our borrowing costs and ability to raise funds are impacted by our credit ratings. In addition, credit ratings may be important to customers or counterparties when we compete in certain markets and when we seek to engage in certain transactions, including OTC derivatives. Thus, it is our objective to maintain high-quality credit ratings, and management maintains an active dialogue with the rating agencies.

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. Our credit ratings are subject to ongoing review by the rating agencies, and they consider a number of factors, including our own financial strength, performance, prospects and operations, as well as factors not under our control. The rating agencies could make adjustments to our ratings at any time, and they provide no assurances that they will maintain our ratings at current levels.

Other factors that influence our credit ratings include changes to the rating agencies' methodologies for our industry or certain security types; the rating agencies' assessment of the general operating environment for financial services companies; our relative positions in the markets in which we compete; our various risk exposures and risk management policies and activities; pending litigation and other contingencies or potential tail risks; our reputation; our liquidity position, diversity of funding sources and funding costs; the current and expected level and volatility of our earnings; our capital position and capital management practices; our corporate governance; the sovereign credit ratings of the U.S. government; current or future regulatory and legislative initiatives; and the agencies' views on whether the U.S. government would provide meaningful support to the Corporation or its subsidiaries in a crisis.

On July 23, 2015, Standard & Poor's Ratings Services (S&P) concluded a periodic review of the eight U.S. G-SIBs. As a result, S&P upgraded Bank of America's stand-alone credit profile (SACP) to 'a-' from 'bbb+', reflecting S&P's view that the Corporation's potential legal and regulatory risks have declined, and that it has made steady progress on reducing the size of its legacy mortgage portfolio resulting in lower credit costs and an improved risk profile. S&P concurrently upgraded the ratings of Bank of America Corporation's preferred stock and trust preferred securities to BB+ from BB. S&P also revised the outlook to positive from stable on the ratings of Bank of America's core rated operating subsidiaries, including Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Merrill Lynch International, and Bank of America Merrill Lynch International Limited. Those entities' long-term and short-term senior debt ratings remain unchanged at A and A-1. S&P also left Bank of America Corporation's long-term and short-term senior debt ratings unchanged at A- and A-2, but retained a negative outlook. The negative outlook on the holding company ratings reflects S&P's ongoing evaluation of whether it deems the U.S. G-SIB resolution regime to be effective and thus eliminates the remaining notch of uplift in those ratings for potential extraordinary government support. The positive outlook on the operating subsidiary ratings reflects the possibility that for those subsidiaries, S&P could offset the elimination of the notch of uplift for government support with two notches of uplift from the agency's implementation of a new framework for incorporating additional loss-absorbing debt and equity capital buffers at the holding company into operating company credit ratings.

On May 28, 2015, Moody's Investors Service, Inc. (Moody's) concluded its previously announced review of several global investment banking groups, including Bank of America, which followed the publication of the agency's new bank rating methodology. As a result, Moody's upgraded Bank of America Corporation's long-term senior debt rating to Baa2, and the preferred stock rating to Ba2 from Ba3. Moody's also upgraded the long-term senior debt and long-term deposit ratings of Bank of America, N.A. to A1 from A2. Moody's affirmed the short-term ratings at P-2 for Bank of America Corporation and P-1 for Bank of America, N.A. Moody's now has a stable outlook on all of our ratings.

On May 19, 2015, Fitch Ratings (Fitch) completed its review of sovereign support for 12 large, complex securities trading and universal banks, including Bank of America. As a result, Fitch revised the support rating floors for the U.S. global systemically important BHCs to No Floor from A, effectively removing the implied government support uplift from those institutions' ratings. The rating agency also upgraded Bank of America Corporation's stand-alone rating, or Viability Rating to 'a' from 'a-', while affirming its long-term and short-term senior debt ratings at A and F1, respectively. Fitch indicated that the upgrade of the Viability Rating was driven by the Corporation's maintenance of good capital and liquidity levels, materially lower potential litigation costs compared to recent years and a gradually improving earnings profile. Fitch concurrently upgraded Bank of America, N.A.'s long-term senior debt rating to A+ from A, and its long-term deposit rating to AA- from A+. Fitch set the outlook on these ratings at stable. Fitch also

revised the outlook to positive on the ratings of Bank of America's material international operating subsidiaries, including Merrill Lynch International.

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Table 33 presents the Corporation's current long-term/short-term senior debt ratings and outlooks expressed by the rating

agencies. Table 33
Senior Debt Ratings

	Moody's Investors Service			Standard & Poor's			Fitch Ratings		
	Long-term	Short-term	Outlook	Long-term	Short-term	Outlook	Long-term	Short-term	Outlook
<u>Bank of America- Gbiforati^</u>									
Bank of America, N.A.	AI	P-1	Stable	A	A-1	Positive	A+	Fl	Stable
MerriULyn^^	NR	NR	~^NR.	, A "	. A;f "\.Po^				
Merrill Lynch International	NR	NR	NR	A	A-1	Positive	A	Fl	Positive

NR = not rated

A reduction in certain of our credit ratings or the ratings of certain asset-backed securitizations may have a material adverse effect on our liquidity, potential loss of access to credit markets, the related cost of funds, our businesses and on certain trading revenues, particularly in those businesses where counterparty creditworthiness is critical. In addition, under the terms of certain OTC derivative contracts and other trading agreements, in the event of downgrades of our or our rated subsidiaries' credit ratings, the counterparties to those agreements may require us to provide additional collateral, or to terminate these contracts or agreements, which could cause us to sustain losses and/or adversely impact our liquidity. If the short-term credit ratings of our parent company, bank or broker-dealer subsidiaries were downgraded by one or more levels, the potential loss of access to short-term funding sources such as repo financing and the effect on our incremental cost of funds could be material.

While certain potential impacts are contractual and quantifiable, the full scope of the consequences of a credit rating downgrade to a financial institution is inherently uncertain, as it depends upon numerous dynamic, complex and inter-related factors and assumptions, including whether any downgrade of a company's long-term credit ratings precipitates downgrades to its short-term credit ratings, and assumptions about the potential behaviors of various customers, investors and counterparties. For more information on potential impacts of credit rating downgrades, see Liquidity Risk - Time-to-required Funding and Stress Modeling on page 69.

For more information on the additional collateral and termination payments that could be required in connection with certain OTC derivative contracts and other trading agreements as a result of such a credit rating downgrade, see Note 2 - Derivatives to the Consolidated Financial Statements herein and Item 1A. Risk Factors of the Corporation's 2014 Annual Report on Form 10-K.

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Credit quality remained strong in the third quarter of 2015 driven by lower U.S. unemployment and improving home prices as well as our proactive credit risk management activities positively impacting our credit portfolio as nonperforming loans and leases and delinquencies continued to improve. For additional information, see Executive Summary - Third Quarter 2015 Economic and Business Environment on page 4.

We proactively refine our underwriting and credit risk management practices as well as credit standards to meet the changing economic environment. To actively mitigate losses and enhance customer support in our consumer businesses, we have in place collection programs and loan modification and customer assistance infrastructures. We utilize a number of actions to mitigate losses in the commercial businesses including increasing the frequency and intensity of portfolio monitoring, hedging activity and our practice of transferring management of deteriorating commercial exposures to independent special asset officers as credits enter criticized categories.

We have non-U.S. exposure largely in Europe and Asia Pacific. For more information on our exposures and related risks in non-U.S. countries, see Non-U.S. Portfolio on page 106 and Item 1 A. Risk Factors of the Corporation's 2014 Annual Report on Form 10-K.

For more information on our credit risk management activities, see Consumer Portfolio Credit Risk Management on page 75, Commercial Portfolio Credit Risk Management on page 95, Non-U.S. Portfolio on page 106, Provision for Credit Losses on page 108, Allowance for Credit Losses on page 108, and Note 4 - Outstanding Loans and Leases and Note 5 - Allowance for Credit Losses to the Consolidated Financial Statements.

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. These models are a component of our consumer credit risk management process and 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.

During the nine months ended September 30, 2015, we completed approximately 41,600 customer loan modifications with a total unpaid principal balance of approximately \$7.0 billion, including approximately 17,700 permanent modifications, under the U.S. government's Making Home Affordable Program. Of the loan modifications completed during the nine months ended September 30, 2015, in terms of both the volume of modifications and the unpaid principal balance associated with the underlying loans, more than half were in the Corporation's held-for-investment (HFI) portfolio. For modified loans on our balance sheet, these modification types are generally considered troubled debt restructurings (TDR). For more information on TDRs and portfolio impacts, see Consumer Portfolio Credit Risk Management - Nonperforming Consumer Loans, Leases and Foreclosed Properties Activity on page 92 and Note 4 -Outstanding Loans and Leases to the Consolidated Financial Statements.

Consumer Credit Portfolio

Improvement in the U.S. unemployment rate and home prices continued during the three and nine months ended September 30, 2015 resulting in improved credit quality and lower credit losses across most major consumer portfolios compared to the same periods in 2014. Nearly all consumer loan portfolios 30 and 90 days or more past due declined during the nine months ended September 30, 2015 as a result of improved delinquency trends. Although home prices have shown steady improvement since the beginning of 2012, they have not fully recovered to their 2006 levels.

Improved credit quality, continued loan balance run-off and sales across the consumer portfolio drove a \$2.0 billion decrease in the consumer allowance for loan and lease losses during the nine months ended September 30, 2015 to \$8.0 billion at September 30, 2015. For additional information, see Allowance for Credit Losses on page 108.

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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 2014 Annual Report on Form 10-K. For more information on representations and warranties related to our residential-mortgage and home equity portfolios, see Off-Balance Sheet Arrangements and Contractual Obligations - Representations and Warranties on page 50 and Note 7 - Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements.

Table 34 presents our outstanding consumer loans and leases, and the PCI loan portfolio. In addition to being included in the "Outstandings" columns in Table 34, PCI loans are also shown separately, net of purchase accounting adjustments, in the "Purchased Credit-impaired Loan Portfolio" columns. The impact of the PCI loan portfolio on certain credit statistics is reported where appropriate. For more information on PCI loans, see Consumer Portfolio Credit Risk Management - Purchased Credit-impaired Loan Portfolio on page 87 and Note 4 - Outstanding Loans and Leases to the Consolidated Financial Statements.

Table 34

Consumer Loans and Leases

Purchased Credit-impaired Loan Portfolio

September 30 2015

December 31 2014

September 30 2015

December 31 2014

/\$ 187,939 \$: 216,197.S. 12,581 • S.

Home equity

[U.S. credit card' Non-U.S. credit card

(Direct/Indirect consumer^{<2>} Other consumer^{13>}
78,030

88,339 10,066

87,314

2,012

85,725

91,879. 10,465

80,381

1,846

4,865

n/a

n/a

: h/a n/a

5,617

h/al

n/a

n/aj n/a

(•)>>

Consumer loans excluding loans accounted for under the fair value, option /-

Loans accounted for under the fair value option

S. 455,644 \$ 48,8,570 -S -/ 17,446 . \$.,

¹³ Outstandings include pay option loans of \$2.4 billion and \$3.2 billion at September 30, 2015 and December 31, 2014. We no longer originate pay option loans.

^{<2>} Outstandings include auto and specialty lending loans of \$41.7 billion and \$37.7 billion, unsecured consumer lending loans of \$1.0 billion and \$1.5 billion, U.S. securities-based lending loans of \$39.2 billion and \$35.8 billion, non-U.S. consumer loans of \$3.9 billion and \$4.0 billion, student loans of \$581 million and \$632 million and other consumer loans of \$834 million and \$761 million at September 30, 2015 and December 31, 2014.

⁽³⁾ Outstandings include consumer finance loans of \$591 million and \$676 million, consumer leases of \$1.2 billion and \$1.0 billion and consumer overdrafts of \$189 million and \$162 million at September 30, 2015 and December 31, 2014.

^{<41} Consumer loans accounted for under the fair value option include residential mortgage loans of \$1.7 billion and \$1.9 billion and home equity loans of \$225 million and \$196 million at September 30, 2015 and December 31, 2014. For more information on the fair value option, see Consumer Portfolio Credit Risk Management- Consumer Loans Accounted for Under the Fair Value Option on page 91 and Note 15 - Fair Value Option to the Consolidated Financial Statements.

n/a = not applicable

Table 35 presents consumer nonperforming loans and accruing consumer loans past due 90 days or more. Nonperforming loans do not include past due consumer credit card loans, other unsecured loans and in general, consumer non-real estate-secured loans (loans discharged in Chapter 7 bankruptcy are included) as these loans are typically charged off no later than the end of the month in which the loan becomes 180 days past due. Real estate-secured past due consumer loans that are insured by the FHA or individually insured under long-term standby agreements with FNMA and FHLMC (collectively, the fully-insured loan portfolio) are reported as accruing as opposed to nonperforming since the principal repayment is insured. Fully-insured loans included in accruing past due 90 days or more are primarily from our repurchases of delinquent FHA loans pursuant to our servicing agreements with GNMA. Additionally, nonperforming loans and accruing balances past due 90 days or more do not include the PCI loan portfolio or loans accounted for under the fair value option even though the customer may be contractually past due.

Table 35
Consumer Credit Quality
Nonperforming

	September 30 2015	December 31 2014
Accruing Past Due 90 Days or More September 30 2015		
5,242 \$		3,429 n/a
6,889:		
		3,901 n/a
Non-U.S. credit card		
Direct/Indirects.cprisoner		
Other consumer		
8,697 \$ 10,819 \$		
Consumer loans and leases as a percentage of outstanding consumer		
loans and leases ⁽¹⁾ Consumer loans and leases as a percentage of outstanding loans and		
leases, excluding PCI and fully-insured loan portfolios ⁽²⁾		

1.92% 2.19

⁽¹⁾ Residential mortgage loans accruing past due 90 days or more are fully-insured loans. At September 30, 2015 and December 31, 2014, residential mortgage included \$4.6 billion and \$7.3 billion of loans on which interest has been curtailed by the FHA, and therefore are no longer accruing interest, although principal is still insured, and \$3.0 billion and \$4.1 billion of loans on which interest was still accruing.

⁽²⁾ Balances exclude consumer loans accounted for under the fair value option. At September 30, 2015 and December 31, 2014, \$321 million and \$392 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

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Table 36 presents net charge-offs and related ratios for consumer loans and leases.

Table 36
Consumer Net Charge-offs and Related Ratios

(Dollars in millions)	Net Charge-offs ⁽¹⁾				Net Charge-off Ratios ^(1,2)			
	Three Months Ended		Nine Months Ended		Three Months Ended		Nine Months Ended	
	September 30		September 30		September 30		September 30	
	2015	2014	2015	2014	2015	2014	2015	2014
Residential mortgage -								
Home equity	120	89	443	630	0.60	0.40	0.72	0.93
U.S. credit card								
Non-U.S. credit card	47	67	142	190	1.83	2.26	1.88	2.17
Other consumer	57	56	139	161	11.21	10.48	9.72	10.58
Total	224	208	724	981	3.26	3.06	3.32	3.67

⁽¹⁾ Net charge-offs exclude write-offs in the PCI loan portfolio. These write-offs decreased the PCI valuation allowance included as part of the allowance for loan and lease losses.

For more information on PCI write-offs, see Consumer Portfolio Credit Risk Management - Purchased Credit-impaired Loan Portfolio on page 87.

⁽²⁾ 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.

Net charge-off ratios, excluding the PCI and fully-insured loan portfolios, were 0.08 percent and 0.39 percent for residential mortgage, 0.64 percent and 0.77 percent for home equity, and 0.82 percent and 1.00 percent for the total consumer portfolio for the three and nine months ended September 30, 2015, respectively. Net charge-off ratios, excluding the PCI and fully-insured loan portfolios, were 0.15 percent and 0.14 percent for residential mortgage, 0.43 percent and 1.00 percent for home equity, and 0.90 percent and 1.07 percent for the total consumer portfolio for the three and nine months ended September 30, 2014, respectively. These are the only product classifications that include PCI and fully-insured loans for these periods.

Net charge-offs, as shown in Tables 36 and 37, exclude write-offs in the PCI loan portfolio of \$128 million and \$580 million in residential mortgage and \$20 million and \$146 million in home equity for the three and nine months ended September 30, 2015, and \$196 million and \$547 million in residential mortgage and \$50 million and \$250 million in home equity for the three and nine months ended September 30, 2014. These write-offs decreased the PCI valuation allowance included as part of the allowance for loan and lease losses. Net charge-off ratios including the PCI write-offs were 0.32 percent and 0.64 percent for residential mortgage and 0.70 percent and 0.96 percent for home equity for the three and nine months ended September 30, 2015, and 0.42 percent and 0.38 percent for residential mortgage and 0.63 percent and 1.30 percent for home equity for the three and nine months ended September 30, 2014. For more information on PCI write-offs, see Consumer Portfolio Credit Risk Management - Purchased Credit-impaired Loan Portfolio on page 87.

Home equity		711	702	-	70	4	156	22
Total Cure portfolio	-	1,141	1,295	37	(2)	90	20j	
Legacy Assets & Servicing portfolio								
Home equity		2,307	(55)		63	(99)	(359)	
Home equity		1,934	2,333			(103)	77	(128)
Total Legacy Assets & Servicing portfolio		3,259	4,640	(49)	(40)	(22)	(487)	
Consumer real estate portfolio								
Residential mortgage								
Home equity		2,645	3,035	76	(99)		233	(106)
Total consumer real estate portfolio		\$ 4,400	\$ 5,935	\$ (12)	\$ (42)	\$ 68	\$ (467)	

Outstandings and nonperforming amounts exclude loans accounted for under the fair value option Consumer loans accounted for under the fair value option include residential mortgage loans of \$1.7 billion and \$1.9 billion and home equity loans of \$225 million and \$196 million at September 30, 2015 and December 31, 2014 for more information on the fair value option, see Consumer Portfolio Credit Risk Management - Consumer Loans Accounted for Under the Fair Value Option on page 91 and Note 15 - Fair Value Option to the Consolidated Financial Statements

¹²¹ Net charge-offs exclude write-offs in the PCI loan portfolio Write-offs in the PCI loan portfolio decrease the PCI valuation allowance included as part of the allowance for loan and lease losses For more information on PCI write-offs, see Consumer Portfolio Credit Risk Management - Purchased Credit-impaired Loan Portfolio on page 87

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We believe that the presentation of information adjusted to exclude the impact of the PCI loan portfolio, 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 discussions of the residential mortgage and home equity portfolios, we provide information that excludes the impact of the PCI loan portfolio, the fully-insured loan portfolio and loans accounted for under the fair value option in certain credit quality statistics. We separately disclose information on the PCI loan portfolio on page 87.

Residential Mortgage

The residential mortgage portfolio makes up the largest percentage of our consumer loan portfolio at 41 percent of consumer loans and leases at September 30, 2015. Approximately 60 percent of the residential mortgage portfolio is in All Other and is comprised of originated loans, purchased loans used in our overall ALM activities, delinquent FHA loans repurchased pursuant to our servicing agreements with GNMA as well as loans repurchased related to our representations and warranties. Approximately 29 percent of the residential mortgage portfolio is in GWIM and represents residential mortgages originated for the home purchase and refinancing needs of our wealth management clients and the remaining portion of the portfolio is primarily in Consumer Banking.

Outstanding balances in the residential mortgage portfolio, excluding loans accounted for under the fair value option, decreased \$28.3 billion during the nine months ended September 30, 2015 due to loan sales of \$23.6 billion, including \$16.4 billion of loans with standby insurance agreements, \$2.5 billion of nonperforming and other delinquent loans, \$4.5 billion of loans in consolidated agency residential mortgage securitization vehicles, and runoff outpacing the retention of new originations. These declines were partially offset by repurchases of delinquent loans pursuant to our servicing agreements with GNMA, which are part of our mortgage banking activities.

At September 30, 2015 and December 31, 2014, the residential mortgage portfolio included \$38.6 billion and \$65.0 billion of outstanding fully-insured loans. On this portion of the residential mortgage portfolio, we are protected against principal loss as a result of either FHA insurance or long-term standby agreements with FNMA and FHLMC. At September 30, 2015 and December 31, 2014, \$35.6 billion and \$47.8 billion had FHA insurance with the remainder protected by long-term standby agreements. At September 30, 2015 and December 31, 2014, \$12.4 billion and \$15.9 billion of the FHA-insured loan population were repurchases of delinquent FHA loans pursuant to our servicing agreements with GNMA.

The long-term standby agreements with FNMA and FHLMC reduce our regulatory risk-weighted assets due to the transfer of a portion of our credit risk to unaffiliated parties. At September 30, 2015, these programs had the cumulative effect of reducing our risk-weighted assets by \$904 million, and increasing both our Tier 1 capital ratio and Common equity tier 1 capital ratio by one bp under the Basel 3 Standardized - Transition. This compared to reducing our risk-weighted assets by \$5.2 billion, and increasing both our Tier 1 capital ratio and Tier I Common capital ratio by five bps at December 31, 2014 under Basel 3 Standardized - Transition.

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Table 38 presents certain residential mortgage key credit statistics on both a reported basis excluding loans accounted for under the fair value option, and excluding the PCI loan portfolio, our fully-insured loan portfolio and loans accounted for under the fair value option. Additionally, in the "Reported Basis" columns in the table below, accruing balances past due and nonperforming loans do not include the PCI loan portfolio, in accordance with our accounting policies, even though the customer may be contractually past due. As such, the following discussion presents the residential mortgage portfolio excluding the PCI loan portfolio, the fully-insured loan portfolio and loans accounted for under the fair value option. For more information on the PCI loan portfolio, see page 87.

Table 38
Residential Mortgage - Key Credit Statistics

Excluding Purchased Credit-impaired and Fully-insured Loans

September 30 2015
December 31 2014
September 30 2015
December 31 2014

\$ 187,939 \$. 216^197 ' \$ 136,786' , \$; -136,075

Accruing past due 30 days or more

Accruing past due 90 days or more

Nonperforming loans Percent of portfolio

Refreshed LTV greater than 90 but less than or equal to 100

10
14 18
12
16 19

8
22

	Reported Basis				Excluding Purchased Credit-impaired and Fully-insured Loans			
	Three Months Ended September 30		Nine Months Ended September 30		Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014	2015	2014	2015	2014
[Net charge-off ratio ⁽³⁾]	0.05%	0.09%	0.26%	0.08%	0.08%	0.15%	0.39%	0.14%

⁽¹⁾ Outstandings, accruing past due, nonperforming loans and percentages of portfolio exclude loans accounted for under the fair value option. There were \$ 1.7 billion and \$1.9 billion of residential mortgage loans accounted for under the fair value option at September 30, 2015 and December 31, 2014. For more information on the fair value option, see Consumer Portfolio Credit Risk Management - Consumer Loans Accounted for Under the Fair Value Option on page 91 and Note 15 - Fair Value Option to the Consolidated Financial Statements.

⁽²⁾ These vintages of loans account for \$1.9 billion, or 36 percent, and \$2.8 billion, or 41 percent of nonperforming residential mortgage loans at September 30, 2015 and December 31, 2014. For the three and nine months ended September 30, 2015, these vintages accounted for \$4 million of recoveries, and \$114 million, or 29 percent of total residential mortgage net charge-offs. For the three months ended September 30, 2014, these vintages accounted for \$13 million, or 26 percent of total residential mortgage net charge-offs. For the nine months ended September 30, 2014, these vintages accounted for no residential mortgage net charge-offs.

⁽³⁾ Net charge-off ratios are calculated as annualized net charge-offs divided by average outstanding loans excluding loans accounted for under the fair value option.

Nonperforming residential mortgage loans decreased \$1.6 billion during the nine months ended September 30, 2015 including sales of \$1.2 billion, partially offset by a \$246 million net increase related to the settlement with the DoJ for those loans that are no longer fully insured. Excluding these items, nonperforming residential mortgage loans decreased as outflows, including the transfer of certain qualifying borrowers discharged in a Chapter 7 bankruptcy to performing status, outpaced new inflows. Of the nonperforming residential mortgage loans at September 30, 2015, \$1.8 billion, or 34 percent, were current on contractual payments. Nonperforming loans that are contractually current primarily consist of collateral-dependent TDRs, including those that have been discharged in Chapter 7 bankruptcy, as well as loans that have not yet demonstrated a sustained period of payment performance following a TDR. In addition, \$2.3 billion, or 43 percent of nonperforming residential mortgage 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 \$215 million during the nine months ended September 30, 2015.

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Net charge-offs decreased \$27 million to \$26 million for the three months ended September 30, 2015, or 0.08 percent of total average residential mortgage loans, compared to net charge-offs of \$53 million, or 0.15 percent, for the same period in 2014. This decrease in net charge-offs was primarily driven by higher recoveries of \$57 million related to nonperforming loan sales during the three months ended September 30, 2015 compared to \$39 million for the same period in 2014, favorable portfolio trends and decreased write-downs on loans greater than 180 days past due, which were written down to the estimated fair value of the collateral, less costs to sell, due in part to improvement in home prices and the U.S. economy. These improvements were partially offset by \$49 million of net charge-offs during the three months ended September 30, 2015 related to the consumer relief portion of the settlement with the DoJ. Net charge-offs increased \$255 million to \$400 million for the nine months ended September 30, 2015, or 0.39 percent

of total average residential mortgage loans, compared to net charge-offs of \$145 million, or 0.14 percent, for the same period in 2014. This increase in net charge-offs was primarily driven by \$379 million of charge-offs during the nine months ended September 30, 2015 related to the consumer relief portion of the settlement with the DoJ. In addition, net charge-offs included recoveries of \$119 million related to nonperforming loan sales during the nine months ended September 30, 2015 compared to \$224 million for the same period in 2014. Excluding these items, net charge-offs declined driven by favorable portfolio trends and decreased write-downs on loans greater than 180 days past due, which were written down to the estimated fair value of the collateral, less costs to sell, due in part to improvement in home prices and the U.S. economy.

Residential mortgage loans with a greater than 90 percent but less than or equal to 100 percent refreshed loan-to-value (LTV) represented five percent and six percent of the residential mortgage portfolio at September 30, 2015 and December 31, 2014. Loans with a refreshed LTV greater than 100 percent represented five percent and seven percent of the residential mortgage loan portfolio at September 30, 2015 and December 31, 2014. Of the loans with a refreshed LTV greater than 100 percent, 97 percent and 96 percent were performing at September 30, 2015 and December 31, 2014. Loans with a refreshed LTV greater than 100 percent reflect loans where the outstanding carrying value of the loan is greater than the most recent valuation of the property securing the loan. The majority of these loans have a refreshed LTV greater than 100 percent primarily due to home price deterioration since 2006, somewhat mitigated by subsequent appreciation. Loans to borrowers with refreshed FICO scores below 620 represented six percent and eight percent of the residential mortgage portfolio at September 30, 2015 and December 31, 2014.

Of the \$136.8 billion in total residential mortgage loans outstanding at September 30, 2015, as shown in Table 39, 40 percent were originated as interest-only loans. The outstanding balance of interest-only residential mortgage loans that have entered the amortization period was \$12.2 billion, or 22 percent, at September 30, 2015. Residential mortgage loans that have entered the amortization period generally have experienced a higher rate of early stage delinquencies and nonperforming status compared to the residential mortgage portfolio as a whole. At September 30, 2015, \$225 million, or two percent of outstanding interest-only residential mortgages that had entered the amortization period were accruing past due 30 days or more compared to \$1.7 billion, or one percent for the entire residential mortgage portfolio. In addition, at September 30, 2015, \$783 million, or six percent of outstanding interest-only residential mortgage loans that had entered the amortization period were nonperforming, of which \$388 million were contractually current, compared to \$5.2 billion, or four percent for the entire residential mortgage portfolio, of which \$1.8 billion were contractually current. Loans in our interest-only residential mortgage portfolio have an interest-only period of three to ten years and more than 90 percent of these loans have yet to enter the amortization period and will not be required to make a fully-amortizing payment until 2016 or later.

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Table 39 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 13 percent of outstandings at both September 30, 2015 and December 31, 2014. For the three and nine months ended September 30, 2015, loans within this MSA contributed net recoveries of \$6 million and \$ 10 million within the residential mortgage portfolio. For the three and nine months ended September 30, 2014, loans within this MSA contributed net recoveries of \$10 million and \$32 million within the residential mortgage portfolio. In the New York area, the New York-Northern New Jersey-Long Island MSA made up 11 percent of outstandings at both September 30, 2015 and December 31, 2014. For the three and nine months ended September 30, 2015, loans within this MSA contributed net charge-offs of \$13 million and \$86 million within the residential mortgage portfolio. For the three and nine months ended September 30, 2014, loans within this MSA contributed net charge-offs of \$15 million and \$44 million within the residential mortgage portfolio.

Table 39
Residential Mortgage State Concentrations

	Outstandings ⁽¹⁾		Nonperforming ⁽¹⁾		Net Charge-offs ⁽²⁾			
					Three Months Ended		Nine Months Ended	
	September 30	December 31	September 30	December 31	September 30	September 30	September 30	September 30
(Dollars in millions)	2015	2014	2015	2014	2015	2014	2015	2014
California	\$ 47,244	\$ 45,496	\$ 1,459	\$ 1,459	\$ 11	\$ 7	\$ 46	\$ 24
New York ⁽⁷⁾	12,422	11,826	446	477	11	7	46	24
Florida ⁽³⁾	9,978	7,116	595	858	-	(2)	9	2
Texas	6,165	6,635	203	269	-	(2)	9	2
Virginia	4,147	4,402	176	244	3	(3)		
Other U.S./Non-U.S.	56,830	57,600	2,751	3,582	37	80	314	243
Residential mortgage loans ⁽⁴⁾	\$ 136,786	\$ 136,075	\$ 5,242	\$ 6,889	\$ 26	\$ 53	\$ 400	\$ 145
Fully-insured loan portfolio	38,572	64,970						
Purchased credit-impaired residential mortgage loan portfolio	12,581	15,152						
Total residential mortgage loan portfolio	\$ 187,939	\$ 216,197						

⁽¹⁾ Outstandings and nonperforming loans exclude loans accounted for under the fair value option. There were \$1.7 billion and \$1.9 billion of residential mortgage loans accounted for under the fair value option at September 30, 2015 and December 31, 2014. For more information on the fair value option, see Consumer Portfolio Credit Risk Management - Consumer Loans Accounted for Under the Fair Value Option on page 91 and Note 15 - Fair Value Option to the Consolidated Financial Statements.

⁽²⁾ Net charge-offs exclude \$128 million and \$580 million of write-offs in the residential mortgage PCI loan portfolio for the three and nine months ended September 30, 2015 compared to \$196 million and \$547 million for the same periods in 2014. These write-offs decreased the PCI valuation allowance included as part of the allowance for loan and lease losses. For additional information, see Consumer Portfolio Credit Risk Management - Purchased Credit-impaired Loan Portfolio on page 87.

⁽³⁾ In these states, foreclosure requires a court order following a legal proceeding (judicial states).

⁽⁴⁾ Amounts exclude the PCI residential mortgage and fully-insured loan portfolios.

The Community Reinvestment Act (CRA) encourages banks to meet the credit needs of their communities for housing and other purposes, particularly in neighborhoods with low or moderate incomes. Our CRA portfolio was \$8.2 billion and \$9.0 billion at September 30, 2015 and December 31, 2014, or six percent and seven percent of the residential mortgage portfolio. The CRA portfolio included \$641 million and \$986 million of nonperforming loans at September 30, 2015 and December 31, 2014, representing 12 percent and 14 percent of total nonperforming residential mortgage loans. There were no net charge-offs in the CRA portfolio for the three months ended September 30, 2015, compared to \$24 million, or 45 percent of total net charge-offs for the residential mortgage portfolio for the same period in 2014. Net charge-offs in the CRA portfolio were \$71 million and \$45 million for the nine months ended September 30, 2015 and 2014, or 18 percent and 31 percent of total net charge-offs for the residential mortgage portfolio.

Home Equity

At September 30, 2015, the home equity portfolio made up 17 percent of the consumer portfolio and is comprised of home equity lines of credit (HELOCs), home equity loans and reverse mortgages.

At September 30, 2015, our HELOC portfolio had an outstanding balance of \$67.7 billion, or 87 percent of the total home equity portfolio compared to \$74.2 billion, or 87 percent, at December 31, 2014. HELOCs generally have an initial draw period of 10 years and those borrowers typically are only required to pay the interest due on the loans on a monthly basis. After the initial draw period ends, the loans generally convert to 15-year amortizing loans.

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At September 30, 2015, our home equity loan portfolio had an outstanding balance of \$8.4 billion, or 11 percent of the total home equity portfolio compared to \$9.8 billion, or 11 percent, at December 31, 2014. Home equity loans are almost all fixed-rate loans with amortizing payment terms of 10 to 30 years and of the \$8.4 billion at September 30, 2015, 54 percent have 25- to 30-year terms. At September 30, 2015, our reverse mortgage portfolio had an outstanding balance, excluding loans accounted for under the fair value option, of \$1.9 billion, or two percent of the total home equity portfolio compared to \$1.7 billion, or two percent, at December 31, 2014. We no longer originate reverse mortgages.

At September 30, 2015, approximately 56 percent of the home equity portfolio was included in Consumer Banking, 35 percent was included in LAS and the remainder of the portfolio was primarily in GWIM. Outstanding balances in the home equity portfolio, excluding loans accounted for under the fair value option, decreased \$7.7 billion during the nine months ended September 30, 2015 primarily due to paydowns and charge-offs outpacing new originations and draws on existing lines. Of the total home equity portfolio at September 30, 2015 and December 31, 2014, \$20.3 billion and \$20.6 billion, or 26 percent and 24 percent, were in first-lien positions (28 percent and 26 percent excluding the PCI home equity portfolio). At September 30, 2015, 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 \$13.4 billion, or 18 percent of our total home equity portfolio excluding the PCI loan portfolio.

Unused HELOCs totaled \$51.1 billion at September 30, 2015 compared to \$53.7 billion at December 31, 2014. The decrease was primarily due to customers choosing to close accounts, as well as accounts reaching the end of their draw period, which automatically eliminates open line exposure. Both of these more than offset customer paydowns of principal balances and the impact of new production. The HELOC utilization rate was 57 percent at September 30, 2015 compared to 58 percent at December 31, 2014.

Table 40 presents certain home equity portfolio key credit statistics on both a reported basis excluding loans accounted for under the fair value option, and excluding the PCI loan portfolio and loans accounted for under the fair value option. Additionally, in the "Reported Basis" columns in the table below, accruing balances past due 30 days or more and nonperforming loans do not include the PCI loan portfolio, in accordance with our accounting policies, even though the customer may be contractually past due. As such, the following discussion presents the home equity portfolio excluding the PCI loan portfolio and loans accounted for under the fair value option. For more information on the PCI loan portfolio, see page 87.

Table 40
Home Equity - Key Credit Statistics

	Reported Basis		Excluding Purchased Credit-impaired Loans	
	September 30 (Dollars in millions)	December 31 2015	September 30 2014	December 31 2015
Outstandings	\$ 78,030	\$ 85,725	\$ 73,165	\$ 80,108
Accruing past due 30 days or more ⁽²⁾	614	640	614	640
Nonperforming	\$ 3,429	\$ 3,901	\$ 3,429	\$ 3,901
Percent of portfolio				
Refreshed CLTV greater than 90 - but less than or equal to 100	7%		8%	6%

Refreshed CLTV greater than 100		14		1612	14
Refreshed FICO below 620'	~",v	•	-	-	.. - 7l-.j
2006 and 2007 vintages ⁽¹⁾		'	>	44	46 42 43

	Reported Basis				Excluding Purchased Credit-impaired Loans			
	Three Months Ended September 30		Nine Months Ended September 30		Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014	2015	2014	2015	2014
Net charge-off ratios	0.60%	0.40%	0.72%	0.93%	0.64%	0.43%	0.77%	1.00%

⁽¹⁾ Outstandings, accruing past due, nonperforming loans and percentages of the portfolio exclude loans accounted for under the fair value option. There were \$225 million and \$196 million of home equity loans accounted for under the fair value option at September 30, 2015 and December 31, 2014. For more information on the fair value option, see Consumer Portfolio Credit Risk Management - Consumer Loans Accounted for Under the Fair Value Option on page 91 and Note 15 - Fair Value Option to the Consolidated Financial Statements.

⁽²⁾ Accruing past due 30 days or more includes \$81 million and \$98 million and nonperforming loans include \$409 million and \$505 million of loans where we serviced

the underlying first-lien at September 30, 2015 and December 31, 2014. ⁽³⁾ These vintages of loans have higher refreshed combined LTV ratios and accounted for 46 percent and 47 percent of nonperforming home equity loans at September 30,

2015 and December 31, 2014, and 52 percent and 56 percent of net charge-offs for the three and nine months ended September 30, 2015 and 59 percent and 57 percent for the three and nine months ended September 30, 2014.

⁽⁴⁾ Net charge-off ratios are calculated as annualized net charge-offs divided by average outstanding loans excluding loans accounted for under the fair value option.

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Nonperforming outstanding balances in the home equity portfolio decreased \$472 million during the nine months ended September 30, 2015 as outflows, including sales of \$154 million and the transfer of certain qualifying borrowers discharged in a Chapter 7 bankruptcy to performing status, outpaced new inflows. Of the nonperforming home equity portfolio at September 30, 2015, \$1.5 billion, or 43 percent, were current on contractual payments. Nonperforming loans that are contractually current 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. In addition, \$ 1.3 billion, or 38 percent of nonperforming home equity loans were 180 days or more past due and had been written down to the estimated fair value of the collateral, less costs to sell. Accruing loans that were 30 days or more past due decreased \$26 million during the nine months ended September 30, 2015.

In some cases, the junior-lien home equity outstanding balance that we hold is performing, but the underlying first-lien is not. For outstanding balances in the home equity portfolio on which we service the first-lien loan, we are able to track whether the first-lien loan is in default. For loans where the first-lien is serviced by a third party, we utilize credit bureau data to estimate the delinquency status of the first-lien. Given that the credit bureau database we use does not include a property address for the mortgages, we are unable to identify with certainty whether a reported delinquent first-lien mortgage pertains to the same property for which we hold a junior-lien loan. For certain loans, we utilize a third-party vendor to combine credit bureau and public record data to better link a junior-lien loan with the underlying first-lien mortgage. At September 30, 2015, we estimate that \$1.3 billion of current and \$181 million of 30 to 89 days past due junior-lien loans were behind a delinquent first-lien loan. We service the first-lien loans on \$215 million of these combined amounts, with the remaining \$1.3 billion serviced by third parties. Of the \$1.5 billion of current to 89 days past due junior-lien loans, based on available credit bureau data and our own internal servicing data, we estimate that approximately \$554 million had first-lien loans that were 90 days or more past due.

Net charge-offs increased \$31 million to \$120 million for the three months ended September 30, 2015, or 0.64 percent of the total average home equity portfolio, compared to \$89 million, or 0.43 percent for the same period in 2014. The increase for the three-month period was primarily driven by lower recoveries partially offset by continued portfolio improvement. Net charge-offs decreased \$187 million to \$443 million for the nine months ended September 30, 2015, or 0.77 percent of the total average home equity portfolio, compared to \$630 million, or 1.00 percent for the same period in 2014. The decrease for the nine-month period was primarily driven by favorable portfolio trends due in part to improvement in home prices and the U.S. economy, partially offset by \$70 million of charge-offs related to the consumer relief portion of the settlement with the DoJ and lower recoveries. The net charge-off ratios were also impacted by lower outstanding balances primarily as a result of paydowns and charge-offs outpacing new originations and draws on existing lines.

Outstanding balances in the home equity portfolio with greater than 90 percent but less than or equal to 100 percent refreshed combined loan-to-value (CLTV) comprised six percent and seven percent of the home equity portfolio at September 30, 2015 and December 31, 2014. Outstanding balances with a refreshed CLTV greater than 100 percent comprised 12 percent and 14 percent of the home equity portfolio at September 30, 2015 and December 31, 2014. Outstanding balances in the home equity portfolio with a refreshed CLTV greater than 100 percent reflect loans where the carrying value and available line of credit of the combined loans are equal to or greater than the most recent valuation of the property securing the loan. Depending on the value of the property, there may be collateral in excess of the first-lien that is available to reduce the severity of loss on the second-lien. Of those outstanding balances with a refreshed CLTV greater than 100 percent, 96 percent of the customers were current on their home equity loan and 92 percent of second-lien loans with a refreshed CLTV greater than 100 percent were current on both their second-lien and underlying first-lien loans at September 30, 2015. Outstanding balances in the home equity portfolio to borrowers with a refreshed FICO score below 620 represented seven percent of the home equity portfolio at both September 30, 2015 and December 31, 2014.

Of the \$73.2 billion in total home equity portfolio outstandings at September 30, 2015, as shown in Table 41, 69 percent were interest-only loans, almost all of which were HELOCs. The outstanding balance of HELOCs that have entered the amortization period was \$8.4 billion, or 13 percent of total HELOCs at September 30, 2015. The HELOCs that have entered the amortization period have experienced a higher percentage of early stage delinquencies and nonperforming status when compared to the HELOC portfolio as a whole. At September 30, 2015, \$214 million, or three percent of outstanding HELOCs that had entered the amortization period were accruing past due 30 days or more compared to \$562 million, or one percent for the entire HELOC portfolio. In addition, at September 30, 2015, \$1.2 billion, or 14 percent of outstanding HELOCs that had entered the amortization period were nonperforming, of which \$498 million were contractually current, compared to \$3.1 billion, or five percent for the entire HELOC portfolio, of which \$1.3 billion were contractually current. Loans in our HELOC portfolio generally have an initial draw period of 10 years and 45 percent of these loans will enter the amortization period in 2016 and 2017 and will be required to make fully-amortizing payments. We communicate to contractually current customers more than a year prior to the end of their draw period to inform them of the potential change to the payment structure before entering the amortization period, and provide payment options to customers prior to the end of the draw period.

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Although we do not actively track how many of our home equity customers pay only the minimum amount due on their home equity loans and lines, we can infer some of this information through a review of our HELOC portfolio that we service and that is still in its revolving period (i.e., customers may draw on and repay their line of credit, but are generally only required to pay interest on a monthly basis). During the three months ended September 30, 2015, approximately 52 percent of these customers with an outstanding balance did not pay any principal on their HELOCs.

Table 41 presents outstandings, nonperforming balances and net charge-offs by certain state concentrations for the home equity portfolio. In the New York area, the New York-Northern New Jersey-Long Island MSA made up 12 percent of the outstanding home equity portfolio at both September 30, 2015 and December 31, 2014. For the three and nine months ended September 30, 2015, loans within this MSA contributed net charge-offs of \$14 million and \$51 million. For the three and nine months ended September 30, 2014, loans within this MSA contributed net charge-offs of \$16 million and \$87 million. The Los Angeles-Long Beach-Santa Ana MSA within California made up 12 percent of the outstanding home equity portfolio at both September 30, 2015 and December 31, 2014. There were no net charge-offs on loans within this MSA for the three months ended September 30, 2015. For the nine months ended September 30, 2015, loans within this MSA contributed net charge-offs of \$14 million. For the three and nine months ended September 30, 2014, loans within this MSA contributed net recoveries of \$10 million and net charge-offs of \$21 million.

Table 41
Home Equity State Concentrations

Outstandings⁽¹⁾ *Nonperforming*⁽²⁾ *Net Charge-offs*⁽³⁾

(Dollars in millions)	September 30		December 31		Three Months Ended			Nine Months Ended	
	2015	2014	2015	2014	September 30	September 30	September 30	September 30	
California	20,957	23,250	918	1,012	7	(24)	44	68	
Florida ⁽¹⁾	8,696	9,633	521	574	27	28	89	112	
New Jersey ⁽²⁾	1,646	5,783	244	299	11	10	36	47	
New York ⁽³⁾	5,367	5,671	345	387	9	10	34	59	
Massachusetts		3,452	3,655	125	7	148	2	3	
Other U.S./Non-U.S.	29,047	32,016	1,276	1,481	64	62	229	327	
Home equity loans	73,165	80,108	3,429	3,901	120	89	443	630	
Purchased credit-impaired home equity portfolio	4,865	5,617							
Total home equity loan portfolio	78,030	85,725	*	...	...	...	...	...

⁽¹⁾ Outstandings and nonperforming amounts exclude loans accounted for under the fair value option. There were \$225 million and \$196 million of home equity loans accounted for under the fair value option at September 30, 2015 and December 31, 2014. For more information on the fair value option, see Consumer Portfolio Credit Risk Management-Consumer Loans Accounted for Under the Fair Value Option on page 91 and Note 15 - Fair Value Option to the Consolidated Financial Statements.

⁽²⁾ Net charge-offs exclude \$20 million and \$146 million of write-offs in the home equity PCI loan portfolio for the three and nine months ended September 30, 2015 compared to \$50 million and \$250 million for the same periods in 2014. These write-offs decreased the PCI valuation allowance included as part of the allowance for loan and lease losses. For additional information, see Consumer Portfolio Credit Risk Management - Purchased Credit-impaired Loan Portfolio on page 87.

⁽³⁾ In these states, foreclosure requires a court order following a legal proceeding (judicial states).

⁽⁴⁾ Amount excludes the PCI home equity portfolio.

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Purchased Credit-impaired Loan Portfolio

Loans acquired with evidence of credit quality deterioration since origination and for which it is probable at purchase that we will be unable to collect all contractually required payments are accounted for under the accounting guidance for PCI loans, which addresses accounting for differences between contractual and expected cash flows to be collected from the purchaser's initial investment in loans if those differences are attributable, at least in part, to credit quality.

Table 42 presents the unpaid principal balance, carrying value, related valuation allowance and the net carrying value as a percentage of the unpaid principal balance for the PCI loan portfolio.

Table 42
Purchased Credit-impaired Loan Portfolio

(Dollars in millions)	September 30, 2015					Carrying Unpaid	Percent of Related Value
	Net of Unpaid Principal Balance	Carrying Value	Valuation Allowance	Valuation Allowance	Principal Balance		
i Residential mortgage	\$ 12,905	\$ 12,581	\$ 397	\$ 12,184	94.41%		
Home equity	4,901	4,865	489	4,376	89.29		
<u>j Total purchased credit-impaired loan portfolio</u>	<u>\$ 17,806</u>	<u>\$ 17,446</u>	<u>\$ 886</u>	<u>\$ 16,560</u>			<u>93.00</u>

	December 31, 2014					Carrying Unpaid	Percent of Related Value
	Net of Unpaid Principal Balance	Carrying Value	Valuation Allowance	Valuation Allowance	Principal Balance		
{ Residential mortgage	\$ 15,726	\$ 15,152	\$ 880	\$ 14,272	90.75%		
Home equity	5,605	5,617	772	4,845	86.44		
<u>j Total purchased credit-impaired loan portfolio</u>	<u>\$ 21,331</u>	<u>\$ 20,769</u>	<u>\$ 1,652</u>	<u>\$ 19,117</u>			<u>89.62</u>

The total PCI unpaid principal balance decreased \$3.5 billion, or 17 percent, during the nine months ended September 30, 2015 primarily driven by sales, payoffs, paydowns and write-offs. During the nine months ended September 30, 2015, we sold PCI loans with a carrying value of \$1.2 billion compared to sales of \$1.9 billion for the same period in 2014.

Of the unpaid principal balance of \$17.8 billion at September 30, 2015, \$15.2 billion, or 86 percent, was current based on the contractual terms, \$ 1.3 billion, or seven percent, was in early stage delinquency, and \$920 million was 180 days or more past due, including \$826 million of first-lien mortgages and \$94 million of home equity loans.

During the three months ended September 30, 2015, we recorded a provision benefit of \$68 million for the PCI loan portfolio which included an expense of \$12 million for residential mortgage and a benefit of \$80 million for home equity. During the nine months ended September 30, 2015, we recorded a provision benefit of \$40 million for the PCI loan portfolio which included an expense of \$97 million for residential mortgage and a benefit of \$137 million for home equity. This compared to no provision expense and a provision benefit of \$106 million for the three and nine months ended September 30, 2014. The provision benefit for the nine months ended September 30, 2015 was primarily driven by lower default estimates.

The PCI valuation allowance declined \$766 million during the nine months ended September 30, 2015 due to write-offs in the PCI loan portfolio of \$580 million in residential mortgage and \$ 146 million in home equity, combined with a provision benefit of \$40 million.

Purchased Credit-impaired Residential Mortgage Loan Portfolio

The PCI residential mortgage loan portfolio represented 72 percent of the total PCI loan portfolio at September 30, 2015. Those loans to borrowers with a refreshed FICO score below 620 represented 33 percent of the PCI residential mortgage loan portfolio at September 30, 2015. Loans with a refreshed LTV greater than 90 percent, after consideration of purchase accounting adjustments and the related valuation allowance, represented 31 percent of the PCI residential mortgage loan portfolio and 36 percent based on the unpaid principal balance at September 30, 2015. Table 43 presents outstandings net of purchase accounting adjustments and before the related valuation allowance, by certain state concentrations.

Table 43

Outstanding Purchased Credit-impaired Loan Portfolio - Residential Mortgage State Concentrations

	September 30 2015	December 31 2014
(Dollars in millions)		
California	5,895	6,881
Florida ⁰	969	1,289
[Virginia]		
Maryland	473	602
[Texas]		
Other U.S./Non-U.S.	4,440	5,418
Total	12,581	15,152

In this state, foreclosure requires a court order following a legal proceeding (judicial state)

Pay option adjustable-rate mortgages (ARMs), which are included in the PCI residential mortgage portfolio, have interest rates that adjust monthly and minimum required payments that adjust annually, subject to resetting if minimum payments are made and deferred interest limits are reached. Annual payment adjustments are subject to a 7.5 percent maximum change. To ensure that contractual loan payments are adequate to repay a loan, the fully-amortizing loan payment amount is re-established after the initial five- or ten-year period and again every five years thereafter. These payment adjustments are not subject to the 7.5 percent limit and may be substantial due to changes in interest rates and the addition of unpaid interest to the loan balance.

The difference between the frequency of changes in a loan's interest rates and payments along with a limitation on changes in the minimum monthly payments of 7.5 percent per year can result in payments that are not sufficient to pay all of the monthly interest charges (i.e., negative amortization). Unpaid interest is added to the loan balance until the loan balance increases to a specified limit, which can be no more than 115 percent of the original loan amount, at which time a new monthly payment amount adequate to repay the loan over its remaining contractual life is established.

At September 30, 2015, the unpaid principal balance of pay option loans, which include pay option ARMs and payment advantage ARMs, was \$2.5 billion, with a carrying value of \$2.4 billion, including \$2.1 billion of loans that were credit-impaired upon acquisition and, accordingly, the reserve is based on a life-of-loan loss estimate. The total unpaid principal balance of pay option loans with accumulated negative amortization was \$560 million, including \$32 million of negative amortization. For those borrowers who are making payments in accordance with their contractual terms, five percent and one percent at September 30, 2015 and December 31, 2014 elected to make only the minimum payment on pay option loans. We believe the majority of borrowers are now making scheduled payments primarily because the low rate environment has caused the fully indexed rates to be affordable to more borrowers. We continue to evaluate our exposure to payment resets on the acquired negative-amortizing loans including the PCI pay option loan portfolio and have taken into consideration in the evaluation several assumptions including prepayment and default rates. Of the loans in the pay option portfolio at September 30, 2015 that have not already experienced a payment reset, two percent are expected to reset in 2015, 51 percent are expected to reset in 2016 and 21 percent are expected to reset thereafter. In addition, five percent are expected to prepay and approximately 21 percent are expected to default prior to being reset, most of which were severely delinquent as of September 30, 2015. We no longer originate pay option loans.

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Purchased Credit-impaired Home Equity Loan Portfolio

The PCI home equity portfolio represented 28 percent of the total PCI loan portfolio at September 30, 2015. Those loans with a refreshed FICO score below 620 represented 15 percent of the PCI home equity portfolio at September 30, 2015. Loans with a refreshed CLTV greater than 90 percent, after consideration of purchase accounting adjustments and the related valuation allowance, represented 60 percent of the PCI home equity portfolio and 64 percent based on the unpaid principal balance at September 30, 2015. Table 44 presents outstandings net of purchase accounting adjustments and before the related valuation allowance, by certain state concentrations.

Table 44

Outstanding Purchased Credit-impaired Loan Portfolio - Home Equity State Concentrations

(Dollars in millions)	September 30	December 31
	2015	2014
California	\$ 1,431	\$ 1,646
Florida ⁽¹⁾	276	313
Virginia	-232	265
Arizona		168
Colorado	113	151
Other U.S./Non-U.S.	2,645	3,054
Total	\$ 4,865	\$ 5,617

⁽¹⁾ In this state, foreclosure requires a court order following a legal proceeding (judicial state).

U.S. Credit Card

At September 30, 2015, 97 percent of the U.S. credit card portfolio was managed in Consumer Banking with the remainder managed in GWIM. Outstandings in the U.S. credit card portfolio decreased \$3.5 billion during the nine months ended September 30, 2015 due to a seasonal decline in retail transaction volume. Net charge-offs decreased \$79 million to \$546 million and \$275 million to \$1.8 billion during the three and nine months ended September 30, 2015 compared to the same periods in 2014 due to improvements in delinquencies and bankruptcies as a result of an improved economic environment and the impact of higher credit quality originations. U.S. credit card loans 30 days or more past due and still accruing interest decreased \$187 million while loans 90 days or more past due and still accruing interest decreased \$ 145 million during the nine months ended September 30, 2015 as a result of the factors mentioned above that contributed to lower net charge-offs.

Table 45 presents certain key credit statistics for the U.S. credit card portfolio.

Table 45

U.S. Credit Card - Key Credit Statistics

	September 30 2015		December 31 2014	
	2015	2014	2015	2014
Accruing past due 30 days or more	88,339	91,879		
Accruing past due 90 days or more				
	Three Months Ended	Nine Months Ended		
	September 30	September 30		
	2015	2014	2015	2014

(Net charge-offs	•	~S~	546~	\$	625	\$	1/751	\$	2,026 ¹
Net charge-off ratios"			2.46%				2.79%		2.66%
									3.05%

" Net charge-off ratios are calculated as annualized net charge-offs divided by average outstanding loans

Unused lines of credit for U.S. credit card totaled \$317.1 billion and \$305.9 billion at September 30, 2015 and December 31, 2014. The \$ 11.2 billion increase was driven by account growth, lines of credit increases and a seasonal decrease in line utilization due to lower transaction volumes.

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Table 46 presents certain state concentrations for the U.S. credit card portfolio.

Table 46
U.S. Credit Card State Concentrations
Accruing Past Due 90 Days or More

(Dollars in millions)

	December 31 2014	Three Months Ended September 30 September 30 2015
California		
Florida		
Texas		
New York		
New Jersey		
Other U.S.		
Non-U.S.		

Non-U.S. Credit Card

Outstandings in the non-U.S. credit card portfolio, which are recorded in All Other, decreased \$399 million during the nine months ended September 30, 2015 due to a weakening of the British Pound against the U.S. Dollar and a seasonal decline in retail transaction volume. For the three and nine months ended September 30, 2015, net charge-offs decreased \$20 million to \$47 million and \$48 million to \$ 142 million compared to the same periods in 2014 due to improvement in delinquencies as a result of higher credit quality originations and an improved economic environment.

Unused lines of credit for non-U.S. credit card totaled \$28.0 billion and \$28.2 billion at September 30,2015 and December 31,2014. The

\$223 million decrease was driven by weakening of the British Pound against the U.S. Dollar, partially offset by account growth and lines of credit increases.

Table 47 presents certain key credit statistics for the non-U.S. credit card portfolio.

Table 47

Non-U.S. Credit Card - Key Credit Statistics

(Dollars in millions)

! Outstandings

Accruing past due 30 days or more [Accruing, past due 90 days or more

September 30 2015

10,066 148

December 31 2014

,10,465 183

:?5*j

Three Months Ended September 30

Nine Months Ended September 30

2015

, 0)

I Net charge-offs Net charge-off ratios

" Net charge-off ratios are calculated as annualized net charge-offs divided by average outstanding loans

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Direct/Indirect Consumer

At September 30, 2015, approximately 50 percent of the direct/indirect portfolio was included in GWIM (principally securities-based lending loans), 49 percent was included in Consumer Banking (consumer auto and specialty lending - automotive, marine, aircraft, recreational vehicle loans, and consumer personal loans) and the remainder was primarily student loans in All Other,

Outstandings in the direct/indirect portfolio increased \$6.9 billion during the nine months ended September 30, 2015 as growth in the consumer auto portfolio primarily driven by bulk loan purchases, and growth in securities-based lending were partially offset by lower outstandings in the unsecured consumer lending portfolio.

For the three and nine months ended September 30, 2015, net charge-offs decreased \$9 million to \$25 million and \$42 million to \$83 million, or 0.12 percent and 0.13 percent of total average direct/indirect loans, compared to 0.17 percent and 0.20 percent for the same periods in 2014. These decreases in net charge-offs were primarily driven by improvements in delinquencies and bankruptcies in the unsecured consumer lending portfolio as a result of an improved economic environment as well as reduced outstandings in this portfolio.

Direct/indirect loans that were past due 90 days or more and still accruing interest declined \$26 million to \$38 million during the

nine months ended September 30, 2015 due to decreases in the unsecured consumer lending, and consumer auto and specialty lending portfolios.

Table 48 presents certain state concentrations for the direct/indirect consumer loan portfolio.

Table 48
Direct/Indirect State Concentrations

(Dollars in millions)	Outstandings		Accruing Past Due		Three Months Ended		Nine Months Ended	
	September 30	December 31	September 30	December 31	September 30	September 30	September 30	September 30
	2015	2014	2015	2014	2015	2014	2015	2014
California	10,785	9,770	3	5	1	4	5	12
Florida	8,683	7,930	45	6	514	20		
Texas	8,429	7,741	4		5	4	5	12
New York	4,894	4,458	1		2	1	2	7
Illinois	2,365	2,550	1	2				
Other U.S./Non-U.S.	51,658	47,932	25		45	17	48	61
Total direct/indirect loan portfolio	87,314	80,381	38		64	25	34	83

Other Consumer

At September 30, 2015, approximately 61 percent of the \$2.0 billion other consumer portfolio was consumer auto leases included in Consumer Banking. The remainder is primarily associated with certain consumer finance businesses that we previously exited.

Consumer Loans Accounted for Under the Fair Value Option

Outstanding consumer loans accounted for under the fair value option totaled \$1.9 billion at September 30, 2015 and were comprised of residential mortgage loans that were previously classified as held-for-sale, residential mortgage loans held in consolidated variable interest entities (VIEs) and repurchased home equity loans. The loans that were previously classified as held-for-sale were transferred to the residential mortgage portfolio in connection with the decision to retain the loans. The fair value option had been elected at the time of origination and the loans continue to be measured at fair value after the reclassification. During the nine months ended September 30, 2015, we recorded net gains of \$21 million resulting from changes in the fair value of these loans.

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Nonperforming Consumer Loans, Leases and Foreclosed Properties Activity

Table 49 presents nonperforming consumer loans, leases and foreclosed properties activity for the three and nine months ended September 30, 2015 and 2014. Nonperforming LHFS are excluded from nonperforming loans as they are recorded at either fair value or the lower of cost or fair value. Nonperforming loans do not include past due consumer credit card loans, other unsecured loans and in general, consumer non-real estate-secured loans (loans discharged in Chapter 7 bankruptcy are included) as these loans are typically charged off no later than the end of the month in which the loan becomes 180 days past due. The charge-offs on these loans have no impact on nonperforming activity and, accordingly, are excluded from this table. The fully-insured loan portfolio is not

reported as nonperforming as principal repayment is insured. Additionally, nonperforming loans do not include the PCI loan portfolio or loans accounted for under the fair value option. For more information on nonperforming loans, see Note 1 -Summary of Significant Accounting Principles to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K. During the nine months ended September 30, 2015, nonperforming consumer loans declined \$2.1 billion to \$8.7 billion and included the impact of sales of \$1.4 billion, partially offset by a net increase of \$176 million related to the impact of the consumer relief portion of the settlement with the DoJ for those loans that are no longer fully insured. Excluding these, nonperforming loans declined as outflows, including the transfer of certain qualifying borrowers discharged in a Chapter 7 bankruptcy to performing status, outpaced new inflows.

The outstanding balance of a real estate-secured loan that is in excess of the estimated property value less costs to sell is charged off no later than the end of the month in which the loan becomes 180 days past due unless repayment of the loan is fully insured. At September 30, 2015, \$4.0 billion, or 44 percent of nonperforming consumer real estate loans and foreclosed properties had been written down to their estimated property value less costs to sell, including \$3.6 billion of nonperforming loans 180 days or more past due and \$479 million of foreclosed properties. In addition, at September 30, 2015, \$3.3 billion, or 38 percent of nonperforming consumer loans were modified and are now current after successful trial periods, or are current loans classified as nonperforming loans in accordance with applicable policies.

Foreclosed properties decreased \$151 million during the nine months ended September 30, 2015 as liquidations outpaced additions. PCI loans are excluded from nonperforming loans as these loans were written down to fair value at the acquisition date; however, once the underlying real estate is acquired by the Corporation upon foreclosure of the delinquent PCI loan, it is included in foreclosed properties. PCI-related foreclosed properties increased \$31 million during the nine months ended September 30, 2015. Not included in foreclosed properties at September 30, 2015 was \$1.3 billion of real estate that was acquired upon foreclosure of certain delinquent government-guaranteed loans (principally FHA-insured loans). We exclude these amounts from our nonperforming loans and foreclosed properties activity as we expect we will be reimbursed once the property is conveyed to the guarantor for principal and, up to certain limits, costs incurred during the foreclosure process and interest incurred during the holding period. For more information on the review of our foreclosure processes, see Off-Balance Sheet Arrangements and Contractual Obligations - Servicing, Foreclosure and Other Mortgage Matters on page 54.

Restructured Loans

Nonperforming loans also include certain loans that have been modified in TDRs where economic concessions have been granted to borrowers experiencing financial difficulties. These concessions typically result from the Corporation's loss mitigation activities and could include reductions in the interest rate, payment extensions, forgiveness of principal, forbearance or other actions. Certain TDRs are classified as nonperforming at the time of restructuring and may only be returned to performing status after considering the borrower's sustained repayment performance for a reasonable period, generally six months. Nonperforming TDRs, excluding those modified loans in the PCI loan portfolio, are included in Table 49.

Table 49

Nonperforming Consumer Loans, Leases and Foreclosed Properties Activity⁽¹⁾

Three Months Ended September 30
Nine Months Ended September 30

(Dollars in millions)

\$ 13,480

Additions to nonperforming loans and leases

Reductions to nonperforming loans and leases

Charge-offs

(2,782)

Returns to performing status

Charge-offs

Transfers to foreclosed properties¹

Transfers (to) from loans held-for-sale

Total nonperforming loans and leases, September 30

Foreclosed properties, beginning of period

Additions to foreclosed properties

New foreclosed properties

Reductions to foreclosed properties

Write-downs

total net additions (reductions) to foreclosed properties

773

(629)j (63)

8)

Total foreclosed properties, September 30

Nonperforming consumer loans, leases and foreclosed properties, September 30

Nonperforming consumer loans and leases as a percentage of outstanding consumer loans and leases⁽⁴⁾

Nonperforming consumer loans, leases and foreclosed properties as a percentage of outstanding consumer loans, leases and foreclosed properties⁽⁶⁾

⁽¹⁾ Balances do not include nonperforming LHFS of \$8 million and \$9 million and nonaccruing TDRs removed from the PCI loan portfolio prior to January 1, 2010 of \$49

million and \$101 million at September 30, 2015 and 2014 as well as loans accruing past due 90 days or more as presented in Table 35 and Note 4 - Outstanding Loans

and Leases to the Consolidated Financial Statements

⁽²⁾ 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

⁽³⁾ New foreclosed properties represents transfers of nonperforming loans to foreclosed properties net of charge-offs taken during the first 90 days after transfer of a loan to foreclosed properties New foreclosed properties also includes properties obtained upon foreclosure of delinquent PCI loans, properties repurchased due to representations and warranties exposure and properties acquired with newly consolidated subsidiaries.

⁽⁴⁾ At September 30, 2015, 41 percent of nonperforming loans were 180 days or more past due

⁽⁵⁾ Foreclosed property balances do not include properties insured by certain government-guaranteed loans, principally FHA-insured loans, of \$1.3 billion and \$1.1 billion at September 30, 2015 and 2014

⁽⁶⁾ Outstanding consumer loans and leases exclude loans accounted for under the fair value option

Our policy is to record any losses in the value of foreclosed properties as a reduction in the allowance for loan and lease losses during the first 90 days after transfer of a loan to foreclosed properties. Thereafter, further losses in value as well as gains and losses on sale are recorded in noninterest expense. New foreclosed properties included in Table 49 are net of \$51 million and \$127 million of charge-offs and write-offs of PCI loans for the three and nine months ended September 30, 2015 compared to \$65 million and \$150 million for the same periods in 2014, recorded during the first 90 days after transfer.

We classify junior-lien home equity loans as nonperforming when the first-lien loan becomes 90 days past due even if the junior-lien loan is performing. At September 30, 2015 and December 31, 2014, \$554 million and \$800 million of such junior-lien home equity-loans were included in nonperforming loans and leases. This decline was driven by overall portfolio improvement as well as \$70 million of charge-offs related to the consumer relief portion of the settlement with the DoJ.

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Table 50 presents TDRs for the consumer real estate portfolio. Performing TDR balances are excluded from nonperforming loans and leases in Table 49.

*Table 50
Consumer Real Estate Troubled Debt Restructurings*

(Dollars in millions)	September 30, 2015			December 31, 2014		
	Total	Nonperforming	Performing	Total	Nonperforming	Performing
(Residential mortgage TDRs)	19,891	3,667	16,224	23,270	4,529	18,741
Home equity TDRs ⁽³⁾	2,650	1,646	1,004	2,358	595	763
Total consumer real estate troubled debt restructurings	22,541	5,313	17,228	25,628	5,124	19,504

⁽¹⁾ Residential mortgage TDRs deemed collateral dependent totaled \$5.2 billion and \$5.8 billion, and included \$3.0 billion and \$3.6 billion of loans classified as nonperforming and \$2.2 billion and \$2.2 billion of loans classified as performing at September 30, 2015 and December 31, 2014. ⁽²⁾ Residential mortgage performing TDRs included \$9.7 billion and \$11.9 billion of loans that were fully-insured at September 30, 2015 and December 31, 2014.

⁽³⁾ Home equity TDRs deemed collateral dependent totaled \$1.6 billion and \$1.6 billion, and included \$1.3 billion and \$1.4 billion of loans classified as nonperforming and \$281 million and \$178 million of loans classified as performing at September 30, 2015 and December 31, 2014.

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, all of which are considered TDRs (the renegotiated TDR portfolio). In addition, the accounts of non-U.S. credit card customers who do not qualify for a fixed payment plan may have their interest rates reduced, as required by certain local jurisdictions. These modifications, which are also TDRs, tend to experience higher payment default rates given that the borrowers may lack the ability to repay even with the interest rate reduction. In all cases, the customer's available line of credit is canceled.

Modifications of credit card and other consumer loans are primarily made through internal renegotiation programs utilizing direct customer contact, but may also utilize external renegotiation programs. The renegotiated TDR portfolio is excluded in large part from Table 49 as substantially all of the loans remain on accrual status until either charged off or paid in full. At September 30, 2015 and December 31, 2014, our renegotiated TDR portfolio was \$850 million and \$1.1 billion, of which \$692 million and \$907 million were current or less than 30 days past due under the modified terms. The decline in the renegotiated TDR portfolio was primarily driven by paydowns and charge-offs as well as lower program enrollments. For more information on the renegotiated TDR portfolio, see Note 4 - Outstanding Loans and Leases to the Consolidated Financial Statements.

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Commercial Credit Portfolio

Commercial credit risk is evaluated and managed with the goal that concentrations of credit exposure do not result in undesirable levels of risk. 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 55, 60 and 65 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 accounting policies regarding delinquencies, nonperforming status and net charge-offs for the commercial portfolio, see Note 1 - Summary of Significant Accounting Principles to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K.

Commercial Credit Portfolio

During the nine months ended September 30, 2015, credit quality among large corporate borrowers remained stable. Credit quality of commercial real estate borrowers, however, improved notably as property valuations continued to increase and vacancy rates remained low.

Outstanding commercial loans and leases increased \$39.2 billion during the nine months ended September 30, 2015, primarily in U.S. commercial, non-U.S. commercial and commercial real estate. Nonperforming commercial loans and leases decreased \$11 million during the nine months ended September 30, 2015. Nonperforming commercial loans and leases as a percentage of outstanding loans and leases, excluding loans accounted for under the fair value option, decreased during the nine months ended September 30, 2015 to 0.26 percent from 0.29 percent at December 31, 2014. Reservable criticized balances increased \$2.0 billion to \$13.6 billion during the nine months ended September 30, 2015 as a result of downgrades outpacing paydowns and upgrades. The increase in reservable criticized balances was primarily due to our oil, gas and energy exposure as the credit quality of certain borrowers was impacted by the sustained drop in oil prices. The allowance for loan and lease losses for the commercial portfolio increased \$268 million to \$4.7 billion at September 30, 2015 compared to December 31, 2014. For additional information, see Allowance for Credit Losses on page 108.

Table 51 presents our commercial loans and leases portfolio, and related credit quality information at September 30, 2015 and December 31, 2014.

Table 51
Commercial Loans and Leases

September 30	December 31	September 30	December 31	September 30	December 31	Accruing Past Due 90		
						Outstandings	Nonperf	
(Dollars in millions)						2014	2015	2014
[U.S. commercial ^a	~	~	~	\$ 243,974	\$ 220,293	\$ 836		\$ 701
Commercial real estate ⁿ			55,629	47,682	108	321	42	3
Commercial lease financing			25,680	24,866	17	3	18	41
Non-U.S. commercial			88,470	80,083	56	1	1	--
U.S. small business commercial ⁽²⁾			13,058	13,293	85	87	60	67
Commercial loans excluding loans accounted for under the fair value option			426,811	386,217	1,102	1,113	163	22
Loans accounted for under the fair value option ⁽³⁾			5,234	6,604	-	-	--	
Total commercial loans and leases			\$ 432,045	\$ 392,821	\$ 1,102	\$ 1,113	\$ 163	\$ 2271

Includes U S commercial real estate loans of \$51.8 billion and \$45.2 billion and non-U S commercial real estate loans of \$3.8 billion and \$2.5 billion at September 30, 2015 and December 31, 2014

⁽²⁾ Includes card-related products

⁽³⁾ Commercial loans accounted for under the fair value option include U S commercial loans of \$2.2 billion and \$1.9 billion and non-U S commercial loans of \$3.0 billion and \$4.7 billion at September 30, 2015 and December 31, 2014. For more information on the fair value option, see Note 15 - Fair Value Option to the Consolidated Financial Statements

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Table 52 presents net charge-offs and related ratios for our commercial loans and leases for the three and nine months ended September 30, 2015 and 2014. The increase in net charge-offs of \$9 million for the nine months ended September 30, 2015 compared to the same period in 2014 was primarily related to a net recovery in commercial real estate in the prior-year period.

Table 52
Commercial Net Charge-offs and Related Ratios

(Dollars in millions)	Net Charge-offs				Net Charge-off Ratios ^m			
	Three Months Ended		Nine Months Ended		Three Months Ended		Nine Months Ended	
	September 30	September 30	September 30	September 30	September 30	September 30	September 30	September 30
2014	2015	2014	2015	2014	2015	2014	2015	2014
Commercial real estate	(10)	(6)	(9)	(75)	(0.08)	(0.05)	(0.02)	(0.21)
Non-U.S. commercial	9	1	9	32	0.04	-	0.01	0.05
U.S. small business commercial	57	69	170	211	1.72	2.03	1.73	2.11
Total commercial	56	64	180	243	0.12	0.12	0.12	0.12

^(m) 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 53 presents commercial credit exposure by type for utilized, unfunded and total binding committed credit exposure. Commercial utilized credit exposure includes standby letters of credit (SBLCs) and financial guarantees, bankers' acceptances and commercial letters of credit for which we are legally bound to advance funds under prescribed conditions, during a specified time period. Although funds have not yet been advanced, these exposure types are considered utilized for credit risk management purposes.

Total commercial utilized credit exposure increased \$42.3 billion during the nine months ended September 30, 2015 primarily driven by growth in loans and leases. The utilization rate for loans and leases, SBLCs and financial guarantees, commercial letters of credit and bankers' acceptances, in the aggregate, was 57 percent at both September 30, 2015 and December 31, 2014.

Table 53

Commercial Credit Exposure by Type

Commercial Unfunded ^(*)3) Total Commercial Committed

September 30 2015
December 31 2014
September 30 2015
December 31 2014
September 30 2015
December 31 2014

w)

Loans and leases.
Derivative assets

jStandby letters of credit and financial guarantees

Debt securities and other investments

Loans held-for-sale • : : \ . . :

Commercial letters of credit

' Bankers' acceptances": 1 Foreclosed properties and other

52,682 7347295.

55,226 "33,977"
55,226

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S. "432,045. \$ 392.821 -.'346,773 . \$ " 317,258- S. "- 7.78,818: "\$: '! 710,079.!

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5, 315 27315 " 126

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;255: 960

255 960

2, 164

176 931

S 548,956 . \$. 506,642 .S . 353,172 \$.325,759. S. 902,128 ' \$ 832,401

" Total commercial utilized exposure includes loans of \$5.2 billion and \$6.6 billion and issued letters of credit with a notional amount of \$240 million and \$535 million

accounted for under the fair value option at September 30, 2015 and December 31, 2014 ¹²⁾ Total commercial unfunded exposure includes loan commitments accounted for under the fair value option with a notional amount of \$7.7 billion and \$9.4 billion at

September 30, 2015 and December 31, 2014

° Excludes unused business card lines which are not legally binding

¹⁴¹ Derivative assets are earned at fair value, reflect the effects of legally enforceable master netting agreements and have been reduced by cash collateral of \$46.2 billion and \$47.3 billion at September 30, 2015 and December 31, 2014. Not reflected in utilized and committed exposure is additional non-cash derivative collateral held of \$24.1 billion and \$23.8 billion which consists primarily of other marketable securities.

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Table 54 presents commercial utilized reservable criticized exposure by loan type. Criticized exposure corresponds to the Special Mention, Substandard and Doubtful asset categories as defined by regulatory authorities. Total commercial utilized reservable criticized exposure increased \$2.0 billion, or 17 percent, during the nine months ended September 30, 2015 driven by downgrades primarily related to our oil, gas and energy exposure outpacing paydowns and upgrades. Approximately 86 percent and 87 percent of commercial utilized reservable criticized exposure was secured at September 30, 2015 and December 31, 2014.

Table 54

Commercial Utilized Reservable Criticized Exposure

	September 30, 2015	December 31, 2014
	Amount ⁽¹⁾ Percent ⁽²⁾	Amount ⁽¹⁾ Percent ⁽²⁾
Uncommercial Commercial real estate	\$9,221 567	\$1,108 2.24
Commercial lease financing	1,222	
Non-U.S. commercial	4.76	
	1.85	
	1.03	
	1,751	
	2.887	
		12,761
		2.84

U.S. small business commercial

\$13,571, 2.94%

Total commercial utilized reservable criticized exposure includes loans and leases of \$12.3 billion and \$10.2 billion and commercial letters of credit of \$1.2 billion and

\$1.3 billion at September 30, 2015 and December 31, 2014. Percentages are calculated as commercial utilized reservable criticized exposure divided by total commercial utilized reservable exposure for each exposure category.

U.S. Commercial

At September 30, 2015, 70 percent of the U.S. commercial loan portfolio, excluding small business, was managed in Global Banking, 17 percent in Global Markets, 10 percent in GWIM (generally business-purpose loans for high net worth clients) and the remainder primarily in Consumer Banking. U.S. commercial loans, excluding loans accounted for under the fair value option, increased \$23.7 billion, or 11 percent, during the nine months ended September 30, 2015 due to growth across all of the commercial businesses. Nonperforming loans and leases increased \$135 million, or 19 percent, during the nine months ended September 30, 2015, largely related to our oil, gas and energy exposure. Net charge-offs decreased \$6 million and \$11 million for the three and nine months ended September 30, 2015 compared to the same periods in 2014.

Commercial Real Estate

Commercial real estate primarily includes commercial loans and leases 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. The portfolio remains diversified across property

types and geographic regions. California represented the largest state concentration at 22 percent of the commercial real estate loans and leases portfolio at both September 30, 2015 and December 31, 2014. 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. Outstanding loans increased \$7.9 billion, or 17 percent, during the nine months ended September 30, 2015 due to new originations primarily in major metropolitan markets.

For the three and nine months ended September 30, 2015, we continued to see improvements in credit quality in both the residential and non-residential portfolios. 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 to 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.

Nonperforming commercial real estate loans and foreclosed properties decreased \$222 million and reservable criticized balances decreased \$541 million, or 49 percent, during the nine months ended September 30, 2015. The decrease in reservable criticized balances was primarily due to transfers to foreclosed properties and improvements in the remainder of the portfolio. Net recoveries were \$10 million and \$9 million for the three and nine months ended September 30, 2015 compared to net recoveries of \$6 million and \$75 million for the same periods in 2014.

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Table 55 presents outstanding commercial real estate loans by geographic region, based on the geographic location of the collateral, and by property type.

Table 55

Outstanding Commercial Real Estate Loans

September 30 December 31 2015 2014

By Geographic Region

^\$"-: v 12,134 \$

Northeast

Southwest

Southeast

Midwest

Florida

Northwest Midsouth

Illinois-

(i):

Non-U.S.

Other

3,492

3,027 2,221

•2,109

3,801 ' 2,836 '

2,867-',

2,520

•2,151;

1,724

'■ 2,785'!

2,494 ;T,9'43 •

Total outstanding commercial real estate loans

By Property Type

I Non-residential

Office

_ Multifamily rental;

Shopping centers/retail | Industrial/warehouse .

Hotels/motels y Unsecured I

Multi-use [~ Land and' land development.

Other

j Total non-residential Residential

14,501 \$ 8,820 , r

8,304 6_3 4,794

2,743;

2,598

"~533 r

4,771

53,507: 2,122

13,306 "~8,382!

7,969

3,578

1,194:

1.943

490

4,560

45,972; 1,710

j Total outstanding commercial real estate loans ¹

⁽¹⁾ Includes unsecured loans to real estate investment trusts and national home builders whose portfolios of properties span multiple geographic regions and properties in the states of Colorado, Utah, Hawaii, Wyoming and Montana

Tables 56 and 57 present commercial real estate credit quality data by non-residential and residential property types. The residential portfolio presented in Tables 55, 56 and 57 includes condominiums and other residential real estate. Other property types in Tables 55, 56 and 57 primarily include special purpose, nursing/retirement homes, medical facilities and restaurants.

Table 56
Commercial Real Estate Credit Quality Data

Nonperforming Loans and Foreclosed Properties ⁽¹⁾	September 30 2015
Utilized Reservable Criticized Exposure ⁽¹⁾	December 31 2014
	September 30 2015
	December 31 2014
Non-residential	
Office	
Multi-family rental	
Shopping centers/retail	
Industrial/warehouse	
Hotels/motels	
Unsecured	
Multi-use	
Land and land development Other	
Total non-residential	
Residential	
Total commercial real estate	

Includes commercial foreclosed properties of \$58 million and \$67 million at September 30, 2015 and December 31, 2014. ⁽²⁾ Includes loans, SBLCs and bankers' acceptances and excludes loans accounted for under the fair value option

Table 57
Commercial Real Estate Net Charge-offs and Related Ratios

Net Charge-off Ratios	Three Months Ended September 30
	Nine Months Ended September 30
	Three Months Ended September 30
	Nine Months Ended September 30

(Dollars in millions)

Non-residential
Office
Multi-family rental
Shopping centers/retail
Industrial/warehouse
Hotels/motels
Unsecured
Multi-use
Land and land development Other
Total non-residential
Residential
Total commercial real estate
(4) \$

(1) (4) (2)

i

(10)

(10) \$
(4) \$
(10)

i

(4)

(19) 13
(6) \$
(0.45)

(5) (0.11)% (0.12)%
(21) -

0.05
(2)
(0.27)

3_ («)"
(3)

(0.91)

(20)_ "(9)"

(0.13) (0.62) (1.22)

5

7-7

(17)
0.03

(0.08) (0.08)

(4) (7)

(73) (2)

i

(10)

....

(0.17) 126 767)5)"

(9) \$ (75)

(0.05)% (0.32)

(0.04)

0_5 (0.04) 76" 097

0-47) (6.65)
0.17

(0.21)

7_0_25) (L86)

(0.03) 0.08

- (0-53)

(0.02)

(0.21) (0.18)

(0.21)

Net charge-off ratios arc calculated as annualized net charge-offs divided by average outstanding loans excluding loans accounted for under the fair value option

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At September 30, 2015, total committed non-residential exposure was \$75.2 billion compared to \$67.7 billion at December 31, 2014, of which \$53.5 billion and \$46.0 billion were funded loans. Non-residential nonperforming loans and foreclosed properties decreased \$215 million to \$151 million at September 30, 2015 compared to December 31, 2014 primarily due to a decrease in office property. The non-residential nonperforming loans and foreclosed properties represented 0.28 percent and 0.79 percent of total non-residential loans and foreclosed properties at September 30, 2015 and December 31, 2014. Non-residential utilized reservable criticized exposure decreased \$527 million, or 49 percent, to \$553 million at September 30, 2015 compared to \$1.1 billion at December 31, 2014, which represented 1.00 percent and 2.27 percent of non-residential utilized reservable exposure. For the non-residential portfolio, net recoveries decreased \$9 million to \$10 million and \$63 million to \$10 million for the three and nine months ended September 30, 2015 compared to the same periods in 2014.

At September 30, 2015, total committed residential exposure was \$3.9 billion compared to \$3.6 billion at December 31, 2014, of which \$2.1 billion and \$ 1.7 billion were funded secured loans at September 30, 2015 and December 31, 2014. Residential nonperforming loans and foreclosed properties decreased \$7 million, or 32 percent, and residential utilized reservable criticized exposure decreased \$14 million, or 50 percent, during the nine months ended September 30, 2015. The nonperforming loans, leases and foreclosed properties and the utilized reservable criticized ratios for the residential portfolio were 0.69 percent and 0.64 percent at September 30, 2015 compared to 1.28 percent and 1.51 percent at December 31, 2014.

At September 30, 2015 and December 31, 2014, the commercial real estate loan portfolio included \$7.8 billion and \$6.7 billion of funded construction and land development loans that were originated to fund the construction and/or rehabilitation of commercial properties. Reservable criticized construction and land development loans totaled \$105 million and \$164 million, and nonperforming construction and land development loans and foreclosed properties totaled \$45 million and \$80 million at September 30, 2015 and December 31, 2014. During a property's construction phase, interest income is typically paid from interest reserves that are established at the inception of the loan. As construction is completed and the property is put into service, these interest reserves are depleted and interest payments from operating cash flows begin. We do not recognize interest income on nonperforming loans regardless of the existence of an interest reserve.

Non-U.S. Commercial

At September 30, 2015, 75 percent of the non-U.S. commercial loan portfolio was managed in Global Banking and 25 percent in Global Markets. Outstanding loans, excluding loans accounted for under the fair value option, increased \$8.4 billion during the nine months ended September 30, 2015 primarily due to growth in securitization finance on consumer loans and increased corporate demand. Net charge-offs were \$9 million for both the three and nine months ended September 30, 2015 compared to \$1 million and \$32 million for the same periods in 2014. For more information on the non-U.S. commercial portfolio, see Non-U.S. Portfolio on page 106.

U.S. Small Business Commercial

The U.S. small business commercial loan portfolio is comprised of small business card loans and small business loans managed in Consumer Banking. Credit card-related products were 45 percent and 43 percent of the U.S. small business commercial portfolio at September 30, 2015 and December 31, 2014. Net charge-offs were \$57 million and \$170 million for the three and nine months ended September 30, 2015 compared to \$69 million and \$211 million for the same periods in 2014, with the decrease driven by an improvement in small business card loan delinquencies and a reduction in higher risk vintages. In addition, the nine months ended September 30, 2015 was impacted by increased recoveries from the sale of previously charged-off loans in the small business loan portfolio. Of the U.S. small business commercial net charge-offs, 78 percent and 82 percent were credit card-related products for the three and nine months ended September 30, 2015 compared to 75 percent and 74 percent for the same periods in 2014.

Commercial Loans Accounted for Under the Fair Value Option

The portfolio of commercial loans accounted for under the fair value option is held primarily in Global Markets and Global Banking. Outstanding commercial loans accounted for under the fair value option decreased \$ 1.4 billion to an aggregate fair value of \$5.2 billion at September 30,2015 compared to December 31,2014 primarily due to decreased corporate borrowings under bank credit facilities. We recorded net losses of \$142 million and \$217 million during the three and nine months ended September 30,2015 compared to net losses of \$9 million and net gains of \$26 million for the same periods in 2014 from changes in the fair value of this loan portfolio. These amounts were primarily attributable to changes in instrument-specific credit risk, were recorded in other income and do not reflect the results of hedging activities.

In addition, unfunded lending commitments and letters of credit accounted for under the fair value option had an aggregate fair value of \$594 million and \$405 million at September30, 2015 and December31, 2014, which was recorded in accrued expenses and other liabilities. The associated aggregate notional amount of unfunded lending commitments and letters of credit accounted for under the fair value option was \$7.9 billion and \$9.9 billion at September 30, 2015 and December 31, 2014. We recorded net losses of \$201 million and \$146 million during the three and nine months ended September 30, 2015 compared to net gains of \$6 million and \$20 million for

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the same periods in 2014 from changes in the fair value of commitments and letters of credit. These amounts were primarily attributable to changes in instrument-specific credit risk, were recorded in other income and do not reflect the results of hedging activities.

Nonperforming Commercial Loans, Leases and Foreclosed Properties Activity

Table 58 presents the nonperforming commercial loans, leases and foreclosed properties activity during the three and nine months ended September 30, 2015 and 2014. Nonperforming loans do not include loans accounted for under the fair value option. During the three and nine months ended September 30, 2015, nonperforming commercial loans and leases decreased \$70 million and \$11 million to \$1.1 billion. The decline in foreclosed properties of \$207 million during the three months ended September 30, 2015 was primarily due to the sale of properties. Approximately 98 percent of commercial nonperforming loans, leases and foreclosed properties were secured and approximately 66 percent were contractually current. Commercial nonperforming loans were carried at approximately 81 percent of their unpaid principal balance before consideration of the allowance for loan and lease losses as the carrying value of these loans has been reduced to the estimated property value less costs to sell.

Table 58

Nonperforming Commercial Loans, Leases and Foreclosed Properties Activity (12)

Three Months Ended September 30
Nine Months Ended September 30

(Dollars in millions)

Nonperforming loans and leases, beginning of period;

Additions to nonperforming loans and leases:

1 New nonperforming loans and leases Advances

: Reductions to nonperforming loans and leases:

(3)

Paydowns of Sales

Returns to performing status 1 Charge-offs

(145)

(47)

(93)

Transfers to foreclosed properties

Total net additions (reductions) to nonperforming loans and leases

Total nonperforming loans and leases, September 30

{Foreclosed properties, beginning of period

Additions to foreclosed properties:

[New foreclosed properties ^{w)} Reductions to foreclosed properties:

Sales

Write-downs

Total net additions (reductions) to foreclosed properties

Total foreclosed properties, September 30

I Nonperforming commercial loans, leases and foreclosed properties, September 30

Nonperforming commercial loans and leases as a percentage of outstanding commercial loans and leases⁵⁾

I Nonperforming commercial loans, leases and foreclosed properties as a percentage of outstanding j commercial loans, leases and foreclosed properties

⁴⁾ Balances do not include nonperforming LMFS of \$266 million and \$246 million at September 30, 2015 and 2014

¹²⁾ Includes U.S. small business commercial activity Small business card loans are excluded as they are not classified as nonperforming

¹³⁾ 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

¹⁴⁾ New foreclosed properties represents transfers of nonperforming loans to foreclosed properties net of charge-offs recorded during the first 90 days after transfer of a loan to foreclosed properties

²¹⁾ Outstanding commercial loans exclude loans accounted for under the fair value option.

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Table 59 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 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. For more information on TDRs, see Note 4 - Outstanding Loans and Leases to the Consolidated Financial Statements.

Table 59

Commercial Troubled Debt Restructurings

Performing	Total	September 30, 2015		December 31, 2014	
		performing	Non-collars in millions)	Total	performing
U.S. commercial	1,325	395	930	96	456
Commercial		127	31	96	456
					234

222

Non-U.S. commercial

U.S. small business commercial	21	-	21	35	-	35
Total commercial troubled debt restructurings	1,565	435	930	1,300	456	234

Industry Concentrations

Table 60 presents commercial committed and utilized credit exposure by industry and the total net credit default protection purchased to cover the funded and unfunded portions of certain credit exposures. Our commercial credit exposure is diversified across a broad range of industries. Total commercial committed credit exposure increased \$69.7 billion, or eight percent, during the

nine months ended September 30, 2015 to \$902.1 billion. Increases in commercial committed exposure were concentrated in diversified financials, real estate, retailing, health care equipment and services, and software and services.

Industry limits are used internally to manage industry concentrations and are based on committed exposures and capital usage that are allocated on an industry-by-industry basis. A risk management framework is in place to set and approve industry limits as well as to provide ongoing monitoring.

Diversified financials, our largest industry concentration with committed exposure of \$119.2 billion, increased \$15.7 billion, or 15 percent, during the nine months ended September 30, 2015. The increase was primarily driven by growth in exposure to asset managers and certain asset-backed lending products.

Real estate, our second largest industry concentration with committed exposure of \$83.0 billion, increased \$6.8 billion, or nine percent, during the nine months ended September 30, 2015. The increase was primarily due to strong demand for quality core assets in major metropolitan markets. Real estate construction and land development exposure represented 14 percent and 13 percent of the total real estate industry committed exposure at September 30, 2015 and December 31, 2014. For more information on the commercial real estate and related portfolios, see Commercial Portfolio Credit Risk Management - Commercial Real Estate on page 97.

During the nine months ended September 30, 2015 committed exposure to the retailing industry increased \$5.9 billion, or 10 percent, healthcare equipment and services increased \$4.3 billion, or eight percent, and software and services increased \$4.2 billion, or 30 percent, primarily driven by increased client activity.

The significant decline in oil prices since June 2014 has impacted and may continue to impact the financial performance of energy producers as well as energy equipment and service providers. While we did not experience material credit losses in our energy portfolio through September 30, 2015, the magnitude of the impact over time will depend upon the level of oil prices. Our oil, gas and energy related exposure decreased \$1.6 billion during the nine months ended September 30, 2015 to \$46.1 billion, of which \$21.8 billion was utilized exposure, driven by paydowns from large clients.

Our committed state and municipal exposure of \$40.9 billion at September 30, 2015 consisted of \$34.1 billion of commercial utilized exposure (including \$ 19.5 billion of funded loans, \$6.4 billion of SBLCs and \$2.3 billion of derivative assets) and \$6.8 billion of unfunded commercial exposure (primarily unfunded loan commitments and letters of credit) and is reported in the government and public education industry in Table 60. With the U.S. economy gradually strengthening, most state and local governments are experiencing improved fiscal circumstances and continue to honor debt obligations as agreed. While historical default rates have been low, as part of our overall and ongoing risk management processes, we continually monitor these exposures through a rigorous review process. Additionally, internal communications are regularly circulated such that exposure levels are maintained in compliance with established concentration guidelines.

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Table 60

Commercial Credit Exposure by Industry ⁽¹⁾

	Commercial Utilized
	Total Commercial Committed
	September 30 2015
	December 31 2014
September 30	December 31 2015 2014

\$: - 75,761 \$: ; •63,306 \$ 119,248 \$'

Real estate ⁽²⁾

Retailing."

Capital goods

! Healthcare!equipment-and service's Banking
31,985

33,478: 44,302

51,425f
46,089 "45,943~
49,937
47,667 745/821']
Consumer services
I Food, beverage and tobacco.
Commercial services and supplies j Transportation
Utilities
! Media
Individuals and trusts ■ Software and. services
Pharmaceuticals and biotechnology , Technology hardware, and equipment
Consumer durables and apparel
I Insurance, including monolines Automobiles and components
j Telecommunication services Food and staples retailing
I Religious and social organizations . Other
17,867
18,550 187997"
11,071
12,667 17,467
7,566
5,448 67957"
5,907
4,587 4,108
4,373

3,917 7477187 7,631

16,131
17,997
17.538
9.399
11,128
16,749
5,927
5,707 "5,489
6.111

5,204 4,114 "37814

3,848 47881
6,255
35,221
32,056
27,491
26,751 "23,993"
22,538
18,287
16,715
147798_
10,657

10,611 10,492 "~9,953~

7,410
6£69 16,286
34,465

30.451
24,541 j
25.235
21,502 j 21,195
14.071
13,493 12.350:
10,613

11,252 j 9,683 ""9,295"

7,418 6,548' 10,415

S 548,956 \$ 506,642 \$ 902,128 \$ 832,401 j

Net credit default protection purchased on total commitments

Includes U S small business commercial exposure

¹²¹ 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 borrowers' or counterparties' primary business activity using operating cash flows and primary source of repayment as key factors

^(c) Represents net notional credit protection purchased For additional information, see Commercial Portfolio Credit Risk Management - Risk Mitigation on page 104

Risk Mitigation

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

At September 30, 2015 and December 31, 2014, 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 \$6.5 billion and \$7.3 billion. We recorded net gains of \$191 million and \$78 million for the three and nine months ended September 30, 2015 compared to net gains of \$15 million and net losses of \$87 million for the same periods in 2014 on these positions. The gains and losses on these instruments were offset by gains and losses on the related exposures. The Value-at-Risk (VaR) results for these exposures are included in the fair value option portfolio information in Table 68. For additional information, see Trading Risk Management on page 113.

Tables 61 and 62 present the maturity profiles and the credit exposure debt ratings of the net credit default protection portfolio at September 30, 2015 and December 31, 2014.

Table 61

Net Credit Default Protection by Maturity

September 30 2015
December 31 2014

[Less than or equal to one year
Greater than one year and less than or equal to five years
; Greater than five years ■
Total net credit default protection

Table 62
Net Credit Default Protection by Credit Exposure Debt Rating
(Dollars in millions)

	September 30, 2015		December 31, 2014	
	Net Ratings ⁽¹⁾	Percent of Notional ⁽³⁾	Net Total	Percent of Notional ⁽³⁾
A	(959)	14.8	(660)	9.0
BB	(2,196)	33.8	(1,527)	20.9
CCC and below	(872)	13.5	(76)	1.0
Total net credit default protection	\$ (6,494)	100.0%	\$ (7,302)	100.0%

(1) Ratings are refreshed on a quarterly basis
(2) Ratings of B1313- or higher are considered to meet the definition of investment grade
(3) Represents net credit default protection (purchased) sold
(4) NR is comprised of index positions held and any names that have not been rated

In addition to our net notional credit default protection purchased to cover the funded and unfunded portion of certain credit exposures, credit derivatives are used for market-making activities for clients and establishing positions intended to profit from directional or relative value changes. We execute the majority of our credit derivative trades in the OTC market with large, multinational financial institutions, including broker-dealers and, to a lesser degree, with a variety of other investors. Because these transactions are executed in the OTC market, we are subject to settlement risk. We are also subject to credit risk in the event that these counterparties fail to perform under the terms of these contracts. In most cases, credit derivative transactions are executed on a daily margin basis. Therefore, events such as a credit downgrade, depending on the ultimate rating level, or a breach of credit covenants would typically require an increase in the amount of collateral required by the counterparty, where applicable, and/or allow us to take additional protective measures such as early termination of all trades.

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Table 63 presents the total contract/notional amount of credit derivatives outstanding and includes both purchased and written credit derivatives. The credit risk amounts are measured as net asset exposure by counterparty, taking into consideration all contracts with the counterparty. For more information on our written credit derivatives, see Note 2 - Derivatives to the Consolidated Financial Statements.

The credit risk amounts discussed above and presented in Table 63 take into consideration the effects of legally enforceable master netting agreements while amounts disclosed in Note 2 - Derivatives to the Consolidated Financial Statements are shown on a gross basis. Credit risk reflects the potential benefit from offsetting exposure to non-credit derivative products with the same counterparties that may be netted upon the occurrence of certain events, thereby reducing our overall exposure.

Table 63

Credit Derivatives

September 30, 2015

Contract/ Notional

Contract/ Notional

Purchased credit derivatives:

3,681 \$ 1,094,796 \$

Total return swaps/other

Total purchased credit derivatives

Written credit derivatives:

Credit default swaps ' -

Total return swaps/other

Total written credit derivatives

n/a = not applicable

Counterparty Credit Risk Valuation Adjustments

We record counterparty credit risk valuation adjustments on certain derivative assets, including our credit default protection purchased, in order to properly reflect the credit risk of the counterparty, as presented in Table 64. We calculate CVA based on a modeled expected exposure that incorporates current market risk factors including changes in market spreads and non-credit related market factors that affect the value of a derivative. The exposure also takes into consideration credit mitigants such as legally enforceable master netting agreements and collateral. For additional information, see Note 2 - Derivatives to the Consolidated Financial Statements.

We enter into risk management activities to offset market driven exposures. We often hedge the counterparty spread risk in CVA with credit default swaps (CDS). We hedge other market risks in CVA primarily with currency and interest rate swaps. In certain instances, the net-of-hedge amounts in the table below move in the same direction as the gross amount or may move in the opposite direction. This is a consequence of the complex interaction of the risks being hedged resulting in limitations in the ability to perfectly hedge all of the market exposures at all times.

Table 64

Credit Valuation Gains and Losses

Gains (Losses)	Three Months Ended September 30						Nine Months Ended September 30					
	2015			2014			2015		2014			
(Dollars in millions)	Gross	Hedge	Net	Gross	Hedge	Net	Gross	Hedge	Net	Gross	Hedge	Net
[Credit valuation	\$ (137)	\$ 204	\$ 67	\$ (139)	\$ 190	\$ 51	\$ 85	\$ 89	\$ 174	\$ 179	\$ 73	\$ 2521

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.

Table 65 presents our 20 largest non-U.S. country exposures at September 30, 2015. These exposures accounted for 87 percent and 88 percent of our total non-U.S. exposure at September 30, 2015 and December 31, 2014. Net country exposure for these 20 countries increased \$11.1 billion from December 31, 2014 primarily driven by increases in the United Kingdom, Israel, South Korea, Hong Kong and India, partially offset by reductions in Japan, China and Switzerland. On a product basis, the increase was driven by higher funded loans and loan equivalents in the United Kingdom, India, Hong Kong, Germany and South Korea; higher unfunded commitments in Israel, United Kingdom and Australia; and higher derivatives exposure in the United Kingdom, United Arab Emirates and South Korea. These increases were partially offset by reductions in securities in the United Kingdom, Canada, Australia and Italy; lower derivatives exposure in Italy and Switzerland; and a reduction in unfunded commitments in France, Switzerland, Germany and Spain.

Non-U.S. exposure is presented on an internal risk management basis and includes sovereign and non-sovereign credit exposure, securities and other investments issued by or domiciled in countries other than the U.S. The risk assignments by country can be adjusted for external guarantees and certain collateral types. Exposures that are subject to external guarantees are reported under the country of the guarantor. Exposures with tangible collateral are reflected in the country where the collateral is held. For securities received, other than cross-border resale agreements, outstandings are assigned to the domicile of the issuer of the securities.

Funded loans and loan equivalents include loans, leases, and other extensions of credit and funds, including letters of credit and due from placements, which have not been reduced by collateral, hedges or credit default protection. Funded loans and loan equivalents are reported net of charge-offs but prior to any allowance for loan and lease losses. Unfunded commitments are the undrawn portion of legally binding commitments related to loans and loan equivalents.

Net counterparty exposure includes the fair value of derivatives, including the counterparty risk associated with CDS, and secured financing transactions. Derivatives exposures are presented net of collateral, which is predominantly cash, pledged under legally enforceable master netting agreements. Secured financing transaction exposures are presented net of eligible cash or securities pledged as collateral.

Securities and other investments are carried at fair value and long securities exposures are netted against short exposures with the same underlying issuer to, but not below, zero (i.e., negative issuer exposures are reported as zero). Other investments include our GPI portfolio and strategic investments.

Net country exposure represents country exposure less hedges and credit default protection purchased, net of credit default protection sold. We hedge certain of our country exposures with credit default protection primarily in the form of single-name, as well as indexed and tranching CDS. The exposures associated with these hedges represent the amount that would be realized upon the isolated default of an individual issuer in the relevant country assuming a zero recovery rate for that individual issuer, and are calculated based on the CDS notional amount adjusted for any fair value receivable or payable. Changes in the assumption of an isolated default can produce different results in a particular tranche.

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Table 65

Top 20 Non-U.S. Countries Exposure

(Dollars in millions)	Funded Loans and Loan		Unfunded Loan	Net Counterparty	Securities/ Other	Country Exposure at September 30	Hedges and Credit Default	Net Country (Decrease) Exposure at September 30	Increase December
	Equivalents	Commitments	Exposure	Investments	2015	Protection	2015	2014	
Canada	6,268	6,674	2,080	4,344	19,366	(1,136)	18,230	(310)	
Brazil	10,147	384	859	4,026	(253)	15,163		179	
Japan	12,428	538	4,046	1,067	18,079	(3,099)	14,980	(1,754)	
Germany	6,065	5,406	3,297		2,342	17,110	(4,546)	12,564	
India	7,534	279	369	3,725	11,907	(274)	11,633	1,047	
France	2,819	4,580	1,493	5,429	14,321	(3,621)	10,700	262	
Hong Kong	7,469	295	1,391	656	9,811	(26)	9,785	11,177	
Netherlands	3,007	3,028	864	2,465	9,364	(1,204)	8,160	25	
Australia	2,256	2,868	780	1,597	8,463	(441)	8,022	349	
South Korea	4,134	991	1,009	2,225	8,359	(642)	7,717	1,268	
Switzerland	2,714	2,876	3,168	454	680	77178	(1,343)	5,835	(696)
Mexico	2,913	1,051	22J		544	4,729	(316)	4,413	142
Singapore	2,274	79	700	1,223	4,276	(54)	4,222	218	
Spain	2,098	581	281	1,029	3,989	(587)	3,402	(214)	
Turkey	3^2	75	42		50	3,319	(131)	3^188	70o
United Arab Emirates	1,865	107	1,094	34	3,100	(110)	2,990	583	
Total top 20 non-U.S. countries exposure	\$ 119,285	\$ 49,335	\$ 29,616	\$ 39,641	\$ 237,877	\$ (24,989)	\$ 212,888	\$ 11,149	

(*) The increase in exposure to unfunded loan commitments from December 31, 2014 was primarily due to an outstanding bridge loan agreement

Our net exposure to Greece at September 30, 2015 was \$264 million, primarily in the form of sovereign derivatives. Implementation risks surrounding the release of new bailout funds to Greece, conditional on reforms, remain high and the additional austerity also required will have a negative impact on the Greek economy in the short term. We are closely monitoring the financial crisis in Greece through established routines and crisis control processes, and do not currently anticipate a material adverse impact to our portfolio or widespread contagion from a potential Greek default or eurozone exit.

Russian intervention in Ukraine initiated in 2014 significantly increased regional geopolitical tensions. The Russian economy continues to slow due to the negative impacts of weak oil prices, ongoing economic sanctions and high interest rates resulting from Russian central bank actions taken to counter ruble depreciation. At September 30, 2015, our net exposure to Russia remained relatively unchanged from June 30, 2015 at \$2.9 billion, concentrated in oil and gas companies and commercial banks. Our exposure to Ukraine was minimal. In response to Russian actions, U.S. and European governments have imposed sanctions on a limited number of Russian individuals and business entities. Geopolitical and economic conditions remain fluid with potential for further escalation of tensions, increased severity of sanctions against Russian interests, sustained low oil prices and rating agency downgrades.

Certain European countries, including Italy, Spain, Ireland and Portugal, have experienced varying degrees of financial stress in recent years. While market conditions have improved in Europe, policymakers continue to address fundamental challenges of competitiveness, growth, deflation and high unemployment. A return of political stress or financial instability in these countries could disrupt financial markets and have a detrimental impact on global economic conditions and sovereign and non-sovereign debt in these countries. Our net exposure at September 30, 2015 to Italy and Spain was \$5.2 billion and \$3.4 billion, respectively, as presented in Table 65. Net exposure at September 30, 2015 to Ireland and Portugal was \$880 million and \$124 million, respectively. We expect to continue to support client activities in the region and our exposures may vary over time as we

monitor the situation and manage our risk profile.

Weakening of commodity prices, signs of slowing growth in China and a recession in Brazil is driving risk aversion in emerging markets. At September 30, 2015, our net exposure to China remained relatively unchanged from June 30, 2015 at \$11.4 billion, concentrated in large state-owned companies, subsidiaries of multinational corporations and commercial banks. Our exposure to Brazil was \$15.2 billion, concentrated in sovereign securities, oil and gas companies and commercial banks.

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The provision for credit losses increased \$170 million to \$806 million, and \$295 million to \$2.4 billion for the three and nine months ended September 30, 2015 compared to the same periods in 2014. The provision for credit losses was \$126 million and \$843 million lower than net charge-offs for the three and nine months ended September 30, 2015, resulting in a reduction in the allowance for credit losses. This compared to a reduction of \$407 million and \$1.4 billion in the allowance for credit losses for the three and nine months ended September 30, 2014. We currently expect that, if economic conditions remain unchanged, the provision for credit losses would be generally consistent with present levels through mid-2016.

The provision for credit losses for the consumer portfolio decreased \$2 million to \$542 million, and increased \$363 million to \$1.7 billion for the three and nine months ended September 30, 2015 compared to the same periods in 2014. The prior-year periods included \$400 million of additional costs associated with the consumer relief portion of the settlement with the DoJ. Excluding these additional costs, the consumer provision for credit losses increased as we continue to release reserves, but at a slower pace than in the prior-year periods, and also due to a lower level of recoveries on nonperforming loan sales and other recoveries in the nine-month period. Included in the provision is a benefit of \$68 million and \$40 million related to the PCI loan portfolio for the three and nine months ended September 30, 2015. This compared to no provision for the three months ended September 30, 2014 and a benefit of \$106 million for the nine months ended September 30, 2014.

The provision for credit losses for the commercial portfolio, including unfunded lending commitments, increased \$172 million to \$264 million, primarily due to loan growth, and decreased \$68 million to \$637 million for the three and nine months ended September 30, 2015 compared to the same periods in 2014.

Allowance for Loan and Lease Losses

The allowance for loan and lease losses is comprised of two components. The first component covers nonperforming commercial loans and TDRs. The second component covers loans and leases on which there are incurred losses that are not yet individually identifiable, as well as incurred losses that may not be represented in the loss forecast models. We evaluate the adequacy of the allowance for loan and lease losses based on the total of these two components, each of which is described in more detail below. The allowance for loan and lease losses excludes LHFS and loans accounted for under the fair value option as the fair value reflects a credit risk component.

The first component of the allowance for loan and lease losses covers both nonperforming commercial loans and all TDRs within the consumer and commercial portfolios. These loans are subject to impairment measurement based on the present value of projected future cash flows discounted at the loan's original effective interest rate, or in certain circumstances, impairment may also be based upon the collateral value or the loan's observable market price if available. Impairment measurement for the renegotiated consumer credit card, small business credit card and unsecured consumer TDR portfolios is based on the present value of projected cash flows discounted using the average portfolio contractual interest rate, excluding promotionally priced loans, in effect prior to restructuring. For purposes of computing this specific loss component of the allowance, larger impaired loans are evaluated individually and smaller impaired loans are evaluated as a pool using historical experience for the respective product types and risk ratings of the loans.

The second component of the allowance for loan and lease losses covers the remaining consumer and commercial loans and leases that have incurred losses that are not yet individually identifiable. The allowance for consumer and certain homogeneous commercial loan and lease products is based on aggregated portfolio evaluations, generally by product type. Loss forecast models are utilized that consider a variety of factors including, but not limited to, historical loss experience, estimated defaults or foreclosures

based on portfolio trends, delinquencies, economic trends and credit scores. Our consumer real estate loss forecast model estimates the portion of loans that will default based on individual loan attributes, the most significant of which are refreshed LTV or CLTV, and borrower credit score as well as vintage and geography, all of which are further broken down into current delinquency status. Additionally, we incorporate the delinquency status of underlying first-lien loans on our junior-lien home equity portfolio in our allowance process. Incorporating refreshed LTV and CLTV into our probability of default allows us to factor the impact of changes in home prices into our allowance for loan and lease losses. These loss forecast models are updated on a quarterly basis to incorporate information reflecting the current economic environment. As of September 30, 2015, the loss forecast process resulted in reductions in the allowance for all major consumer portfolios compared to December 31, 2014.

The allowance for commercial loan and lease losses is established by product type after analyzing historical loss experience, internal risk rating, current economic conditions, industry performance trends, geographic and obligor concentrations within each portfolio and any other pertinent information. The statistical models for commercial loans are generally updated annually and utilize our historical database of actual defaults and other data. The loan risk ratings and composition of the commercial portfolios used to calculate the

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allowance are updated quarterly to incorporate the most recent data reflecting the current economic environment. For risk-rated commercial loans, we estimate the probability of default and the LGD based on our historical experience of defaults and credit losses. Factors considered when assessing the internal risk rating include the value of the underlying collateral, if applicable, the industry in which the obligor operates, the obligor's liquidity and other financial indicators, and other quantitative and qualitative factors relevant to the obligor's credit risk. As of September 30, 2015, the allowance increased for all major commercial portfolios compared to December 31, 2014.

Also included within the second component of the allowance for loan and lease losses are reserves to cover losses that are incurred but, in our assessment, may not be adequately represented in the historical loss data used in the loss forecast models. For example, factors that we consider include, among others, changes in lending policies and procedures, changes in economic and business conditions, changes in the nature and size of the portfolio, changes in portfolio concentrations, changes in the volume and severity of past due loans and nonaccrual loans, the effect of external factors such as competition, and legal and regulatory requirements. We also consider factors that are applicable to unique portfolio segments. For example, we consider the risk of uncertainty in our loss forecasting models related to junior-lien home equity loans that are current, but have first-lien loans that we do not service that are 30 days or more past due. In addition, we consider the increased risk of default associated with our interest-only loans that have yet to enter the amortization period. Further, we consider the inherent uncertainty in mathematical models that are built upon historical data.

During the three and nine months ended September 30, 2015, the factors that impacted the allowance for loan and lease losses included overall improvements in the credit quality of the portfolios driven by continuing improvements in the U.S. economy and labor markets, continuing proactive credit risk management initiatives and the impact of recent higher credit quality originations. Additionally, the resolution of uncertainties through current recognition of net charge-offs has impacted the amount of reserve needed in certain portfolios. Evidencing the improvements in the U.S. economy and labor markets are modest growth in consumer spending, improvements in unemployment levels and a decrease in the absolute level and our share of national consumer bankruptcy filings. In addition to these improvements, returns to performing status, charge-offs, sales, paydowns and transfers to foreclosed properties continued to outpace new nonaccrual loans. Also impacting the allowance for loan and lease losses was growth in loan balances across the commercial portfolio.

We monitor differences between estimated and actual incurred loan and lease losses. This monitoring process includes periodic assessments by senior management of loan and lease portfolios and the models used to estimate incurred losses in those portfolios.

Additions to, or reductions of, the allowance for loan and lease losses generally are recorded through charges or credits to the provision for credit losses. Credit exposures deemed to be uncollectible are charged against the allowance for loan and lease losses. Recoveries of previously charged off amounts are credited to the allowance for loan and lease losses.

The allowance for loan and lease losses for the consumer portfolio, as presented in Table 67, was \$8.0 billion at September 30, 2015, a decrease of \$2.0 billion from December 31, 2014. The decrease was primarily in the residential mortgage, home equity and credit card portfolios. Reductions in the residential mortgage and home equity portfolios were due to improved home prices and lower delinquencies, a decrease in consumer loan balances, as well as the utilization of reserves recorded as a part of the settlement

with the DoJ. Further, the residential mortgage and home equity allowance declined due to write-offs in our PCI loan portfolio.

The decrease in the allowance related to the U.S. credit card and unsecured consumer lending portfolios in Consumer Banking was primarily due to improvement in delinquencies and more generally in unemployment levels. For example, in the U.S. credit card portfolio, accruing loans 30 days or more past due decreased to \$1.5 billion at September 30, 2015 from \$1.7 billion (to 1.71 percent from 1.85 percent of outstanding U.S. credit card loans) at December 31, 2014, and accruing loans 90 days or more past due decreased to \$721 million at September 30, 2015 from \$866 million (to 0.82 percent from 0.94 percent of outstanding U.S. credit card loans) at December 31, 2014. See Tables 35, 36, 45 and 47 for additional details on key credit statistics for the credit card and other unsecured consumer lending portfolios.

The allowance for loan and lease losses for the commercial portfolio, as presented in Table 67, was \$4.7 billion at September 30, 2015, an increase of \$268 million from December 31, 2014 with the increase attributable in part to loan growth. Commercial utilized reservable criticized exposure increased to \$13.6 billion at September 30, 2015 from \$ 11.6 billion (to 2.94 percent from 2.74 percent of total commercial utilized reservable exposure) at December 31, 2014, primarily due to certain downgrades in the oil and gas portfolio. Nonperforming commercial loans remained unchanged at \$1.1 billion between September 30, 2015 and December 31, 2014. The percentage of commercial nonperforming loans to total outstanding commercial loans decreased to 0.26 percent from 0.29 percent due to an increase in loan balances during the year. Commercial loans and leases outstanding increased to \$432.0 billion at September 30, 2015 from \$392.8 billion at December 31, 2014. See Tables 51, 52 and 54 for additional details on key commercial credit statistics.

The allowance for loan and lease losses as a percentage of total loans and leases outstanding was 1.44 percent at September 30, 2015 compared to 1.65 percent at December 31, 2014. The decrease in the ratio was primarily due to improved credit quality driven by improved economic conditions, write-offs in the PCI loan portfolio and utilization of reserves related to the settlement with the DoJ. The September 30, 2015 and December 31, 2014 ratios above include the PCI loan portfolio. Excluding the PCI loan portfolio, the allowance

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for loan and lease losses as a percentage of total loans and leases outstanding was 1.36 percent at September 30, 2015 compared to 1.50 percent at December 31, 2014.

Table 66 presents a rollforward of the allowance for credit losses, which includes the allowance for loan and lease losses and the reserve for unfunded lending commitments, for the three and nine months ended September 30, 2015 and 2014.

*Table 66
Allowance for Credit Losses*

<u>(Dollars in millions)</u>	Three Months Ended September 30		Nine Months Ended	
	2015	2014	2015	2014
Allowance for loan and lease losses, beginning of period	\$ 13,068	\$ 15,811		
Loans and leases charged off				
Residential mortgage	(146)	(220)	(716)	(715)
Home equity	(199)	(265)	(714)	(998)
Non-U.S. credit card	(67)	(90)	(210)	(284)
Other consumer	(63)	(64)	(162)	(190)
Total consumer charge	(1,218)	(1,479)	(4,163)	(4,886)

U.S. commercial ⁽¹⁾	(136)	(172)	(358)	(433)
Commercial real estate	(3)		(13)	(21)
Commercial lease financing	(7)		(3)	(17)
[Non-U.S. commercial	(ij)		(14)	(32)
Total commercial charge-offs	(157)	(188)	(410)	(493)
Recoveries of loans and leases previously charged off	(1,375)	(1,667)	(4,573)	(5,379)
Residential mortgage			167	316
Home equity	79	176	271	368
U.S. credit card	106		112	321
Non-U.S. credit card	21)	23	68	94
Direct/Indirect consumer	66	69	206	219
Other consumer	6		8	23
Total consumer recoveries	397		555	1,205
U.S. commercial ⁽²⁾	27	45	130	153
Commercial real estate	13		19	30
Commercial lease financing	4		6	9
Non-U.S. commercial	2:	(1)	5	-j
Total commercial recoveries	46		69	174
Total recoveries of loans and leases previously charged off	443		624	1,379
Net charge-offs	(932)	(1,043)	(3,194)	(3,504)
Write-offs of PCI loans	(148)		(246)	(797)
Provision for loan and lease losses	733		610	2,218
[Other	(64)		(26)	(60)
Allowance for loan and lease losses, September 30	12,657			15,106
[Reserve for unfunded lending commitments, beginning of period	588		503	528
Provision for unfunded lending commitments	73		26	133
Reserve for unfunded lending commitments, September 30	661		529	661
Allowance for credit losses, September 30	\$ 13,318		\$ 13,318	\$ 15,635

⁽¹⁾ Includes U S small business commercial charge-offs of \$67 million and \$217 million for the three and nine months ended September 30, 2015 compared to \$83 million and \$257 million for the same periods in 2014
⁽²⁾ Includes U S. small business commercial recoveries of \$10 million and \$47 million for the three and nine months ended September 30, 2015 compared to \$14 million and \$46 million for the same periods in 2014.⁽³⁾ Primarily represents the net impact of portfolio sales, consolidations and deconsolidations, and foreign currency translation adjustments

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Table 66
 Allowance for Credit Losses (continued)

(Dollars in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Loan and allowance ratios:				
Loans and leases outstanding at September 30 ⁽⁴⁾	\$ 880,511	\$ 883,132	\$ 880,511	\$ 883,132
Allowance for loan and lease losses as a percentage of total loans and				

leases outstanding at September 30 ⁽⁴⁾		1.44%	1.71%	1.44%	1.71%
Consumer allowance for loan and lease losses as a percentage of total consumer loans and leases outstanding at September 30 ⁽⁵⁾	1.75	2.14	2.14	2.14	2.14
Commercial allowance for loan and lease losses as a percentage of total commercial loans and leases outstanding at September 30 ⁽⁶⁾	1.10	1.15	1.10	1.15	1.15
Average loans and leases outstanding	\$ 875,409	\$ 890,353	\$ 870,914	\$ 870,914	\$ 870,914
Annualized net charge-offs as a percentage of average loans and leases outstanding ^(4, 7)	0.42%	0.46%	0.49%	0.52%	0.52%
Annualized net charge-offs and PCI write-offs as a percentage of average nonperforming loans and leases outstanding ^(4, 7)	0.49	0.57	0.60	0.60	0.60
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases at September 30 ^(4, 8)	129	112	129	112	129
Ratio of the allowance for loan and lease losses at September 30 to annualized net charge-offs ⁽⁷⁾	3.42	3.65	3.65	3.65	3.65
Ratio of the allowance for loan and lease losses at September 30 to annualized net charge-offs and PCI write-offs	2.95	2.95	2.41	2.63	2.63
Amounts included in allowance for loan and lease losses for loans and leases that are excluded from nonperforming loans and leases at September 30 ^m	\$ 4,682	\$ 6,013	\$ 4,682	\$ 6,013	\$ 6,013
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases, excluding the allowance for loan and lease losses for loans and leases that are excluded from nonperforming loans and leases at September 30 ^(4, 8)	81%	67%	81%	67%	67%
Loan and allowance ratios excluding PCI loans and the related valuation allowance ⁽⁶⁾					
Allowance for loan and lease losses as a percentage of total loans and leases outstanding at September 30 ⁽⁴⁾		1.36%	1.57%	1.36%	1.57%
Consumer allowance for loan and lease losses as a percentage of total consumer loans and leases outstanding at September 30 ⁽⁵⁾		1.62	1.9)	1.62	1.91
Annualized net charge-offs as a percentage of average loans and leases outstanding ⁽⁴⁾	0.43	0.48	0.50	0.53	0.53
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases at September 30 ^(4, 8)		120	100	120	100
Ratio of the allowance for loan and lease losses at September 30 to annualized net charge-offs		3.18	3.27	2.76	2.88

⁽⁴⁾ Outstanding loan and lease balances and ratios do not include loans accounted for under the fair value option of \$7.2 billion and \$8.2 billion at September 30, 2015 and 2014. Average loans accounted for under the fair value option were \$7.4 billion and \$8.0 billion for the three and nine months ended September 30, 2015 compared to \$8.9 billion and \$10.1 billion for the same periods in 2014

⁽⁵⁾ Excludes consumer loans accounted for under the fair value option of \$1.9 billion and \$2.1 billion at September 30, 2015 and 2014

⁽⁶⁾ Excludes commercial loans accounted for under the fair value option of \$5.2 billion and \$6.1 billion at September 30, 2015 and 2014

⁽⁷⁾ Net charge-offs exclude \$148 million and \$726 million of write-offs in the PCI loan portfolio for the three and nine months ended September 30, 2015 compared to \$246 million and \$797 million for the same periods in 2014. These write-offs decreased the PCI valuation allowance included as part of the allowance for loan and lease losses. For more information on PCI write-offs, see Consumer Portfolio Credit Risk Management - Purchased Credit-impaired Loan Portfolio on page 87

⁽⁸⁾ For more information on our definition of nonperforming loans, see pages 92 and 101

Primarily includes amounts allocated to U.S. credit card and unsecured consumer lending portfolios in Consumer Banking, PCI loans and the non-U.S. credit card portfolio in All Other

^(m) For more information on the PCI loan portfolio and the valuation allowance for PCI loans, see Note 4 - Outstanding Loans and Leases and Note 5 - Allowance for Credit Losses to the Consolidated Financial Statements

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For reporting purposes, we allocate the allowance for credit losses across products. However, the allowance is generally

available to absorb any credit losses without restriction. Table 67 presents our allocation by product type.

Table 67
Allocation of the Allowance for Credit Losses by Product Type
 September 30, 2015

	Percent of Total Percent of Loans and Leases Outstanding'
	Percent of Total Percent of Loans and Leases Outstanding ⁽¹⁾
Allowance for loan and lease losses	
Residential :mortgage"	
Home equity	
U..S. credit.card ^L	
Non-U.S. credit card	
234 46	
L85 0.36	
2.07 0.41	
Total consumer	
U.S. commercial ^m	
Comhmerciabreal'estate	
Commercial lease financing	
⁽³⁾	
Non-U.S. commercial ¹	
Total commercial	
Allowance for loari and lease losses ⁽⁴⁾	
Reserve for unfunded lending commitments	
\$,... 13318	

⁽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. Consumer loans accounted for under the fair value option included residential mortgage loans of \$1.7 billion and \$1.9 billion and home equity loans of \$225 million and \$196 million at September 30, 2015 and December 31, 2014. Commercial loans accounted for under the fair value option included U.S. commercial loans of \$2.2 billion and \$1.9 billion and non-U.S. commercial loans of \$3.0 billion and \$4.7 billion at September 30, 2015 and December 31, 2014.

⁽²⁾ Includes allowance for loan and lease losses for U.S. small business commercial loans of \$520 million and \$536 million at September 30, 2015 and December 31, 2014.

⁽³⁾ Includes allowance for loan and lease losses for impaired commercial loans of \$154 million and \$159 million at September 30, 2015 and December 31, 2014.

⁽⁴⁾ Includes \$886 million and \$1.7 billion of valuation allowance presented with the allowance for loan and lease losses related to PCI loans at September 30, 2015 and December 31, 2014.

Reserve for Unfunded Lending Commitments

In addition to the allowance for loan and lease losses, we also estimate probable losses related to unfunded lending commitments such as letters of credit, financial guarantees, unfunded bankers' acceptances and binding loan commitments, excluding commitments accounted for under the fair value option. Unfunded lending commitments are subject to the same assessment as funded loans, including estimates of probability of default and LGD. Due to the nature of unfunded commitments, the estimate of probable losses must also consider utilization. To estimate the portion of these undrawn commitments that is likely to be drawn by a borrower at the time of estimated default, analyses of the Corporation's historical experience are applied to the unfunded commitments to estimate the funded EAD. The expected loss for unfunded lending commitments is the product of the probability of default, the LGD and the EAD, adjusted for any qualitative factors including economic uncertainty and inherent imprecision in models.

The reserve for unfunded lending commitments was \$661 million at September 30, 2015, an increase of \$133 million from December 31, 2014 with the increase attributable to higher unfunded balances and updates to unfunded loss models.

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Market risk is the risk that values of assets and liabilities or revenues will be adversely affected by changes in market conditions. 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 the results of the Corporation. For additional information, see Interest Rate Risk Management for Non-trading Activities on page 118.

Our traditional banking loan and deposit products are non-trading positions and are generally reported at amortized cost for assets or the amount owed for liabilities (historical cost). However, these positions are still subject to changes in economic value based on varying market conditions, with one of the primary risks being changes in the levels of interest rates. The risk of adverse changes in the economic value of our non-trading positions arising from changes in interest rates is managed through our ALM activities. We have elected to account for certain assets and liabilities under the fair value option.

Our trading positions are reported at fair value with changes reflected in income. Trading positions are subject to various changes in market-based risk factors. The majority of this risk is generated by our activities in the interest rate, foreign exchange, credit, equity and commodities markets. In addition, the values of assets and liabilities could change due to market liquidity, correlations across markets and expectations of market volatility. We seek to manage these risk exposures by using a variety of techniques that encompass a broad range of financial instruments. The key risk management techniques are discussed in more detail in the Trading Risk Management section.

Global Markets Risk Management is responsible for providing senior management with a clear and comprehensive understanding of the trading risks to which the Corporation is exposed. These responsibilities include ownership of market risk policy, developing and maintaining quantitative risk models, calculating aggregated risk measures, establishing and monitoring position limits consistent with risk appetite, conducting daily reviews and analysis of trading inventory, approving material risk exposures and fulfilling regulatory requirements. Market risks that impact businesses outside of Global Markets are monitored and governed by their respective governance functions.

Quantitative risk models, such as VaR, are an essential component in evaluating the market risks within a portfolio. A subcommittee of the Management Risk Committee (MRC) is responsible for providing management oversight and approval of model risk management and governance (Risk Management, or RM subcommittee). The RM subcommittee defines model risk standards, consistent with the Corporation's risk framework and risk appetite, prevailing regulatory guidance and industry best practice. Models must meet certain validation criteria, including effective challenge of the model development process and a sufficient demonstration of developmental evidence incorporating a comparison of alternative theories and approaches. The RM subcommittee ensures model standards are consistent with model risk requirements and monitors the effective challenge in the model validation process across the Corporation. In addition, the relevant stakeholders must agree on any required actions or restrictions to the models and maintain a stringent monitoring process to ensure continued compliance.

For more information on the fair value of certain financial assets and liabilities, see Note 14 - Fair Value Measurements to the Consolidated Financial Statements. For more information on our market risk management process, see page 99 of the MD&A of the Corporation's 2014 Annual Report on Form 10-K.

To evaluate risk in our trading activities, we focus on the actual and potential volatility of revenues generated by individual positions as well as portfolios of positions. Various techniques and procedures are utilized to enable the most complete understanding of these risks. Quantitative measures of market risk are evaluated on a daily basis from a single position to the portfolio of the Corporation. These measures include sensitivities of positions to various market risk factors, such as the potential impact on revenue from a one basis point change in interest rates, and statistical measures utilizing both actual and hypothetical market moves, such as Value-at-Risk (VaR) and stress testing. Periods of extreme market stress influence the reliability of these techniques to varying degrees. Qualitative evaluations of market risk utilize the suite of quantitative risk measures while understanding each of their respective limitations. Additionally, risk managers independently evaluate the risk of the portfolios under the current market environment and potential future environments.

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VaR is a common statistic used to measure market risk as it allows the aggregation of market risk factors, including the effects of portfolio diversification. A VaR model simulates the value of a portfolio under a range of scenarios in order to generate a distribution of potential gains and losses. VaR represents the loss a portfolio is not expected to exceed more than a certain number of times per period, based on a specified holding period, confidence level and window of historical data. We use one VaR model consistently across the trading portfolios and it uses a historical simulation approach based on a three-year window of historical data. Our primary VaR statistic is equivalent to a 99 percent confidence level. This 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.

Within any VaR model, there are significant and numerous assumptions that will differ from company to company. The accuracy of a VaR model depends on the availability and quality of historical data for each of the risk factors in the portfolio. A VaR model may require additional modeling assumptions for new products that do not have the necessary historical market data or for less liquid positions for which accurate daily prices are not consistently available. For positions with insufficient historical data for the VaR calculation, the process for establishing an appropriate proxy is based on fundamental and statistical analysis of the new product or less liquid position. This analysis identifies reasonable alternatives that replicate both the expected volatility and correlation to other market risk factors that the missing data would be expected to experience.

VaR may not be indicative of realized revenue volatility as changes in market conditions or in the composition of the portfolio can have a material impact on the results. In particular, the historical data used for the VaR calculation might indicate higher or lower levels of portfolio diversification than will be experienced. In order for the VaR model to reflect current market conditions, we update the historical data underlying our VaR model on a weekly basis, or more frequently during periods of market stress, and regularly review the assumptions underlying the model. A relatively minor portion of risks related to our trading positions is not included in VaR. These risks are reviewed as part of our ICAAR

Global Markets Risk Management continually reviews, evaluates and enhances our VaR model so that it reflects the material risks in our trading portfolio. Changes to the VaR model are reviewed and approved prior to implementation and any material changes are reported to management through the appropriate management committees.

Trading limits on quantitative risk measures, including VaR, are independently set by Global Markets Risk Management and reviewed on a regular basis to ensure they remain relevant and within our overall risk appetite for market risks. Trading limits are reviewed in the context of market liquidity, volatility and strategic business priorities. Trading limits are set at both a granular level to ensure extensive coverage of risks as well as at aggregated portfolios to account for correlations among risk factors. All trading limits are approved at least annually. Approved trading limits are stored and tracked in a centralized limits management system. Trading limit excesses are communicated to management for review. Certain quantitative market risk measures and corresponding limits have been identified as critical in the Corporation's Risk Appetite Statement. These risk appetite limits are reported on a daily basis and are approved at least annually by the ERC and the Board.

In periods of market stress, Global Markets senior leadership communicates daily to discuss losses, key risk positions and any limit excesses. As a result of this process, the businesses may selectively reduce risk.

Table 68 presents the total market-based trading portfolio VaR which is the combination of the covered positions trading portfolio and the impact from less liquid trading exposures. Covered positions are defined by regulatory standards as trading assets and liabilities, both on- and off-balance sheet, that meet a defined set of specifications. These specifications identify the most liquid trading positions which are intended to be held for a short-term horizon and where the Corporation is able to hedge the material risk elements in a two-way market. Positions in less liquid markets, or where there are restrictions on the ability to trade the positions, typically do not qualify as covered positions. Foreign exchange and commodity positions are always considered covered positions, except for structural foreign currency positions that we choose to exclude with prior regulatory approval. In addition, Table 68 presents our fair value option portfolio, which includes the funded and unfunded exposures for which we elect the fair value option and their corresponding hedges. The fair value option portfolio combined with the total market-based trading portfolio VaR represents the Corporation's total market-based portfolio VaR. Additionally, market risk VaR for trading activities as presented in Table 68 differs from VaR used for regulatory capital calculations due to the holding period used. The holding period for VaR used for regulatory capital calculations is 10 days, while for the market risk VaR presented below it is one day. Both measures utilize the same process and methodology.

The total market-based portfolio VaR results in Table 68 include market risk from all business segments to which the Corporation is exposed, excluding CVA and DVA. The majority of this portfolio is within the Global Markets segment.

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Table 68 presents period-end, average, high and low daily trading VaR for the three months ended September 30, 2015, June 30, 2015 and September 30, 2014, as well as average daily trading VaR for the nine months ended September 30, 2015 and 2014, using a 99 percent confidence level.

Table 68
Market Risk VaR for Trading Activities
(Dollars in millions)

	September 30, 2015	
	Period End	Average High ⁽¹⁾
Foreign exchange	38	31
Interest rate	33	42
Credit	13	13
Equity		
	Three Months Ended	
	June 30, 2015	
Period	31	.36
	42	13
	13	13

18
End Average High⁽¹⁾

Nine Months

Ended

September 30
2015 2014 Average Average
20
24
82
40
57
14
13
22
16
Commodity
Portfolio diversification

46

Impact from less liquid exposures

Total market-based trading portfolio

Fair value option loans

Fair value option hedges

Fair value option portfolio diversification

Total fair value option portfolio

J& (6) (13)
61 \$ ~ 80 "\$ 52 \$ 63 \$ 56 \$ 75 \$ 44 ~ "\$ 64 \$ 6.6

⁽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, are not relevant.

The average total market-based trading portfolio VaR decreased for the three months ended September 30, 2015 compared to the three months ended June 30, 2015 primarily due to reduced exposure to the credit and interest rate markets.

The graph below presents the daily total market-based trading portfolio VaR for the previous five quarters, corresponding to the data in Table 68.

Daily Total Market-based Trading Portfolio VaR History

125 H

VaR
12/31/2014

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Additional VaR statistics produced within the Corporation's single VaR model are provided in Table 69 at the same level of detail as in Table 68. 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 69 presents average trading VaR statistics for 99 percent and 95 percent confidence levels for the three months ended September 30, 2015, June 30, 2015 and September 30, 2014.

Table 69

Average Market Risk VaR for Trading Activities - 99 Percent and 95 Percent VaR Statistics

Three Months Ended

September 30, 2015

(Dollars in millions)

| Foreign exchange. Interest rate [Credit™ v

Equity Commodity.

Portfolio diversification

Total covered positions trading portfolio

Impact from less liquid exposures

Total market-based trading portfolio

Fair value option loans

Fair value option hedges

Fair value option portfolio diversification

Total fair value option' portfolio

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99 percent 95 percent 99 percent 95 percent 99 percent 95 percent

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(18)
(11)
12
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15 (14)
9/1

Portfolio diversification
Total market-based portfolio.

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. A backtesting excess occurs when a trading loss exceeds the VaR for the corresponding day. These excesses are evaluated to understand the positions and market moves that produced the trading loss and to ensure that the VaR methodology accurately represents those losses. As our primary VaR statistic used for backtesting is based on a 99 percent confidence level and a one-day holding period, we expect one trading loss in excess of VaR every 100 days, or between two to three trading losses in excess of VaR over the course of a year. The number of backtesting excesses observed can differ from the statistically expected number of excesses if the current level of market volatility is materially different than the level of market volatility that existed during the three years of historical data used in the VaR calculation.

We conduct daily backtesting on our portfolios, ranging from the total market-based portfolio to individual trading areas. Additionally, we conduct daily backtesting on the VaR results used for regulatory capital calculations as well as the VaR results for key legal entities, regions and risk factors. These results are reported to senior market risk management. Senior management regularly reviews and evaluates the results of these tests.

The trading revenue used for backtesting is defined by regulatory agencies in order to most closely align with the VaR component of the regulatory capital calculation. This revenue differs from total trading-related revenue in that it excludes revenue from trading activities that either do not generate market risk or the market risk cannot be included in VaR. Some examples of the types of revenue excluded for backtesting are fees, commissions, reserves, net interest income and intraday trading revenues.

During the three and nine months ended September 30, 2015, there were no days in which there was a backtesting excess for our total market-based portfolio VaR, utilizing a one-day holding period.

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Total Trading-related Revenue

Total trading-related revenue, excluding brokerage fees, and CVA and DVA related revenue, 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. Trading account assets and liabilities are reported at fair value. For more information on fair value, see Note 14- Fair Value Measurements to the Consolidated Financial Statements. Trading-related revenues can be volatile and are largely driven by general market conditions and customer demand. Also, trading-related revenues are dependent on the volume and type of transactions, the level of risk assumed, and the volatility of price and rate movements at any given time within the ever-changing market environment. Significant daily revenues by business are monitored and the primary drivers of these are reviewed.

The histogram below is a graphic depiction of trading volatility and illustrates the daily level of trading-related revenue for the three months ended September 30, 2015 compared to the three months ended June 30, 2015 and March 31, 2015. During the three months ended September 30, 2015, positive trading-related revenue was recorded for 100 percent of the trading days, of which 74 percent were daily trading gains of over \$25 million. This compares to the three months ended June 30, 2015, where positive trading-related revenue was recorded for 98 percent of the trading days, of which 78 percent were daily trading gains of over \$25 million and the largest loss was \$4 million. During the three months ended March 31, 2015, positive trading-related revenue was recorded for 97 percent of the trading days, of which 86 percent were daily trading gains of over \$25 million and the largest loss was \$3 million.

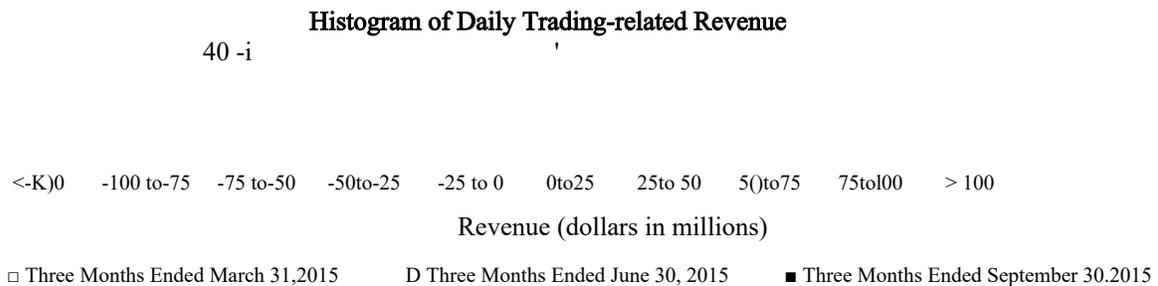


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Trading Portfolio Stress Testing

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 value of our trading portfolio that may result from abnormal market movements.

A set of scenarios, categorized as either historical or hypothetical, are computed daily for the overall trading portfolio and individual businesses. These scenarios include shocks to underlying market risk factors that may be well beyond the shocks found in the historical data used to calculate VaR. Historical scenarios simulate the impact of the market moves that occurred during a period of extended historical market stress. Generally, a multi-week period representing the most severe point during a crisis is selected for each historical scenario. Hypothetical scenarios provide simulations of the estimated portfolio impact from potential future market

stress events. Scenarios are reviewed and updated in response to changing positions and new economic or political information. In addition, new or ad hoc scenarios are developed to address specific potential market events or particular vulnerabilities in the portfolio. The stress tests are reviewed on a regular basis and the results are presented to senior management.

Stress testing for the trading portfolio is integrated with enterprise-wide stress testing and incorporated into the limits framework. The macroeconomic scenarios used for enterprise-wide stress testing purposes differ from the typical trading portfolio scenarios in that they have a longer time horizon and the results are forecasted over multiple periods for use in consolidated capital and liquidity planning. For additional information, see Managing Risk on page 55.

The following discussion presents net interest income excluding the impact of trading-related activities.

Interest rate risk represents the most significant market risk exposure to our non-trading balance sheet. Interest rate risk is measured as the potential change in net interest income caused by movements in market interest rates. Client-facing activities, primarily lending and deposit-taking, create interest rate sensitive positions on our balance sheet.

We prepare forward-looking forecasts of net interest income. The baseline forecast takes into consideration expected future business growth, ALM positioning and the direction of interest rate movements as implied by the market-based forward curve. We then measure and evaluate the impact that alternative interest rate scenarios have on the baseline forecast in order to assess interest rate sensitivity under varied conditions. The net interest income forecast is frequently updated for changing assumptions and differing outlooks based on economic trends, market conditions and business strategies. Thus, we continually monitor our balance sheet position in order to maintain an acceptable level of exposure to interest rate changes.

The interest rate scenarios that we analyze incorporate balance sheet assumptions such as loan and deposit growth and pricing, changes in funding mix, product repricing and maturity characteristics. Our overall goal is to manage interest rate risk so that movements in interest rates do not significantly adversely affect earnings and capital.

Table 70 presents the spot and 12-month forward rates used in our baseline forecasts at September 30, 2015 and December 31, 2014.

Table 70 Forward Rates

	September 30, 2015			December 31, 2014			
	Three-month		Three-month	Federal Funds		LIBOR	10-Year
	Federal Funds	LIBOR	10-Year Swap	Federal Funds	LIBOR	10-Year	
Spot rates	0.25%	0.33%	2.00%	0.25%	0.26%	2.28%	
12-month forward rates	(L50)	(K77)	X25	0J5	0E1	2.55	

Table 71 shows the pretax dollar impact to forecasted net interest income over the next 12 months from September 30, 2015 and December 31, 2014, resulting from instantaneous parallel and non-parallel shocks to the market-based forward curve. Periodically we evaluate the scenarios presented to ensure that they are meaningful in the context of the current rate environment. For more information on net interest income excluding the impact of trading-related activities, see page 19.

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For the three and nine months ended September 30, 2015, the asset sensitivity to long-end rates on our balance sheet increased due to lower interest rates. We continue to be asset sensitive to a parallel move in interest rates with the majority of that benefit coming from the short end of the yield curve. Additionally, higher interest rates impact the fair value of debt securities and,

accordingly, for debt securities classified as AFS, may adversely affect accumulated OCI and thus capital levels under the Basel 3 capital rules. Under instantaneous upward parallel shifts, the near term adverse impact to accumulated OCI and Basel 3 capital is reduced over time by offsetting positive impacts to net interest income. For more information on the transition provisions of Basel 3, see Capital Management - Regulatory Capital on page 57.

Table 71

Estimated Net Interest Income Excluding Trading-related Net Interest Income

(Dollars in millions)	Short Rate (hps)	September 30	December 31
Curve Change	2014	Long Rate (bps)	
2015			
Parallel shifts		-50	(3,814) (3,043)
-100 bps instantaneous shift	+100	-50	(2,145) (1,772)
-50 bps instantaneous shift		4,534	\$ 3,685]
Short-end instantaneous change			
Long-end instantaneous change			
Short-end instantaneous change	-50	(1,640)	(1,261))
Long-end instantaneous change	-	2,072	1,782

The sensitivity analysis in Table 71 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, residential mortgages, and interest rate and foreign exchange derivatives in managing interest rate sensitivity.

The behavior of our deposit 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 71 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 the Corporation's benefit in those scenarios.

Securities

The securities portfolio is an integral part of our interest rate risk management, which includes our ALM positioning, and is primarily comprised of debt securities including MBS and U.S. Treasury securities. As part of the ALM positioning, we use derivatives to hedge interest rate and duration risk. At September 30, 2015 and December 31, 2014, our debt securities portfolio had a carrying value of \$391.7 billion and \$380.5 billion.

During the three months ended September 30, 2015 and 2014, we purchased debt securities of \$79.8 billion and \$79.9 billion, sold \$60.7 billion and \$39.3 billion, and had maturities and received paydowns of \$26.7 billion and \$25.7 billion, respectively. We realized \$385 million and \$432 million in net gains on sales of AFS debt securities during the three months ended September 30, 2015 and 2014. During the three months ended September 30, 2015, we also exchanged loans supported by long-term standby agreements with FNMA and FHLMC with a fair value of \$6.3 billion into debt securities guaranteed by FNMA and FHLMC, of which we retained \$5.0 billion. During the nine months ended September 30, 2015 and 2014, we purchased debt securities of \$168.3 billion and \$185.6 billion, sold \$101.1 billion and \$81.6 billion, and had maturities and received paydowns of \$70.9 billion and \$65.5 billion, respectively. We realized \$821 million and \$1.2 billion in net gains on sales of AFS debt securities during the nine months ended September 30, 2015 and 2014. During the nine months ended September 30, 2015, we also exchanged loans supported by long-term standby agreements with FNMA and FHLMC with a fair value of \$16.7 billion into debt securities guaranteed by FNMA and FHLMC, of which we retained \$15.1 billion.

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At September 30, 2015, accumulated OCI included after-tax net unrealized gains of \$1.6 billion on AFS debt securities and after-tax net unrealized gains of \$15 million on AFS marketable equity securities compared to after-tax net unrealized losses of \$656 million and after-tax net unrealized losses of \$5 million at September 30, 2014. For more information on accumulated OCI, see Note 12 - Accumulated Other Comprehensive Income (Loss) to the Consolidated Financial Statements. The pretax net amounts in accumulated OCI related to AFS debt securities increased \$2.4 billion and \$359 million during the three and nine months ended September 30, 2015 to a \$2.5 billion net unrealized gain primarily due to the impact of lower interest rates. For more information on our securities portfolio, see Note 3 - Securities to the Consolidated Financial Statements.

Residential Mortgage Portfolio

At September 30, 2015 and December 31, 2014, our residential mortgage portfolio was \$187.9 billion and \$216.2 billion excluding \$1.7 billion and \$1.9 billion of consumer residential mortgage loans accounted for under the fair value option at each period end. For more information on consumer fair value option loans, see Consumer Portfolio Credit Risk Management - Consumer Loans Accounted for Under the Fair Value Option on page 91. The \$28.3 billion decrease in the nine months ended September 30, 2015 was primarily due to loan sales of \$23.6 billion, including \$16.4 billion of loans with standby insurance agreements, \$2.5 billion of nonperforming and other delinquent loans, \$4.5 billion of loans in consolidated agency residential mortgage securitization vehicles, and runoff outpacing the retention of new originations. These declines were partially offset by repurchases of delinquent loans pursuant to our servicing agreements with GNMA, which are part of our mortgage banking activities.

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014

During the three months ended September 30, 2015, Consumer Banking and GWIM originated \$8.7 billion of first-lien mortgages that we retained compared to \$6.2 billion in the same period in 2014. We received paydowns of \$8.8 billion compared to \$10.2 billion in the same period in 2014. We repurchased \$501 million of loans pursuant to our servicing agreements with GNMA and redelivered \$872 million, primarily FHA-insured loans, compared to repurchases of \$1.5 billion and redeliveries of \$687 million in the same period in 2014. Sales of loans, excluding redelivered FHA-insured loans, were \$10.0 billion compared to \$9.1 billion in the same period in 2014. Gains recognized on the sales of residential mortgages were \$399 million compared to \$210 million in the same period in 2014.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

During the nine months ended September 30, 2015, Consumer Banking and GWIM originated \$26.4 billion of first-lien mortgages that we retained compared to \$16.8 billion in the same period in 2014. We received paydowns of \$29.6 billion compared to \$28.0 billion in the same period in 2014. We repurchased \$2.3 billion of loans pursuant to our servicing agreements with GNMA and redelivered \$2.2 billion, primarily FHA-insured loans, compared to repurchases of \$3.8 billion and redeliveries of \$3.0 billion in the same period in 2014. Sales of loans, excluding redelivered FHA-insured loans, were \$23.6 billion compared to \$12.2 million in the same period in 2014. Gains recognized on the sales of residential mortgages were \$916 million compared to \$392 million in the same period in 2014.

Interest Rate and Foreign Exchange Derivative Contracts

Interest rate and foreign exchange derivative contracts are utilized in our ALM activities and serve as an efficient tool to manage our interest rate and foreign exchange risk. We use derivatives to hedge the variability in cash flows or changes in fair value on our balance sheet due to interest rate and foreign exchange components. For more information on our hedging activities, see Note 2 - Derivatives to the Consolidated Financial Statements.

Our interest rate contracts are generally non-leveraged generic interest rate and foreign exchange basis swaps, options, futures

Notional amount
 Foreign exchange contracts
 Notional amount¹⁵ Futures and forward rate contracts
 Notional amount

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(2,352)

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2.27%
 2.30%
 1.651
 1.84%
 1.62%
 0.09%
 27,629
 26.118

\$ 94,413 \$ 18,881 \$ 15,691 \$ 2,068 \$ 1,026 \$ 6,787 \$ 20,960
 27,026 14,255 12,359 53,809
 161,196
 980
 964
 (22,572) (29,931)
 (2,036)
 6,134
 2,359

16 3,237

(14,949) (14,949)
 (2,335)

I Net ALM contracts .

⁽ Does not include basis adjustments on either fixed-rate debt issued by the Corporation or AFS debt securities, which are hedged using derivatives designated as fair value hedging instruments, that substantially offset the fair values of these derivatives

^m At September 30, 2015 and December 31, 2014, the notional amount of same-currency basis swaps included \$81.8 billion and \$94.4 billion in foreign currency and U.S. Dollar-denominated basis swaps in which both sides of the swap are in the same currency.

¹³ Foreign exchange basis swaps consisted of cross-currency variable interest rate swaps used separately or in conjunction with receive-fixed interest rate swaps ⁽⁴⁾ Does not include foreign currency translation adjustments on certain non-US debt issued by the Corporation that substantially offset the fair values of these derivatives ¹⁵ The notional amount of option products of \$15 million at September 30, 2015 was comprised of purchased caps/floors. Option products of \$980 million at December 31, 2014 were comprised of \$974 million in foreign exchange options, \$16 million in purchased caps/floors and \$(10) million in swaptions.

^w Reflects the net of long and short positions. Amounts shown as negative reflect a net short position.

¹⁶ The notional amount of foreign exchange contracts of \$(24.4) billion at September 30, 2015 was comprised of \$22.2 billion in foreign currency-denominated and cross-currency receive-fixed swaps, \$(4.3) billion in net foreign currency forward rate contracts, \$(7.8) billion in foreign currency-denominated pay-fixed swaps and \$1.5 billion in net foreign currency futures contracts. Foreign exchange contracts of \$(22.6) billion at December 31, 2014 were comprised of \$21.0 billion in foreign currency-denominated and cross-currency receive-fixed swaps, \$(36.4) billion in net foreign currency forward rate contracts, \$(8.3) billion in foreign currency-denominated pay-fixed swaps and \$1.1 billion in foreign currency futures contracts.

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We use interest rate derivative instruments to hedge the variability in the cash flows of our assets and liabilities and other forecasted transactions (collectively referred to as cash flow hedges). The net losses on both open and terminated cash flow hedge derivative instruments recorded in accumulated OCI were \$2.0 billion and \$2.7 billion, on a pretax basis, at September 30, 2015 and December 31, 2014. These net losses are expected to be reclassified into earnings in the same period as the hedged cash flows affect earnings and will decrease income or increase expense on the respective hedged cash flows. Assuming no change in open cash flow derivative hedge positions and no changes in prices or interest rates beyond what is implied in forward yield curves at September 30, 2015, the pretax net losses are expected to be reclassified into earnings as follows: \$643 million, or 32 percent, within the next year, 40 percent in years two through five, and 18 percent in years six through ten, with the remaining 10 percent thereafter. For more information on derivatives designated as cash flow hedges, see Note 2 - Derivatives to the Consolidated Financial Statements.

We hedge our net investment in non-U.S. operations determined to have functional currencies other than the U.S. Dollar using forward foreign exchange contracts that typically settle in less than 180 days, cross-currency basis swaps and foreign exchange options. We recorded net after-tax losses on derivatives in accumulated OCI associated with net investment hedges which were offset by gains on our net investments in consolidated non-U.S. entities at September 30, 2015.

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 HFI 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.

Interest rate risk and market risk can be substantial in the mortgage business. Fluctuations in interest rates drive consumer demand for new mortgages and the level of refinancing activity which, in turn, affects total origination and servicing income. Hedging the various sources of interest rate risk in mortgage banking is a complex process that requires complex modeling and ongoing monitoring. Typically, an increase in mortgage interest rates will lead to a decrease in mortgage originations and related fees. IRLCs and the related residential first-mortgage LHFS are subject to interest rate risk between the date of the IRIX and the date the loans are sold to the secondary market, as an increase in mortgage interest rates will typically lead to a decrease in the value of these instruments.

MSRs are nonfinancial assets created when the underlying mortgage loan is sold to investors and we retain the right to service the loan. Typically, an increase in mortgage rates will lead to an increase in the value of the MSRs driven by lower prepayment expectations. This increase in value from increases in mortgage rates is opposite of, and therefore offsets, the risk described for IRLCs and LHFS. Because the interest rate risks of these two hedged items offset, we combine them into one overall hedged item with one combined economic hedge portfolio.

Interest rate and certain market risks of IRLCs and residential mortgage LHFS are economically hedged in combination with MSRs. To hedge these combined assets, we use certain derivatives such as interest rate options, interest rate swaps, forward sale commitments, eurodollar and U.S. Treasury futures, and mortgage TBAs, as well as other securities including agency MBS, principal-only and interest-only MBS and U.S. Treasury securities. For the three and nine months ended September 30, 2015, we recorded gains in mortgage banking income of \$389 million and \$325 million related to the change in fair value of the derivative contracts and other securities used to hedge the market risks of the MSRs and funded LHFS compared to gains of \$70 million and \$598 million for the same periods in 2014. For more information on MSRs, see Note 17- Mortgage Servicing Rights to the Consolidated Financial Statements and for more information on mortgage banking income, see Consumer Banking on page 27.

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Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to the reputation of the Corporation in the event of the failure of the Corporation to comply with the requirements of applicable laws, rules, regulations, related self-regulatory organization standards and codes of conduct (collectively, applicable laws, rules and regulations). Global Compliance independently assesses compliance risk, and evaluates adherence to applicable laws, rules and regulations, including identifying compliance issues and risks, performing monitoring and testing, and reporting on the state of compliance activities across the Corporation. Additionally, Global Compliance works with Front Line Units (FLUs) and control functions so that day-to-day activities operate in a compliant manner. For more information on FLUs and control functions, see Managing Risk on page 55 of the MD&A of the Corporation's 2014 Annual Report on Form 10-K.

The Corporation's approach to the management of compliance risk is further described in the Global Compliance - Enterprise Policy, which outlines the requirements of the Corporation's global compliance program, and defines roles and responsibilities related to the implementation, execution and management of the compliance program by Global Compliance. The requirements work together to drive a comprehensive risk-based approach for the proactive identification, management and escalation of compliance risks throughout the Corporation.

The Global Compliance - Enterprise Policy sets the requirements for reporting compliance risk information to executive management as well as the Board or appropriate Board-level committees with an outline for conducting objective oversight of the Corporation's compliance risk management activities. The Board provides oversight of compliance risk through its Audit Committee

and ERC.

The Corporation defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk may occur anywhere in the Corporation, including third-party business processes, and is not limited to operations functions. Effects may extend beyond financial losses and may result in reputational risk impacts. Operational risk includes legal risk. Successful operational risk management is particularly important to diversified financial services companies because of the nature, volume and complexity of the financial services business. Operational risk is a significant component in the calculation of total risk-weighted assets used in the Basel 3 capital estimate under the Advanced approaches. For more information on Basel 3 Advanced approaches, see Capital Management - Advanced Approaches on page 59.

We approach operational risk management from two perspectives within the structure of the Corporation: (1) at the enterprise level to provide independent, integrated management of operational risk across the organization, and (2) at the business and control function levels to address operational risk in revenue producing and non-revenue producing units. The Operational Risk Management Program addresses the overarching processes for identifying, measuring, monitoring and controlling operational risk, and reporting operational risk information to management and the Board. A sound internal governance structure enhances the effectiveness of the Corporation's Operational Risk Management Program and is accomplished at the enterprise level through formal oversight by the Board, the ERC, the Chief Risk Officer and a variety of management committees and risk oversight groups aligned to the Corporation's overall risk governance framework and practices. Of these, the MRC oversees the Corporation's policies and processes for sound operational risk management. The MRC also serves as an escalation point for critical operational risk matters within the Corporation. The MRC reports operational risk activities to the ERC. The independent operational risk management teams oversee the businesses and control functions to monitor adherence to the Operational Risk Management Program and advise and challenge operational risk exposures.

Within the Global Risk Management organization, the Corporate Operational Risk team develops and guides the strategies, enterprise-wide policies, practices, controls and monitoring tools for assessing and managing operational risks across the organization and reports results to businesses, control functions, senior management, management committees, the ERC and the Board.

The businesses and control functions are responsible for assessing, monitoring and managing all the risks within their units, including operational risks. In addition to enterprise risk management tools such as loss reporting, scenario analysis and Risk and Control Self Assessments (RCSAs), operational risk executives, working in conjunction with senior business executives, have developed key tools to help identify, measure, monitor and control risk in each business and control function. Examples of these include personnel management practices; data management, data quality controls and related processes; fraud management units; cybersecurity controls, processes and systems; transaction processing, monitoring and analysis; business recovery planning; and new product introduction processes. The business and control functions are also responsible for consistently implementing and monitoring adherence to corporate practices.

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Business and control function management uses the enterprise RCSA process to capture the identification and assessment of operational risk exposures and evaluate the status of risk and control issues including mitigation plans, as appropriate. The goals of this process are to assess changing market and business conditions, evaluate key risks impacting each business and control function, and assess the controls in place to mitigate the risks. Key operational risk indicators have been developed and are used to assist in identifying trends and issues on an enterprise, business and control function level. Independent review and challenge to the Corporation's overall operational risk management framework is performed by the Corporate Operational Risk Program Adherence Team and reported through the operational risk governance committees and management routines.

Where appropriate, insurance policies are purchased to mitigate the impact of operational losses. These insurance policies are explicitly incorporated in the structural features of operational risk evaluation. As insurance recoveries, especially given recent market events, are subject to legal and financial uncertainty, the inclusion of these insurance policies is subject to reductions in their expected mitigating benefits.

Our significant accounting principles, as described in Note 1 - Summary of Significant Accounting Principles to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K, 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.

The more judgmental estimates impacting results for the nine months ended September 30, 2015 are summarized in the following discussion. We have identified and described the development of the variables most important in the estimation processes that involve mathematical models to derive the estimates. In many cases, there are numerous alternative judgments that could be used in the process of determining the inputs to the models. Where alternatives exist, we have used the factors that we believe represent the most reasonable value in developing the inputs. Actual performance that differs from our estimates of the key variables could impact our results of operations. Separate from the possible future impact to our results of operations from input and model variables, the value of our lending portfolio and market-sensitive assets and liabilities may change subsequent to the balance sheet date, often significantly, due to the nature and magnitude of future credit and market conditions. Such credit and market conditions may change quickly and in unforeseen ways and the resulting volatility could have a significant, negative effect on future operating results. These fluctuations would not be indicative of deficiencies in our models or inputs.

For additional information, see Complex Accounting Estimates on page 109 of the MD&A of the Corporation's 2014 Annual Report on Form 10-K.

Fair Value of Financial Instruments

We classify the fair values of financial instruments based on the fair value hierarchy established under applicable accounting guidance which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Applicable accounting guidance establishes three levels of inputs used to measure fair value. For additional information, see Note 14 - Fair Value Measurements and Note 15 - Fair Value Option to the Consolidated Financial Statements, and Complex Accounting Estimates on page 109 of the MD&A of the Corporation's 2014 Annual Report on Form 10-K.

Level 3 Assets and Liabilities

Financial assets and liabilities where values are based on valuation techniques that require inputs that are both unobservable and are significant to the overall fair value measurement are classified as Level 3 under the fair value hierarchy established in applicable accounting guidance. The Level 3 financial assets and liabilities include certain loans, MBS, ABS, collateralized debt obligations, CLOs and structured liabilities, as well as highly structured, complex or long-dated derivative contracts, private equity investments and consumer MSRs. The fair value of these Level 3 financial assets and liabilities is determined using pricing models, discounted cash flow methodologies or similar techniques for which the determination of fair value requires significant management judgment or estimation.

Level 3 Fair Value
As a % of Total Level 3 Assets

As a % of Total Assets

Level 3 Fair Value
As a % of Total Level 3 Assets

As a % of Total Assets

Trading account assets

Derivative assets

AFS debt securities.

Loans and leases

Mortgage servicing rights

All other Level 3 assets at fair value

0.90% \$ 22,262

	Level 3 Fair Value	As a % of Total Level 3 Liabilities			
Derivative liabilities	\$ 5,617	72.12%	0.30%	\$ 7,771	76.34%
Long-term debt	1,910	24.52	0.10	2,362	23.20
All other Level 3 liabilities at fair value	261	3.36	0.01	46	0.46
Total Level 3 liabilities at fair value	\$ 7,788	100.00%	0.41%	\$ 10,179	100.00%

" Level 3 total assets and liabilities are shown before the impact of cash collateral and counterparty netting related to our derivative positions.

Level 3 financial instruments may be hedged with derivatives classified as Level 1 or 2; therefore, gains or losses associated with Level 3 financial instruments may be offset by gains or losses associated with financial instruments classified in other levels of the fair value hierarchy. The Level 3 gains and losses recorded in earnings did not have a significant impact on our liquidity or capital resources. We conduct a review of our fair value hierarchy classifications on a quarterly basis. Transfers into or out of Level 3 are made if the significant inputs used in the financial models measuring the fair values of the assets and liabilities became unobservable or observable, respectively, in the current marketplace. These transfers are considered to be effective as of the beginning of the quarter in which they occur. For more information on the significant transfers into and out of Level 3 during the three and nine months ended September 30, 2015, see Note 14 - Fair Value Measurements to the Consolidated Financial Statements.

Goodwill and Intangible Assets

Background

The nature of and accounting for goodwill and intangible assets are discussed in Note 1 - Summary of Significant Accounting Principles and Note 8 - Goodwill and Intangible Assets to the Consolidated Financial Statements of the Corporation's 2014 Annual report on Form 10-K as well as Complex Accounting Estimates on page 109 of the MD&A of the Corporation's 2014 Annual Report on Form 10-K. Goodwill is reviewed for potential impairment at the reporting unit level on an annual basis, which for the Corporation is as of June 30, and in interim periods if events or circumstances indicate a potential impairment. A reporting unit is an operating segment or one level below. As reporting units are determined after an acquisition or evolve with changes in business strategy, goodwill is assigned to reporting units and it no longer retains its association with a particular acquisition. All of the revenue streams and related activities of a reporting unit, whether acquired or organic, are available to support the value of the goodwill.

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2015 Annual Goodwill Impairment Testing

Estimating the fair value of reporting units is a subjective process that involves the use of estimates and judgments, particularly related to cash flows, the appropriate discount rates and an applicable control premium. We determined the fair values of the reporting units using a combination of valuation techniques consistent with the market approach and the income approach and also utilized independent valuation specialists.

The market approach we used estimates the fair value of the individual reporting units by incorporating any combination of the tangible capital, book capital and earnings multiples from comparable publicly-traded companies in industries similar to the reporting unit. The relative weight assigned to these multiples varies among the reporting units based on qualitative and quantitative characteristics, primarily the size and relative profitability of the reporting unit as compared to the comparable publicly-traded companies. Since the fair values determined under the market approach are representative of a noncontrolling interest; we added a control premium to arrive at the reporting units' estimated fair values on a controlling basis.

For purposes of the income approach, we calculated discounted cash flows by taking the net present value of estimated future cash flows and an appropriate terminal value. Our discounted cash flow analysis employs a capital asset pricing model in estimating the discount rate (i.e., cost of equity financing) for each reporting unit. The inputs to this model include the risk-free rate of return, beta, which is a measure of the level of non-diversifiable risk associated with comparable companies for each specific reporting unit, market equity risk premium and in certain cases an unsystematic (company-specific) risk factor. The unsystematic risk factor is the input that specifically addresses uncertainty related to our projections of earnings and growth, including the uncertainty related to loss expectations. We utilized discount rates that we believe adequately reflect the risk and uncertainty in the financial markets generally and specifically in our internally developed forecasts. We estimated expected rates of equity returns based on historical market returns and risk/return rates for industries similar to each reporting unit. We use our internal forecasts to estimate future cash flows and actual results may differ from forecasted results.

During the three months ended September 30, 2015, we completed our annual goodwill impairment test as of June 30, 2015 for all of our reporting units that had goodwill. In performing the first step of the annual goodwill impairment analysis, we compared the fair value of each reporting unit to its estimated carrying value as measured by allocated equity, which includes goodwill. We also evaluated the U.K. Card business within All Other, as the U.K. Card business comprises substantially all of the goodwill included in All Other. To determine fair value, we utilized a combination of the market approach and the income approach. Under the market approach, we compared earnings and equity multiples of the individual reporting units to multiples of public companies comparable to the individual reporting units. The control premium used in the June 30, 2015 annual goodwill impairment test was 30 percent, based upon observed comparable premiums paid for change in control transactions for financial institutions, for all reporting units. Under the income approach, we updated our assumptions to reflect the current market environment. The discount rates used in the June 30, 2015 annual goodwill impairment test ranged from 10.2 percent to 13.7 percent depending on the relative risk of a reporting unit. Growth rates developed by management for individual revenue and expense items in each reporting unit ranged from negative 3.5 percent to positive 8.0 percent.

The Corporation's market capitalization remained below our recorded book value during the first nine months of 2015. As none of our reporting units are publicly traded, individual reporting unit fair value determinations may not directly correlate to the Corporation's market capitalization. We considered the comparison of the aggregate fair value of the reporting units with assigned goodwill to the Corporation's market capitalization as of June 30, 2015. Although we believe it is reasonable to conclude that market capitalization could be an indicator of fair value over time, we do not believe that our current market capitalization would reflect the aggregate fair value of our individual reporting units with assigned goodwill, as reporting units with no assigned goodwill have not been valued and are excluded (e.g., LAS) from the comparison and our market capitalization does not include consideration of individual reporting unit control premiums. Although the individual reporting units have considered the impact of recent regulatory changes in their forecasts and valuations, overall regulatory and market uncertainties persist that we believe further impact the Corporation's stock price.

Based on the results of step one of the annual goodwill impairment test, we determined that step two was not required for any of the reporting units as their fair value exceeded their carrying value indicating there was no impairment.

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Table 74 shows goodwill assigned to the individual reporting units and the fair value as a percentage of the carrying value as of our June 30, 2015 annual goodwill impairment test.

Table 74
Goodwill by Reporting Unit⁽¹⁾

(Dollars in millions)	June 30, 2015 Estimated Fair Value as a Percent of Allocated Carrying Value Goodwill
Consumer Banking	
Deposits	138.7%
Card Services	254.8
Consumer Vehicle Lending	
Global Wealth & Investment Management	
U.S. Trust	196.7
Merrill Lynch Global Wealth Management	323.4
Global-Banking	
Global Commercial Banking	160.2
Global Corporate and Investment Banking	184.5
Business Banking	176.6
Global Markets	141.8
All Other ⁽²⁾	282.9

⁽¹⁾ There was no goodwill in Home Loans within Consumer Banking or LAS as of June 30, 2015
⁽²⁾ Reflects the goodwill and fair value as a percent of allocated carrying value assigned to the U.K Card business within All Other. The total amount of goodwill in All Other was \$834 million at June 30, 2015

In estimating the fair value of the reporting units in step one of the annual goodwill impairment analysis, the fair values can be sensitive to changes in the projected cash flows and assumptions. In some instances, minor changes in the assumptions could impact whether the fair value of a reporting unit is greater than its carrying value. Furthermore, a prolonged decrease or increase in a particular assumption could eventually lead to the fair value of a reporting unit being less than its carrying value. Also, under step two of the annual goodwill impairment analysis, which was not required for any of our reporting units at June 30, 2015, changes in the estimated fair values of the individual assets and liabilities may result in a different amount of implied goodwill, and ultimately the amount of goodwill impairment, if any.

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Alt-A Mortgage - A type of U.S. mortgage that, for various reasons, is considered riskier than A-paper, or "prime," and less risky than "subprime," the riskiest category. Alt-A interest rates, which are determined by credit risk, therefore tend to be between those of prime and subprime consumer real estate loans. Typically, Alt-A mortgages are characterized by borrowers with less than full documentation, lower credit scores and higher LTVs.

Assets in Custody - Consist largely of custodial and non-discretionary trust assets excluding brokerage assets administered for clients. Trust assets encompass a broad range of asset types including real estate, private company ownership interest, personal property and investments.

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. AUM is classified in two categories, Liquidity AUM and Long-term AUM. Liquidity AUM are assets under advisory and discretion of GWIM in which the investment strategy seeks current income, while maintaining liquidity and capital preservation. The duration of these strategies is primarily less than one year. Long-term AUM are assets under advisory and/ or discretion of GWIM in which the duration of investment strategy is longer than one year.

Carrying Value (with respect to loans) - The amount at which a loan is recorded on the balance sheet. For loans recorded at amortized cost, carrying value is the unpaid principal balance net of unamortized deferred loan origination fees and costs, and unamortized purchase premium or discount. For loans that are or have been on nonaccrual status, the carrying value is also reduced by any net charge-offs that have been recorded and the amount of interest payments applied as a reduction of principal under the cost recovery method. For PCI loans, the carrying value equals fair value upon acquisition adjusted for subsequent cash collections and yield accreted to date. For credit card loans, the carrying value also includes interest that has been billed to the customer. For loans classified as held-for-sale, carrying value is the lower of carrying value as described in the sentences above, or fair value. For loans for which we have elected the fair value option, the carrying value is fair value.

Client Brokerage Assets - Include client assets which are held in brokerage accounts. This includes non-discretionary brokerage and fee-based assets which generate brokerage income and asset management fee revenue.

Committed Credit Exposure - Includes 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 credit event on one or more referenced obligations. The nature of a credit event is established by the protection purchaser and the protection seller at the inception of the transaction, and such events generally include bankruptcy or insolvency of the referenced credit entity, failure to meet payment obligations when due, as well as acceleration of indebtedness and payment repudiation or moratorium. The purchaser of the credit derivative pays a periodic fee in return for a payment by the protection seller upon the occurrence, if any, of such a credit event. A credit default swap is a type of credit derivative.

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, including interest rate and price, 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.

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Loan-to-value (LTV) - A commonly used credit quality metric that is reported in terms of ending and average LTV. Ending LTV is calculated as the outstanding carrying value of the loan at the end of the period divided by the estimated value of the property securing the loan. An additional metric related to LTV is combined loan-to-value (CLTV) which is similar to the LTV metric, yet combines the outstanding balance on the residential mortgage loan and the outstanding carrying value on the home equity loan or available line of credit, both of which are secured by the same property, divided by the estimated value of the property. A LTV of 100 percent reflects a loan that is currently secured by a property valued at an amount exactly equal to the carrying value or available line of the loan. Estimated property values are generally determined through the use of automated valuation models (AVMs) or the CoreLogic Case-Shiller Index. An AVM is a tool that estimates the value of a property by reference to large volumes of market data including sales of comparable properties and price trends specific to the MSA in which the property being valued is located. CoreLogic Case-Shiller is a widely used index based on data from repeat sales of single family homes. CoreLogic Case-Shiller indexed-based values are reported on a three-month or one-quarter lag.

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

Market-related Adjustments - Include adjustments to premium amortization or discount accretion on debt securities when a decrease in long-term rates shortens (or an increase extends) the estimated lives of mortgage-related debt securities. Also included in market-related adjustments is hedge ineffectiveness that impacts net interest income.

Mortgage Servicing Right (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.

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

Nonperforming Loans and Leases - Include 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 (TDRs). Loans accounted for under the fair value option, PCI loans and LHFS are not reported as nonperforming loans and leases. Consumer credit card loans, business card loans, consumer loans secured by personal property (except for certain secured consumer loans, including those that have been modified in a TDR), and consumer loans secured by real estate that are insured by the FHA or through long-term credit protection agreements with FNMA and FHLMC (fully-insured loan portfolio) are not placed on nonaccrual status and are, therefore, not reported as nonperforming loans and leases.

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 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.

Purchased Credit-impaired (PCI) Loan - A loan purchased as an individual loan, in a portfolio of loans or in a business combination with evidence of deterioration in credit quality since origination for which it is probable, upon acquisition, that the investor will be unable to collect all contractually required payments. These loans are recorded at fair value upon acquisition.

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, including individuals with one or a combination of high credit risk factors, such as low FICO scores, high debt to income ratios and inferior payment history.

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. Concessions could include a reduction in the interest rate to a rate that is below market on the loan, payment extensions, forgiveness of principal, forbearance, loans discharged in bankruptcy or other actions intended to maximize collection. Secured consumer loans that have been discharged in Chapter 7 bankruptcy and have not been reaffirmed by the borrower are classified as TDRs at the time of discharge from bankruptcy. TDRs are generally reported as nonperforming loans and leases while on nonaccrual status. Nonperforming TDRs may be returned to accrual status when, among other criteria, payment in full of all amounts due under the restructured terms is expected and the borrower has demonstrated a sustained period of repayment performance, generally six months. TDRs that are on accrual status are reported as performing TDRs through the end of the calendar year in which the restructuring occurred or the year in which they are returned to accrual status. In addition, if accruing TDRs bear less than a market rate of interest at the time of modification, they are reported as performing TDRs throughout their remaining lives unless and until they cease to perform in accordance with their modified contractual terms, at which time they would be placed on nonaccrual status and reported as nonperforming TDRs.

Valuc-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.

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Acronyms

ABS	Asset-backed securities
AFS	Available-for-sale
ALM	Asset and liability management
ARM	Adjustable-rate mortgage
AUM	Assets under management
BHC	Bank holding company
CCAR	Comprehensive Capital Analysis and Review
CDO	Collateralized debt obligation
CLO	Collateralized loan obligation
CRA	Community Reinvestment Act
CVA	Credit valuation adjustment

DVA	Debit valuation adjustment
EAD	Exposure at default
ERC	Enterprise Risk Committee
FHA	Federal Housing Administration
FHLB	Federal Home Loan Bank
FHLMC	Freddie Mac
FICC	Fixed-income, currencies and commodities
FICO	Fair Isaac Corporation (credit score)
FLUs	Front line units
FNMA	Fannie Mae
FSB	Financial Stability Board
FTE	Fully taxable-equivalent
FVA	Funding valuation adjustment
GAAP	Accounting principles generally accepted in the United States of America
GNMA	Government National Mortgage Association
GSE	Government-sponsored enterprise
HELOC	Home equity lines of credit
HFI	Held-for-investment
HQLA	High Quality Liquid Assets
HUD	U.S. Department of Housing and Urban Development
LCR	Liquidity Coverage Ratio
LGD	Loss-given default
LHFS	Loans held-for-sale
LIBOR	London InterBank Offered Rate
LTV	Loan-to-value
MBS	Mortgage-backed securities
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MI	Mortgage insurance
MRC	Management Risk Committee
MSR	Mortgage servicing right
NSFR	Net Stable Funding Ratio
OCI	Other comprehensive income
OTC	Over-the-counter
OTTI	Other-than-temporary impairment
PCA	Prompt Corrective Action
PCI	Purchased credit-impaired
PPI	Payment protection insurance
RCSAs	Risk and Control Self Assessments
RMBS	Residential mortgage-backed securities
SEC	Securities and Exchange Commission
SLR	Supplementary leverage ratio
TDR	Troubled debt restructurings
TLAC	Total Loss-Absorbing Capacity
VIE	Variable interest entity

See Market Risk Management on page 113 in the MD&A and the sections referenced therein for Quantitative and Qualitative Disclosures about Market Risk.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report and pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934 (Exchange Act), the Corporation's management, including the Chief Executive Officer and the 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, in recording, processing, summarizing and reporting information required to be disclosed by the Corporation in reports that it files or submits under the Exchange Act, within the time periods specified in the Securities and Exchange Commission's rules and forms.

Changes in Internal Controls

There have been no changes in the Corporation's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the three months ended September 30, 2015 that have materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting.

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Three Months Ended September 30 2015 2014

Nine Months Ended September 30 2015 2014

Debt securities

Federal funds' sold and securities purchased under agreements to resell . Trading account assets

6,346

3,463

Other interest income

Total interest income

Interest expense

Deposits

Short-term borrowings

Trading account liabilities

392

650 1,868

1,071

Long-term debt

Total interest expense

Net interest income

Noninterest income

Card income

Service charges [Investment and brokerage services

Investment banking income [-Equity investment income (loss)
Trading account profits
Mortgage banking income
Gains on sales of debt securities L- Other income :
Total noninterest income
1,510; .'
1,898 3,336
1,287

1,616
407-
385

11,171
:V,500'
1,907
3327 ;
1,351

1,899
-272 .: .
432 ~293 ■
10,990
4^81:
5,519
lo.fdi
4,300
: 84 5,510
2,102
821 T J33:
34,551
. 41334 -
5,599 ;9-i887j
4,524
_ !.J50; 6,198 1,21:1-1
1.191
i,i'ii".
35,205
Total revenue, net of-interest expense ■

Provision^Tor.creditLosses'-:

Noninterest expense
-Personnel'

[Pr6fessional:fccs'
Amortization of intangibles [■ " Data processing: '~ .
Telecomun urn cations Other general operating.
Total noninterest expense
. Income^before income taxes.
Income tax expense
7,829..
1,028 499~

673
207
731'
210
2;185
13,807
6.069-1.561
8:039...
1,070 514

611
234
.754.
311
8,163
20.142

-431 O
663
.25333
3,082 1,511 1,330

■ T.588. 632 2T298"

.583 6,963
43,320
18,330 5,145
.26,094!

3.26
MSI 1,338
'-' 1,795; 708 r-r 2]3481
1,005
'22;7.75
60,921

j' Net income (loss): -
Preferred stock dividends

:Net income (loss):applicable to:common:shareholders

Per common share information

T. Earnings'(loss) .< ...

Diluted earnings (loss)

I. Dividends paid

Average common shares issued and outstanding (in thousands)

S Average diluted:common shares issued and outstanding.(in thousands)

0:39: 0.37
"ioibsi"
10,444.291
11,19.7,203

(0.04) (0 04)
,:o:05>
10,515.790
10,515,790..

1.15 1.09
0:15
10,483,466
11,234,125

0A0 0 10
0:07,;
10,531,688
10,587,841

See accompanying Notes to Consolidated Financial Statements

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teanKjofWi^

Three Months Ended September 30 2015 2014

Nine Months Ended September 30 2015 2014

■ 4;508; Sv/..-.*j.(232) -S • ..'13,185 VS""-'1.783j

Other comprehensive income (loss), net-of-tax:

Net change in derivatives H^finjpyeejbenejitiRlanjdjusimen

Net change in foreign currency translation adjustments

[.^j>:Oriierebmrch^

Comprehensive income (loss)

See accompanying Notes to Consolidated Financial Statements.

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September 30 2015
December 31 2014

Assets

Cash and due from banks

Interest-bearing deposits with the Federal Reserve, non-U.S. central banks and other banks

Time deposits placed and other short-term investments

Federal funds sold and securities purchased under agreements

Trading account assets (includes \$110,680 and \$110,621 pledged as collateral)

Derivative assets

Debt securities:

Carried at fair value (includes \$55,573 and \$46,976 pledged as collateral)

Held-to-maturity, at cost (fair value - \$66,480 and \$59,641; \$15,020 and \$17,124 pledged as collateral)

Total debt securities

Loans and leases (includes \$7,178 and \$8,681 measured at fair value and \$44,794 and \$52,959 pledged as collateral)

Allowance for loan and lease losses

Loans and leases, net of allowance

Premises and equipment, net of mortgage servicing rights (includes \$3,043 and \$3,530 measured at fair value)

Goodwill

Intangible assets

Loans held-for-sale

Other assets (includes \$13,318 and \$3,873 measured at fair value)

Other assets

Customer and other receivables

Other assets (includes \$13,318 and \$3,873 measured at fair value)

Customer and other receivables

Other assets (includes \$13,318 and \$3,873 measured at fair value)

Customer and other receivables

Other assets (includes \$13,318 and \$3,873 measured at fair value)

3,530

Assets of consolidated variable interest entities included in total assets above (isolated to settle the liabilities of the variable interest entities)

Trading account assets	-	5,514	6,890
Loans and leases	79,121	95,187	
Allowance for loan and lease losses	(1,595)		(1,968)
Loans and leases, net of allowance		77,526	93,219
Loans held-for-sale			
All other assets		2,424	2,769
Total assets of consolidated variable interest entities		85,802	104,700

See accompanying Notes to Consolidated Financial Statements

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September 30 2015
December 31 2014

Liabilities

Noninterest-bearing

Deposits in non-U.S. offices:

Interest-bearing

Interest-bearing

1;162,009;

Federal funds purchased and securities loaned or sold under agreements to repurchase (includes \$38,914 and \$35,357 measured at fair value)

Derivative liabilities

201,277 -74,172

Derivative liabilities

Accrued expenses and other liabilities (includes \$1,869 and \$2,697 measured at fair value)

Accrued expenses and other liabilities (includes \$13,356 and \$12,055 measured at fair value and \$661 and \$528 of reserve for unfunded lending commitments)

[Long-term debt (includes \$29,185 and \$36,404 measured at fair value)

Total liabilities

Commitments and contingencies (Note 6 - Securitizations and Other Variable Interest Entities, Note 7 - Representations and Warranties Obligations and Corporate Guarantees and Note 10 - Commitments and Contingencies)

Shareholders' equity

Preferred stock, \$0.01 par value; authorized -100,000,000 shares: issued and outstanding - 3,767,790 and 3,647,790 shares .

Common stock and additional paid-in capital, \$0.01 par value; authorized -12,800,000,000 shares; issued and outstanding - 10,427,305,035 and 10,516,542,476 shares

Retained earnings

Accumulated other comprehensive income (loss)

Total shareholders' equity

Total liabilities and shareholders' equity

Liabilities of consolidated variable interest entities included in total liabilities above

Short-term borrowings

Long-term debt (includes \$1,426 and \$11,943 of non-recourse debt)

All other liabilities (includes \$38 and \$84 of non-recourse liabilities)

Total liabilities of consolidated variable interest entities

See accompanying Notes to Consolidated Financial Statements

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Common Stock and Additional Paid-in Capital

Accumulated

Preferred Stock

Shares

Other Total
Retained Comprehensive Shareholders'
Earnings Income (Loss) Equity

(8,45?) Si 232,685) 1,783

Amount			
•;\$': 13.352. 10,591.808 \$ 155,293 \$.: .72,497 S			
			1,783
'Net change in-available.-fof-s'aie debY.arid			
j securities. - ■/•): \~:'w>H~'"/-SS&fcy.V'V. ••.			
Net change in derivatives | Employee benelit planj'aaj			
Net change in foreign currency translation adjustments			
2,600			
411			
64M "(133)			
Dividends paid:'			
Common			
Preferred.			
Issuance of preferred stock			
; Common stock issued underemployee plans.and ^l related tax			
! ' effects ..':;:■ ■ -N ■•'. ■: ■' .-: <<-:.'!... ■			
Common stock repurchased			
\$ 17,913 10,515,894 S 153,472 \$ 72,811 S.			
balance,becember31v7014"" ■ .._ T -\y .	■ S 19,309	10,516,542 \$ 153*458 S 75,024- S- "	(4*320)'S~ 243~;471.]
<u>NetIncome ~ "</u>			<u>13,185</u>
j Net change, in.-available-fof-saleidebt'and marketabieequity			13,185
, securities ■'			217
Net change in derivatives			416
j Employee benefit plan adjustments			7.7
Net change in foreign currency translation adjustments			(84)
j Dividends paid:.			(1,571)
Common			(1,571)
""PreTrrredT"" _TM J _JIZ_ ■ ' ZZI" -JZII": iZZ"^^			(1,153)
Issuance of preferred stock	2,964		2,964
' Common slock issued under employee plans and related tax !			
! effects ■ ■■"\";:"v-'V'-'r^v--		3*983 '-■	(42)
■ _^ ■-*			(42)
<u>Common stock repurchased</u>		<u>(93,220) (1,575)</u>	<u>(1,575)</u>
'Balance, September 30,2015	S 22,273	10,427,305 S 151,841 S 85,485 \$■	(3,694) S 255,905)

See accompanying Notes to Consolidated Financial Statements

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(Dollars in millions)

Operating activities

Net income:

Adjustments to reconcile net income to net cash provided by operating activities: [^Provision for credit losses-

Gains on sales of debt securities

Depreciation and premises improvements amortization

Amortization of intangibles

Net amortization of premium/discount on debt securities Deferred income taxes

Loans held-for-sale:

Originations and purchases

Proceeds from sales and paydowns of loans originally classified as held-for-sale

Net change in:

■ Trading and derivative instruments

Other assets

Accrued expenses and other liabilities-Other operating activities, net

Net cash provided by operating activities

Investing activities

Net change in:

Time deposits placed and other short-term investments

Federal funds sold and securities borrowed or purchased under agreements to resell Debt securities carried at fair value:

Proceeds from sales

Proceeds from paydowns and maturities

Net purchases of held-to-maturity debt securities:

Held-to-maturity debt securities:

Proceeds from paydowns and maturities

Purchases

Loans and leases: ■

Proceeds from sales

Purchases

Other changes in loans and leases, net

Net purchases of premises and equipment

Proceeds from sales of foreclosed properties

Proceeds from sales of investments

Other investing activities, net

Net cash used in investing activities

Financing activities

Net change in: ■ Deposits

Deposits

Federal funds purchased and securities loaned or sold under agreements to repurchase short-term borrowings

Long-term debt:

Proceeds from issuance

Retirement of long-term debt

Proceeds from issuance of preferred stock

Common stock repurchased

Cash dividends paid

[Excess tax benefits on share-based payments Other financing activities, net

Net cash provided by financing activities

Effect of exchange rate changes on cash and cash equivalents

Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents at January 1

Cash and cash equivalents at September 30

1,783J

Nine Months Ended September 30 2015 2014

-2,0561

13,185 \$
...Jld?!) ■ - 1,172]

2,351
708 j821) 1,174

1,6751 632

554 1,368

(28,652) 2,980

,2?,458J

(30,346)
- ■ 13,0091

27,726
(4,405) 14,794;

8,631
(1,547)

(514) (1,637)..

30,447! (M37)

3,681 22,259.

1,289
(14,858) .(32,982)

101,880
60,791

82,831 j 60,255
5,250

(151,991) (174,848)
(10,742)

10,129
(16,260)

20,422

_(8,-,Q70): 17,983 7(684)

644 - ²⁰⁺³⁹⁹.7(9,240):.

(34,189)

1,557! (635)

766

"" 342 "
(35,338)

W
(32,303)

(Z.290)
_.i;?,8i9j

(12,724) ~ 46,917"

43,073 . (2,03?)_ . 3^46_

(34,583) 2,964 (1,57.5) (2,724) 16 (30)

33,956

(44,623) _ 4,561

42,404

(1,469) ! . ' 34. ': (37)

(523)

3.513 i

31,837 138,589

(1.285)

170,426

(2,663) 131.322

128.659;

See accompanying Notes to Consolidated I-manual Statements

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

Principles of Consolidation and Basis of Presentation

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

The Corporation's Annual Report on Form 10-K for the year ended December 31, 2014 as supplemented by a Current Report on Form 8-K filed on April 29, 2015 to reflect reclassified business segment information is referred to herein as the 2014 Annual Report on Form 10-K. These unaudited Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements of the Corporation's 2014 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.

In the Consolidated Statement of Cash Flows, the Corporation made certain corrections which are not material, do not impact the Consolidated Statement of Income or Consolidated Balance Sheet, and have no impact on the Corporation's cash and cash equivalents

balance. Certain non-cash transactions involving the sale of loans and receipt of debt securities as proceeds were incorrectly classified between operating activities and investing activities. The corrections resulted in a \$3.4 billion increase in net cash provided by operating activities, offset by a \$3.4 billion increase in net cash used in investing activities for the nine months ended September 30, 2014. The Consolidated Statement of Cash Flows included in the previously-filed Form 10-Qs for the quarterly periods ended March 31, 2015 and June 30, 2015, and the Form 10-K for the year ended December 31, 2014 also incorrectly reported this type of non-cash activity by \$4.8 billion, \$9.3 billion and \$3.4 billion, respectively, where an increase in net cash provided by operating activities was offset by an increase in net cash used in investing activities, and therefore, had no impact on the Corporation's cash and cash equivalents balance. The incorrectly reported amounts in the prior periods also were not material and did not impact the Consolidated Statements of Income or Consolidated Balance Sheets. This non-cash activity is properly presented in the accompanying Consolidated Statement of Cash Flows for the nine months ended September 30, 2015. Future filings will reflect the appropriate presentation for this item.

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New Accounting Pronouncements

In February 2015, the Financial Accounting Standards Board (FASB) issued new accounting guidance that amends the criteria for determining whether limited partnerships and similar entities are VIEs, clarifies when a general partner or asset manager should consolidate an entity and eliminates the indefinite deferral of certain aspects of VIE accounting guidance for investments in certain investment funds. Money market funds registered under Rule 2a-7 of the Investment Company Act and similar funds are exempt from consolidation under the new guidance. The new accounting guidance is effective on January 1, 2016. Early adoption is permitted; however, the Corporation does not expect to adopt this new guidance early. The Corporation does not expect the new guidance to have a material impact on its consolidated financial position or results of operations.

In May 2014, the FASB issued new accounting guidance to clarify the principles for recognizing revenue from contracts with customers. The new accounting guidance, which does not apply to financial instruments, is effective on January 1, 2018. The Corporation does not expect the new guidance to have a material impact on its consolidated financial position or results of operations.

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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 to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K. The following tables present derivative instruments included on the Consolidated Balance Sheet in derivative assets and liabilities at September 30, 2015 and December 31, 2014. 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 the cash collateral received or paid.

September 30, 2015

Gross Derivative Liabilities

Contract/ Notional⁽¹⁾
Trading and
Other Risk Qualifying
Management Accounting
Derivatives Hedges
Trading and
Other Risk Qualifying

Management Accounting
Derivatives Hedges

Interest rate contracts

Swaps

Futures and forwards

Written options

Purchased options Foreign exchange contracts

Swaps Spot, futures and forwards

Written options

Purchased options Equity contracts

Swaps

Futures and forwards

\$ 22,297.6

8,949.3 1,538.3 1,524.6

2,145.0 4,377.6

.5538 537.4

189.2

65.8

503.2: \$

2.0

67.2

50,444.1

12.0

5.1

2.8

8.7: \$

0.1

0.9 1.0

511.9 \$:

2.1

67.2

51.3 45.1

12.0 5.1

2.8

_502.6i^ \$ 2.3 65.9

52.7 44.1 ii.4~

1.5

.O: S

2.5 , 0.2

503;6J 2.3

55.2 44.3

12.41

5.9 ¹

1.5

Written, options

Purchased options Commodity contracts

J^Swaps

Futures and forwards p Written options

Purchased options Credit derivatives

420:0

392.7

_ 53.7 402.7

89:5 102.4

29.5 -4.4

4.0

7.3

27.2.

7.3_

1.0

7.8

1,001.6 ' " 46.5

J>92.0 51.0

Purchased! credit derivatives:

Credit default swaps Total| return swaps/other Written credit derivatives: . Credit default swaps
 Total return swaps/other

| Gross derivative assets/liabilities \$ Less: Legally enforceable master netting agreements

Less: Cash collatefalreceived/paidv

14.6 0.2

15:6 ' 2.4

764.8 S

14.6 0.2

15.6 2.4

775.5 . \$ (674.1)

15.3 1.9

13~2 : 0.6

761.7 .

15.3 1.9'

13:21

0.6

765.4; (674.1) ^ (45i4j;

Total derivative assets/liabilities

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

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(Dollars in billions)	Contract/ Notional ¹	December 3), 2014				Gross Derivative Liabilities	
		Gross Derivative Assets		Gross Derivative Liabilities		Derivatives	Hedges Total
		Trading and Other RiskQualifying Management Accounting Derivatives	Trading and Other Risk Qualifying Management Accounting Hedges	Total			
Interest rate contracts							
["Sv vaps . - \$.29,445~4~T ~65JT~\$ ~ 8:5 / \$ ■ ^ 667:0^\$;^							
Futures and forwards	10,159.4	1.7	-1.7	2.0	- 2.0		
f "Written options" " 1;725~2 "~~ "~~~~ "Wi^							
Purchased options	1,739.8 85.6		-85.6 - - -				
Foreign exchange contracts							
Swaps "" 2,159.1 51.5 0.8 ' 52.3 ^----My:7:54.6..r ...~J							
k9, ■ ^ & ^ 1 v, > : 563;							
Spot, futures and forwards	4,226.4	68.9	1.5	70.4	72.4	0.2 72.6	

! Written options	600.7	-	-	-	16.0		
Purchased options	584.6	15.1		-15.1			
Equity contracts							
["Swaps				193.7		32	
"3T2"					4.0		
Futures and forwards	69.5	2.1	-2.1	1.8	- 1.8		
[Written options	341.0		-	-		261	
Purchased options	318.4	27.9		-27.9			
Commodity contracts							
["Swaps						5.8	8.5
Futures and forwards	376.5	4.5	-4.5	1.8	- 1.8		
[Written options;		129.5	-	-		11.5	
Purchased options	141.3	10.7	-10.7				
Credit derivatives							
[Purchased credit derivatives:							
Credit default swaps	1,094.8	13.3	-				13.3
						23.4	- 23.4
[Total return swapstother	443	0.2	-		6.2	1.4	
Written credit derivatives:							
f CredTdefaultswaps	L073J		24.5	-	24.5		11
Total return swaps/other	6L0	05	=	(15)	0J	=	0.3
j Gross derivative assets/liabilities			\$	974.0	I 10.8	\$	979.2
i" 2.6 \$. 981.8'						984.8	\$ 979.2
Less: Legally enforceable master netting agreements							(884.8)
(884.8)							
I Less: Cash collateral received/paid							(50.1);
(47.3)							
Total derivative assets/liabilities							\$ 52.7
							\$ 46.9

" Represents the total contract/notional amount of derivative assets and liabilities outstanding

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. Where legally enforceable, these master netting agreements give the Corporation, in the event of default by the counterparty, the right to liquidate securities held as collateral and to offset receivables and payables with the same counterparty. For purposes of the Consolidated Balance Sheet, the Corporation offsets derivative assets and liabilities and cash collateral held with the same counterparty where it has such a legally enforceable master netting agreement.

The Offsetting of Derivatives table presents derivative instruments included in derivative assets and liabilities on the Consolidated Balance Sheet at September 30, 2015 and December 31, 2014 by primary risk (e.g., interest rate risk) and the platform, where applicable, on which these derivatives are transacted. Exchange-traded derivatives include listed options transacted on an exchange. Over-the-counter (OTC) derivatives include bilateral transactions between the Corporation and a particular counterparty. OTC-cleared derivatives include bilateral transactions between the Corporation and a counterparty where the transaction is cleared through a clearinghouse. Balances are presented on a gross basis, prior to the application of counterparty and cash collateral netting. Total gross derivative assets and liabilities

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are adjusted on an aggregate basis to take into consideration the effects of legally enforceable master netting agreements which

includes reducing the balance for counterparty netting and cash collateral received or paid.

Other gross derivative assets and liabilities in the table represent derivatives entered into under master netting agreements where uncertainty exists as to the enforceability of these agreements under bankruptcy laws in some countries or industries and, accordingly, receivables and payables with counterparties in these countries or industries are reported on a gross basis.

Also included in the table is financial instruments collateral related to legally enforceable master netting agreements that represents securities collateral received or pledged and customer cash collateral held at third-party custodians. These amounts are not offset on the Consolidated Balance Sheet but are shown as a reduction to total derivative assets and liabilities in the table to derive net derivative assets and liabilities.

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

Offsetting of Derivatives

September 30, 2015

Derivative Liabilities	Derivative Assets	
Derivative Liabilities	Derivative Assets	
Interest rate contracts		
Over-the-counter		
Exchange-traded		
i Over-the-counter cleared-'-'; Foreign exchange contracts		
	344.0 \$ 0.1	
■235.4		
	328.0 \$ 0.1	
239.4		
		373.0
368.7		
Over-the-counter		
Over-the-counter cleared Equity contracts ; Over-the-counter'		
Exchange-traded Commodity contracts		
Over-the-counter; ' Exchange-traded		
!! ■ Over-the-counter cleared.-; •		
Credit derivatives		
107.6 ;		
0.1		
16.9		
12.1		
9.7		
4.6		
uTI		
139.9 i		

7.7

25:4, 6.2

23.9^ 6.2

30:8 7.0

/3£2j6.8

Total gross derivative assets/liabilities, before netting

Over-the-counter

Exchange-traded 'Over-the-counter cleared'

Less: Legally enforceable master netting agreements and cash

■ collateral received/paid

• Over-the-counter ;:--! ■ ■/-'!'

Exchange-traded

■ Over-the-counter cleared^

Derivative assets/liabilities, after netting ■ Other gross derivative assets/liabilities

total derivative assets/liabilities : Less: Financial, instruments collateral -^,!

501.5 17.3

24]^

(465:0): (13.9) "(241.4).

40.3 14.9

55.2

486.1 16.8 24S.8.:7

(459.9F

"(119T

".."" (245.7)

29.2

45.9 (7,0)

580:1 16.1 ^372.8"

(545.7)

(03.9)_ ""(372:5)'

36.9 15.8

52.7 (13.3)

5.71.9,!

15.6 376:1;

(545.5), (13.9)

(375.5)

28.7 T8~.2~

46.9 (8.9)

Total net derivative assets/liabilities

' These amounts are limited to the derivative asset/1 liability balance and, accordingly, do not include excess collateral received/pledged

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ALM and Risk Management Derivatives

The Corporation's asset and liability management (ALM) and risk management activities include the use of derivatives to mitigate risk to the Corporation including derivatives designated in qualifying hedge accounting relationships and derivatives used in other risk management activities. Interest rate, foreign exchange, equity, commodity and credit contracts are utilized in the Corporation's ALM and risk management activities.

The Corporation maintains an overall interest rate risk management strategy that incorporates the use of interest rate contracts, which are generally non-leveraged generic interest rate and basis swaps, options, futures and forwards, to minimize significant fluctuations in earnings caused by interest rate volatility. The Corporation's goal is to manage interest rate sensitivity and volatility so that movements in interest rates do not significantly adversely affect earnings or capital. As a result of interest rate fluctuations, hedged fixed-rate assets and liabilities appreciate or depreciate in fair value. Gains or losses on the derivative instruments that are linked to the hedged fixed-rate assets and liabilities are expected to substantially offset this unrealized appreciation or depreciation.

Market risk, including interest rate risk, can be substantial in the mortgage business. Market risk is the risk that values of mortgage assets or revenues will be adversely affected by changes in market conditions such as interest rate movements. To mitigate the interest rate risk in mortgage banking production income, the Corporation utilizes forward loan sale commitments and other derivative instruments, including purchased options, and certain debt securities. The Corporation also utilizes derivatives such as interest rate options, interest rate swaps, forward settlement contracts and eurodollar futures to hedge certain market risks of mortgage servicing rights (MSR). For more information on MSRs, see Note 17 Mortgage Servicing Rights.

The Corporation uses foreign exchange contracts to manage the foreign exchange risk associated with certain foreign currency-denominated assets and liabilities, as well as the Corporation's investments in non-U.S. subsidiaries. Foreign exchange contracts, which include spot and forward contracts, represent agreements to exchange the currency of one country for the currency of another country at an agreed-upon price on an agreed-upon settlement date. Exposure to loss on these contracts will increase or decrease over their respective lives as currency exchange and interest rates fluctuate.

The Corporation enters into derivative commodity contracts such as futures, swaps, options and forwards as well as non-derivative commodity contracts to provide price risk management services to customers or to manage price risk associated with its physical and financial commodity positions. The non-derivative commodity contracts and physical inventories of commodities expose the Corporation to earnings volatility. Fair value accounting hedges provide a method to mitigate a portion of this earnings volatility.

The Corporation purchases credit derivatives to manage credit risk related to certain funded and unfunded credit exposures. Credit derivatives include credit default swaps (CDS), total return swaps and swaptions. These derivatives are recorded on the Consolidated Balance Sheet at fair value with changes in fair value recorded in other income.

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Derivatives Designated as Accounting Hedges

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

Fair Value Hedges

The table below summarizes information related to fair value hedges for the three and nine months ended September 30, 2015 and 2014, including hedges of interest rate risk on long-term debt that were acquired as part of a business combination and redesignated at that time. At redesignation, the fair value of the derivatives was positive. As the derivatives mature, the fair value will approach zero. As a result, ineffectiveness will occur and the fair value changes in the derivatives and the long-term debt being hedged may be directionally the same in certain scenarios. Based on a regression analysis, the derivatives continue to be highly effective at offsetting changes in the fair value of the long-term debt attributable to interest rate risk.

Derivatives Designated as Fair Value Hedges

Gains (Losses)	Three Months Ended September 30			Nine Months Ended September 30		
	2015		2014	2015		2014
(Dollars in millions)	Derivative	Hedged Item	Hedge Ineffectiveness	Derivative	Hedged Item	Hedge Ineffectiveness
Interest rate risk on long-term debt ⁽¹⁾	\$ 1,921	\$(2,111)	\$(190)	\$ 724	\$(1,362)	\$(638)
Interest rate and foreign currency risk on long-term debt ⁽²⁾	(138)	125	(13)	(1,394)	1,311	(83)
Price risk on commodity inventory ⁽³⁾	(6)	(2)	(7)	39	(49)	(10)
Total	\$ -	\$ 1,779	\$(1,989)	\$ (210)	\$ (616)	\$(111)
		2014	2014			
		Intefestraterjnsk.on.long-termdebt ⁽⁴⁾			(\$489)	\$265
(224)'' \$ 612 \$■. (1.239). \$, ■"(627)]						

			Interest rate and foreign currency risk on long-term debt ⁽¹⁾		(1,631)	1,620	(11)
(1,368)	1,305	(63)					
[interest rate risk of available-for-sale securities ⁽²⁾	T	•	(21)	(20)	(20)	(5)	(25)
Price risk on commodity inventory ⁽³⁾	7		(7)	-	9		(4) 5
KWCC^X^:::!:>!:::: ' ' \$	(2,112)	\$	1,857	S	(255)	.\$	(767) \$ ' ' 57: \$. ' (710)'

⁽¹⁾ Amounts are recorded in interest expense on long-term debt and in other income ⁽²⁾
⁽²⁾ Amounts are recorded in interest income on debt securities
⁽³⁾ Amounts relating to commodity inventory are recorded in trading account profits

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Cash Flow and Net Investment Hedges

The table below summarizes certain information related to cash flow hedges and net investment hedges for the three and nine months ended September 30, 2015 and 2014. Of the \$1.2 billion net loss (after-tax) on derivatives in accumulated other comprehensive income (OCI) at September 30, 2015, \$643 million (\$402 million after-tax) is expected to be reclassified into earnings in the next 12 months. These net losses reclassified into earnings are expected to primarily reduce net interest income related to the respective hedged items. Amounts related to price risk on restricted stock awards reclassified from accumulated OCI are recorded in personnel expense.

Derivatives Designated as Cash Flow and Net Investment Hedges

Three Months Ended September 30
2015

Gains (Losses) Recognized in Accumulated

OCI on Derivatives
Gains (Losses) in Income Reclassified
from Accumulated OCI
Hedge Ineffectiveness and Amounts Excluded from Effectiveness Testing ⁽¹⁾

Gains (Losses) Recognized in Accumulated

OCI on Derivatives
Gains (Losses) in Income Reclassified
from Accumulated OCI

Hedge Ineffectiveness and Amounts Excluded from Effectiveness Testing ⁽¹⁾

Cash flow hedges

Interest rate risk on variable-rate

portfolios . j S
Price risk on restricted stock awards ⁽²⁾

(224) \$

Net investment hedges
Foreign exchange risk

	2014		2014			
Cash flow hedges Interest rate risk on						
variable-rate						
portfolios	\$ (12)	\$ (271)	\$ (4)	\$ 33	\$ (831)	\$ (4)
Price risk on restricted stock						
awards ⁽²⁾	137	85	-	73	310	-
Total	\$.125	\$.(186)	\$ (4)	\$.106	\$ (521)	\$ (4)
Net investment hedges						
Foreign exchange risk	\$ 2,286	\$ 9	\$ (150)	\$ 1,308	\$ 7	\$ (326)

¹ Amounts related to derivatives designated as cash flow hedges represent hedge ineffectiveness and amounts related to net investment hedges represent amounts excluded from effectiveness testing

⁽²⁾ The hedge gain (loss) recognized in accumulated OCI is primarily related to the change in the Corporation's stock price for the period

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Other Risk Management Derivatives

Other risk management derivatives are used by the Corporation to reduce certain risk exposures. These derivatives are not qualifying accounting hedges because either they did not qualify for or were not designated as accounting hedges. The table below presents gains (losses) on these derivatives for the three and nine months ended September 30, 2015 and 2014. These gains (losses) are largely offset by the income or expense that is recorded on the hedged item.

Other Risk Management Derivatives

Gains (Losses)	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Credit risk on loans ⁽²⁾	24	12	(34)	(21)

Interest rate and foreign currency risk on ALM activities⁽²⁾ ■ ' ; [y
 ■: ^ (527);, ppy- '(1359)" ■: yPK^0i2y^i^ "(2,67.0)

Price risk on restricted stock awards⁽⁴⁾
 (229) 373 (473) 399

!olhe7~" -:'\^'. !:7::[y.:~ . .:77~7^7:77^~^V \;.7V^f

" Net gains (losses) on these derivatives are recorded in mortgage banking income as they are used to mitigate the interest rate risk related to MSR, interest rate lock commitments and mortgage loans held-for-sale, all of which are measured at fair value with changes in fair value recorded in mortgage banking income. The net gains on interest rate lock commitments related to the origination of mortgage loans that are held-for-sale, which are not included in the table but are considered derivative instruments, were \$184 million and \$611 million for the three and nine months ended September 30, 2015 compared to \$166 million and \$564 million for the same periods in 2014.

⁽²⁾ Primarily related to derivatives that are economic hedges of credit risk on loans. Net gains (losses) on these derivatives are recorded in other income.

⁽³⁾ Primarily related to hedges of debt securities carried at fair value and hedges of foreign currency-denominated debt. Gains (losses) on these derivatives and the related hedged items are recorded in other income.

⁽⁴⁾ Gains (losses) on these derivatives are recorded in personnel 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 by the Corporation through a derivative agreement with the initial transferee. These transactions are accounted for as sales because the Corporation does not retain control over the assets transferred.

Through September 30, 2015, the Corporation transferred \$8.9 billion of non-U.S. government-guaranteed mortgage-backed securities (MBS) and non-U.S. government securities primarily to a trust created by a third party. The Corporation received gross cash proceeds of \$8.9 billion at the transfer dates. The Corporation simultaneously entered into derivatives with those counterparties whereby the Corporation retained certain economic exposures to those securities (e.g., interest rate and/or credit risk). Generally, the maturity of the derivatives is the same as the maturity of assets initially transferred. A derivative asset of \$137 million and a liability of \$20 million were recorded at September 30, 2015 and are included in credit derivatives in the derivative instruments table on page 140. At September 30, 2015, the fair value of the securities previously transferred was \$8.6 billion. The economic exposure retained by the Corporation, which is primarily interest rate risk and prepayment risk, is typically hedged with interest rate swaps and interest rate swaptions and, to a lesser extent, total return swaps.

Sales and Trading Revenue

The Corporation enters into trading derivatives to facilitate client transactions and to manage risk exposures arising from trading account assets and liabilities. It is the Corporation's policy to include these derivative instruments in its trading activities which include derivatives and non-derivative cash instruments. The resulting risk from these derivatives is managed on a portfolio basis as part of the Corporation's Global Markets business segment. The related sales and trading revenue generated within Global Markets is recorded in various income statement line items including trading account profits and net interest income as well as other revenue categories.

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Sales and trading revenue includes changes in the fair value and realized gains and losses on the sales of trading and other assets, net interest income, and fees primarily from commissions on equity securities. Revenue is generated by the difference in the client price for an instrument and the price at which the trading desk can execute the trade in the dealer market. For equity securities, commissions related to purchases and sales are recorded in the "Other" column in the Sales and Trading Revenue table. Changes in

the fair value of these securities are included in trading account profits. For debt securities, revenue, with the exception of interest associated with the debt securities, is typically included in trading account profits. Unlike commissions for equity securities, the initial revenue related to broker-dealer services for debt securities is typically included in the pricing of the instrument rather than being charged through separate fee arrangements. Therefore, this revenue is recorded in trading account profits as part of the initial mark to fair value. For derivatives, the majority of revenue is included in trading account profits. In transactions where the Corporation acts as agent, which include exchange-traded futures and options, fees are recorded in other income.

The table below, which includes both derivatives and non-derivative cash instruments, identifies the amounts in the respective income statement line items attributable to the Corporation's sales and trading revenue in Global Markets, categorized by primary risk, for the three and nine months ended September 30, 2015 and 2014. The difference between total trading account profits in the table below and in the Consolidated Statement of Income represents trading activities in business segments other than Global Markets. This table includes debit valuation and funding valuation adjustment (DVA/FVA) gains (losses). Global Markets results in Note 18 - 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

Three Months Ended September 30
2015

	Trading Account Profits
	Net Interest Income
Trading Account Profits	
	Net Interest Income
Interest rate risk	
Foreign exchange risk [Equity risk	
Credit risk [Other risk	
Total sales and trading revenue	
395 S	
310	
558	
84 115	
\$ 1,462 \$	
998	
231	
271	
1,186	
105 83	
(36) 590"	
804 174"	
973 \$ 3,433	
947 3,541 !	
1,240 S 1,035 \$ 464 \$. 2,739 j	
1,051	
1,795	
14	
397 158	
825 '371	
	2,998 467!
__(98) 1,732"	
	1,776 (62)
5,282 S 2,757 \$ 2,653 S 10,692	

	2014		2014		2014		2014				
j	Interest	rate	risk	403	\$	257	\$	85	\$	745	\$
1,210				\$ 791	\$ 318	\$ 2,319					
Foreign exchange risk				372	-(32)	340837	4	(93)	748		
[Equityrisk	.	'	~	502	~	7	598	1,105	~	1,653	;(87)'. . 1,76iT~ 3334]
Credit risk				330	637	111	1,078	1,865	1,945	473	4,283
Other risk ~	7	;		~179	(25)	31	185	T		356	(85)
113				384:							
Total sales and trading revenue				\$ 1,786	\$ 874	\$ 793		\$ 3,453		\$ 2,568	\$ 2,579
							5,921			\$ 11,068	

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 \$568 million and \$1.7 billion for the three and nine months ended September 30, 2015 and \$528 million and \$1.6 billion for the same periods in 2014.

Credit Derivatives

The Corporation enters into credit derivatives primarily to facilitate client transactions and to manage credit risk exposures. Credit derivatives derive value based on an underlying third-party referenced obligation or a portfolio of referenced obligations and generally require the Corporation, as the seller of credit protection, to make payments to a buyer upon the occurrence of a pre-defined credit event. Such credit events generally include bankruptcy of the referenced credit entity and failure to pay under the obligation, as well as acceleration of indebtedness and payment repudiation or moratorium. For credit derivatives based on a portfolio of referenced credits or credit indices, the Corporation may not be required to make payment until a specified amount of loss has occurred and/or may only be required to make payment up to a specified amount.

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Credit derivative instruments where the Corporation is the seller of credit protection and their expiration are summarized in the table below. These instruments 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.

Credit Derivative Instruments

September 30, 2015
Carrying Value

Less than One Year
One to Three Years
Three to Five Years

Over Five Years

Credit default swaps- { . Investment grade .
Non-investment grade
Total

Total return swaps/otlier j: Investment grade . .
Non-investment grade

•59; S 414
1.473V.

44:
277

5.065.

; 4,194 9,008
■ I3i202ii

44' 551
■ 595 !

Total credit derivatives
Credit-related notes I Investment grade
Non-investment grade
3,315 S

18 IoT
4,623 S

207 59
5,065

2,742: 1,477
13,797

2^71 1,685
I. • Total credit-related notes

Maximum Payout/Notional

Credit default swaps [Invcsiinent grade ■
Non-investment grade

304.659 S 159,200

198^283 V 59,706
Total

Total return swaps/other. | . Investment grade.. Non-invcstmcnt grade
;232: j!;; ';;;50i971;J
Total credit derivatives

December 31,2014

Credit default swaps, i . Investment grade. Non-investment grade

. : 7.14' 2,107
Carrying Value

- I'.455-1,338

' 939 4,301
Total

Total return swaps/other r Investment grade Non-invcstmcnt tirade
1,016

_ 2il 64
Total

Total credit derivatives
Credit-related notes
Investment grade ■ Non-mvcstmcnt jjradc

.2. .S 5

365, 141

; 568 ■ •\$ 85

2,634.: 1,443

.3,569 1,674

• Total credit-related notes

Credit default swaps Investment grade Non-investment grade

132,974 ^ 54,326
Maximum Payout/Notional

242,728 S 80,011

.28,982 20,586

747,598 :

325,503

Total

Total return swaps/other Investment grade Non-investment grade

187,300'

22,645. 23,839

1,073,101,;

22,645

38,386

. - .3.268.,

50,055 S 1,134,132

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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 to help ensure that certain credit risk-related losses occur within acceptable, predefined limits.

The Corporation manages its market risk exposure to credit derivatives by entering into a variety of offsetting derivative contracts and security positions. For example, in certain instances, the Corporation may purchase credit protection with identical underlying referenced names to offset its exposure. The carrying value and notional amount of written credit derivatives for which the Corporation held purchased credit derivatives with identical underlying referenced names and terms were \$8.4 billion and \$812.6 billion at September 30, 2015, and \$5.7 billion and \$880.6 billion at December 31, 2014.

Credit-related notes in the table on page 148 include investments in securities issued by collateralized debt obligation (CDO), collateralized loan obligation (CLO) and credit-linked note vehicles. These instruments are primarily classified as trading securities. The carrying value of these instruments equals the Corporation's maximum exposure to loss. The Corporation is not obligated to make any payments to the entities under the terms of the securities owned.

Credit-related Contingent Features and Collateral

The Corporation executes the majority of its derivative contracts in the OTC market with large, international financial institutions, including broker-dealers and, to a lesser degree, with a variety of non-financial companies. Substantially all of the derivative transactions are executed on a daily margin basis. Therefore, events such as a credit rating downgrade (depending on the

ultimate rating level) or a breach of credit covenants would typically require an increase in the amount of collateral required of the counterparty, where applicable, and/or allow the Corporation to take additional protective measures such as early termination of all trades. Further, as previously discussed on page 140, the Corporation enters into legally enforceable master netting agreements which reduce risk by permitting the closeout and netting of transactions with the same counterparty upon the occurrence of certain events.

A majority of the Corporation's derivative contracts contain credit risk-related contingent features, primarily in the form of ISDA master netting agreements and credit support documentation that enhance the creditworthiness of these instruments compared to other obligations of the respective counterparty with whom the Corporation has transacted. These contingent features may be for the benefit of the Corporation as well as its counterparties with respect to changes in the Corporation's creditworthiness and the mark-to-market exposure under the derivative transactions. At September 30, 2015 and December 31, 2014, the Corporation held cash and securities collateral of \$80.9 billion and \$82.0 billion, and posted cash and securities collateral of \$61.7 billion and \$67.7 billion in the normal course of business under derivative agreements. This excludes 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.

At September 30, 2015, 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 approximately \$2.8 billion, including \$1.5 billion for Bank of America, N.A. (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 September 30, 2015, the current liability recorded for these derivative contracts was \$369 million.

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The table below presents the amount of additional collateral that would have been contractually required by derivative contracts and other trading agreements at September 30, 2015 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.

Additional Collateral Required to Be Posted Upon Downgrade

(Dollars in millions)		September 30, 2015	
		One Second incremental incremental	notch
[Bank of America Corporation]	A-1	\$1,224	\$1,502
<u>Bank of America, N.A. and subsidiaries⁽¹⁾</u>		<u>940</u>	<u>1,043</u>

⁽¹⁾ Included in Bank of America Corporation collateral requirements in this table.

The table below presents the derivative liabilities that would be subject to unilateral termination by counterparties and the amounts of collateral

that would have been contractually required at September 30, 2015 if the long-term senior debt ratings for the Corporation or certain subsidiaries had been lower by one incremental notch and by an additional second incremental notch.

Derivative Liabilities Subject to Unilateral Termination Upon Downgrade

	September 30, 2015	
	One Second incremental	
	incremental	
	<u>notch</u>	<u>notch</u>
(Dollars in millions)		
Derivative liabilities		
Collateral posted		585,304

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Valuation Adjustments on Derivatives

The Corporation records credit risk valuation adjustments on derivatives in order to properly reflect the credit quality of the counterparties and its own credit quality. The Corporation calculates valuation adjustments on derivatives based on a modeled expected exposure that incorporates current market risk factors. The exposure also takes into consideration credit mitigants such as enforceable master netting agreements and collateral. CDS spread data is used to estimate the default probabilities and severities that

are applied to the exposures. Where no observable credit default data is available for counterparties, the Corporation uses proxies and other market data to estimate default probabilities and severity.

Valuation adjustments on derivatives are affected by changes in market spreads, non-credit related market factors such as interest rate and currency changes that affect the expected exposure, and other factors like changes in collateral arrangements and partial payments. Credit spreads and non-credit factors can move independently. For example, for an interest rate swap, changes in interest rates may increase the expected exposure, which would increase the counterparty credit valuation adjustment (CVA). Independently, counterparty credit spreads may tighten, which would result in an offsetting decrease to CVA.

In the fourth quarter of 2014, the Corporation adopted a funding valuation adjustment (FVA) into valuation estimates primarily to include funding costs on uncollateralized derivatives and derivatives where the Corporation is not permitted to use the collateral it receives. The Corporation calculates this valuation adjustment based on modeled expected exposure profiles discounted for the funding risk premium inherent in these derivatives. FVA related to derivative assets and liabilities is the effect of funding costs on the fair value of these derivatives.

The Corporation enters into risk management activities to offset market driven exposures. The Corporation often hedges the counterparty spread risk in CVA with CDS. The Corporation hedges other market risks in both CVA and debit valuation adjustment (DVA) primarily with currency and interest rate swaps. In certain instances, the net-of-hedge amounts in the table below move in the same direction as the gross amount or may move in the opposite direction. This is a consequence of the complex interaction of the risks being hedged resulting in limitations in the ability to perfectly hedge all of the market exposures at all times.

The table below presents CVA, DVA and FVA gains (losses) on derivatives, which are recorded in trading account profits, on a gross and net of hedge basis for the three and nine months ended September 30, 2015 and 2014. CVA gains reduce the cumulative CVA thereby increasing the derivative assets balance. DVA gains increase the cumulative DVA thereby decreasing the derivative liabilities balance. CVA and DVA losses have the opposite impact. FVA gains related to derivative assets reduce the cumulative FVA thereby increasing the derivative assets balance. FVA gains related to derivative liabilities increase the cumulative FVA thereby decreasing the derivative liabilities balance.

Valuation Adjustments on Derivatives

Gains (Losses)		Three Months Ended September 30		Nine Months Ended September 30		
		2015	2014	2015		2014
(Dollars in millions)		Gross	Net	Gross	Net	Gross
Net		Gross	Net			
|	Derivative assets (CVA) ⁽¹⁾	(137)	\$	67	\$	(139)
\$'	85	174	\$	179	\$	252
	Derivative assets (FVA) ⁽²⁾	(48)	-	-	-	(37)
--						
j	Derivative Liabilities (DVA) ⁽³⁾	68	141	16	29	(16)
	Derivative liabilities (FVA) ⁽²⁾	-	-	-	-	54

At both September 30, 2015 and December 31, 2014, the cumulative CVA reduced the derivative assets balance by \$1.6 billion.¹²¹ At September 30, 2015 and December 31, 2014, the cumulative FVA reduced the net derivatives balances by \$480 million and \$497 million.¹²² At September 30, 2015 and December 31, 2014, the cumulative DVA reduced the derivative liabilities balance by \$910 million and \$769 million.¹²³

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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, held-to-maturity (HTM) debt securities and AFS marketable equity securities at September 30, 2015 and December 31, 2014.

Debt Securities and Available-for-Sale Marketable Equity Securities

September 30, 2015

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
Fair Value				
Available-for-sale debt securities				
Mortgage-backed securities:				
(592) \$ 208,319				
Agency-collateralized mortgage obligations				
Non-agency residential:				
Commercial				
Total mortgage-backed securities				
U.S. Treasury and agency securities				
Non-U.S. securities				
Corporate/Agency bonds				
Other taxable securities, substantially all asset-backed securities				
6,375				
234,975				
Total taxable securities				
Tax-exempt securities				
Total available-for-sale debt securities				
Other debt securities carried at fair value				
Total debt securities carried at fair value				
Held-to-maturity debt securities, substantially all U.S. agency mortgage-backed securities				
\$ 389,191 \$ 3,933 \$ (1,566) \$ 391,558				
Available-for-sale marketable equity securities				
				December 31, 2014
Available-for-sale debt securities				
Agency	\$ 163,592	\$ 2,040	\$ (593)	\$ 165,039
■ Agency-collateralized mortgage obligations	14,155	152	(79)	14,228
Non-agency residential		287	(77)	4,454
Commercial				4,454
Total mortgage-backed securities	185,942	2,548	(749)	187,741
U.S. Treasury and agency securities				69,267
36.0		(32)	69,595]	
Non-US securities	6,208	33(11)	6,230	
[Corporate/Agency bonds				(2) 36]
Other taxable securities, substantially all asset-backed securities	10,774	39	(22)	10,791

Total taxable securities	272,552	2,989	(816)	27,472 [^]
Tax-exempt securities	9,556	12	(19)	9,549
Total available-for-sale debt securities	282,108	3,001		
(835)	284,274:			
Other debt securities carried at fair value	36,524	261	(364)	36,421
Total debt securities carried at fair value	318,632 ¹	3,262		
(1,199):	320,695:			
Held-to-maturity debt securities, substantially all U.S. agency mortgage-backed securities	59,766	486	(611)	59,641
Total debt securities	378,398	\$ 3,748	5y	(810) S"
380.336				
Available-for-sale marketable equity securities ⁽²⁾	336	\$		27 \$
- \$	363			

¹⁾ At September 30, 2015 and December 31, 2014, the underlying collateral type included approximately 74 percent and 76 percent prime, 14 percent and 14 percent Alt-

A, and 12 percent and 10 percent subprime

¹²⁾ Classified in other assets on the Consolidated Balance Sheet.

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At September 30, 2015, the accumulated net unrealized gain on AFS debt securities included in accumulated OCI was \$1.6 billion, net of the related income tax expense of \$963 million. At September 30, 2015 and December 31, 2014, the Corporation had nonperforming AFS debt securities of \$194 million and \$161 million.

The table below presents the components of other debt securities carried at fair value where the changes in fair value are reported in other income. In the three and nine months ended September 30, 2015, the Corporation recorded unrealized mark-to-market net gains of \$219 million and \$49 million, and realized net losses of \$152 million and \$166 million, compared to unrealized net losses of \$53 million and unrealized net gains of \$807 million, and realized net gains of \$73 million and \$156 million for the same periods in 2014. These amounts exclude hedge results.

Other Debt Securities Carried at Fair Value

	September 30 2015	December 31 2014
(Dollars in millions)		
Mortgage-backed securities:		
Agency	\$ 7,944	\$ 15,704
Agency-collateralized mortgage obligations		
Non-agency residential	3,635	3,745
Total mortgage-backed securities	11,586	19,449
U.S. Treasury and agency securities	-	1,541
Non-U.S. securities ⁽¹⁾	15,529	15,132
Other taxable securities, substantially all asset-backed securities	277	299
<u>Total</u>	<u>\$ 27,392</u>	<u>\$ 36,421</u>

¹⁾ These securities are primarily used to satisfy certain international regulatory liquidity requirements

The gross realized gains and losses on sales of AFS debt securities for the three and nine months ended September 30, 2015 and 2014 are presented in the table below.

Gains and Losses on Sales of AFS Debt Securities

(Dollars in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Gross gains	\$ 399	\$ 434	\$ 844	\$ 1,195
Gross losses	(14)	(2)	(23)	(4)

Net gains on sales of AFS debt securities	\$	385	\$	432	\$	821	\$ 1,191
Income tax expense attributable to realized net gains on sales of AFS debt securities			\$	146		164	312 \$ 453

The table below presents the amortized cost and fair value of the Corporation's debt securities carried at fair value and HTM debt securities from Fannie Mae (FNMA), the Government National Mortgage Association (GNMA), U.S. Treasury and Freddie Mac (FHLMC), where the investment exceeded 10 percent of consolidated shareholders' equity at September 30, 2015 and December 31, 2014.

Selected Securities Exceeding 10 Percent of Shareholders' Equity
September 30, 2015

(Dollars in millions)

[Fannie Mae				
Government National Mortgage Association ^Freddie Mac U.S. Treasury				
Fair Value		Amortized Cost		
fair Value		Amortized Cost		
144,527	\$ 145,423	\$ 130,725	\$ 131,418	
102,427	102,622	98,278	98,633	
52,093	52,485	28,288	28,556	
37,424	38,061	68,481	68,801	

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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 as of September 30, 2015 and December 31, 2014.

Temporarily Impaired and Other-than-temporarily Impaired AFS Debt Securities

September 30, 2015

Less than Twelve Months	Twelve Months or Longer	
Fair Value		Gross Unrealized Losses
Fair Value		Gross Unrealized Losses
Fair Value		Gross Unrealized Losses
Temporarily impaired AFS debt securities		
yr; Moitg^ ;		
Agency		
Agency-collateralized mortgage obligations		
Non-agency residential [~<; .Commercial*,-. ■		
Total mortgage-backed securities . U.S; Treasury and agency securities		
Non-U S securities [Corporate/Agency bonds		

50,512 S 392**

475 1,071
52,450 ' . 215

65

(292)

(9;
i (7)"

(5)-

(313) (I-)"

(1)

S 15,433 .1,382

846

17,661

:: 218

173

65,945 1,774
1,321 : 1,07.1

70,111 433

173 ' 65

(592) ' (24);
(46)

(669)

Other taxable securities, substantially all asset-backed securities

Total taxable securities

Tax-exempt securities

Total temporarily impaired AFS debt securities

Other-than-temporarily impaired AFS debt securities ¹

Non-agency residential mortgage-backed securities'

Total temporarily impaired and other-than-temporarily impaired AFS debt securities

December 31, 2014

Temporarily impaired AFS debt securities

Temporarily impaired AFS debt securities		December 31, 2014		December 31, 2013	
[^Mortgage-backed securities:]					
Agency	\$ 1,366	\$ (8)	\$ 43,118	\$ (585)	\$ 44,484\$ (593)
[Agency-collateralized mortgage obligations	_ 2,242 ..	(19) _	3,075 _	J60)	5,317 (79,)
Non-agency residential	307(3)	809(41)	1,116	(44)	
[Tmal mortgage-backed securities _ _ .. .: " / " ■ " ■ .	3,915 ₁	. (30)'	47,002	(686)	50,917 (716)'
U.S. Treasury and agency securities	10,121	(22)	667	(10)	10,788 (32)
[~"i~oiyU:S. securities . X; ! . ■ :-" ■ !:-\.... ' .K	A/ 157	(9)	32. 7 .	'• (2)	189 ' "
Corporate/Agency bonds	43(1)	93(1)	136	(2)	
[other taxable securitieSi substantially all asset-backed securities	575.	. (3)	1,080	'• (19)	.v. 1,655. • ; (22)
Total taxable securities	14,811(65)	48,874(718)	63,685(783)		

		(1)	680	(18)	1,660	(19)
Total temporarily impaired AFS debt securities	15,791	(66)	49,554(736)	65,345(802)		
Other-than-temporarily impaired AFS debt securities						
Non-agency residential mortgage-backed securities	555	(33)	-	-	555	(33)
Total temporarily impaired and other-than-temporarily impaired AFS debt securities	\$ 16,346	\$ (99)	\$ 49,554	\$ (736)	\$ 65,900	\$ (835)

Includes other-than-temporarily impaired AFS debt securities on which an OTTI loss, primarily related to changes in interest rates, remains in accumulated OCI

The Corporation recorded other-than-temporary impairment (OTTI) losses on AFS debt securities for the three and nine months ended September 30, 2015 and 2014 as presented in the Net Credit-related Impairment Losses Recognized in Earnings table. Substantially all OTTI losses in the three and nine months ended September 30, 2015 and 2014 consisted of credit losses on non-agency residential mortgage-backed securities (RMBS) and were recorded in other income in the Consolidated Statement of Income. The credit losses on the RMBS during the nine months ended September 30, 2015 were driven by decreases in the estimated RMBS cash flows primarily due to a model change resulting in the refinement of the expected cash flows. A debt security is impaired when its fair value is less than its

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amortized cost. If the Corporation intends or will more-likely-than-not be required to sell a debt security prior to recovery, the entire impairment loss is recorded in the Consolidated Statement of Income. For AFS debt securities the Corporation does not intend or will not more-likely-than-not be required to sell, an analysis is performed to determine if any of the impairment is due to credit or whether it is due to other factors (e.g., interest rate). Credit losses are considered unrecoverable and are recorded in the Consolidated Statement of Income with the remaining unrealized losses recorded in OCI. In certain instances, the credit loss on a debt security may exceed the total impairment, in which case, the excess of the credit loss over the total impairment is recorded as an unrealized gain in OCI.

Net Credit-related Impairment Losses Recognized in Earnings

(Dollars in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Total OTTI losses	\$ 16,346	\$ 16,346	\$ 65,900	\$ 65,900
Less: non-credit portion of total OTTI losses recognized in OCI	3	2	10	7
Net credit-related impairment losses recognized in earnings	\$ (2)	\$ (2)	\$ (10)	\$ (7)

The table below presents a rollforward of the credit losses recognized in earnings for the three and nine months ended September 30, 2015 and 2014 on AFS debt securities that the Corporation does not have the intent to sell or will not more-likely-than-not be required to sell.

Rollforward of OTTI Credit Losses Recognized

(Dollars in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
[Balance, beginning of period	\$ 261	\$ 195	\$ 201	\$ 184]
Additions for credit losses recognized on AFS debt securities that had no previous impairment losses			1	-
Additions for credit losses recognized on AFS debt securities that had previously incurred impairment losses			-	1-26
Reductions for AFS debt securities matured, sold or intended to be sold	-	-(15)		
Balance, September 30	\$ 262	\$ 196	\$ 262	\$ 196]

The Corporation estimates the portion of a loss on a security that is attributable to credit using a discounted cash flow model and estimates the expected cash flows of the underlying collateral using internal credit, interest rate and prepayment risk models that incorporate management's best estimate of current key assumptions such as default rates, loss severity and prepayment rates. Assumptions used for the underlying loans that

support the MBS can vary widely from loan to loan and are influenced by such factors as loan interest rate, geographic location of the borrower, borrower characteristics and collateral type. Based on these assumptions, the Corporation then determines how the underlying collateral cash flows will be distributed to each MBS issued from the applicable special purpose entity. Expected principal and interest cash flows on an impaired AFS debt security are discounted using the effective yield of each individual impaired AFS debt security.

Significant assumptions used in estimating the expected cash flows for measuring credit losses on non-agency RMBS were as follows at September 30, 2015.

Significant Assumptions

	Range
j Annual prepayment speed	
Weighted-average	
12.0%	33.4
27.3	
3.6%	13.4
10th Percentile ^m	Percentile ⁽³⁾
24.5%	
0.9	
36.4	
86.7	

^m Represents the range of inputs/assumptions based upon the underlying collateral ⁽²⁾ The value of a variable below which the indicated percentile of observations will fall

Annual constant prepayment speed and loss severity rates are projected considering collateral characteristics such as loan-to-value (LTV), creditworthiness of borrowers as measured using FICO scores, and geographic concentrations. The weighted-average severity by collateral type was 29.9 percent for prime, 32.2 percent for Alt-A and 43.8 percent for subprime at September 30, 2015. Additionally, default rates are projected by considering collateral characteristics including, but not limited to, LTV, FICO and geographic concentration.

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Weighted-average life default rates by collateral type were 16.8 percent for prime, 29.5 percent for Alt-A and 28.2 percent for subprime at September 30, 2015.

The expected maturity distribution of the Corporation's MBS, the contractual maturity distribution of the Corporation's other debt securities carried at fair value and HTM debt securities, and the yields on the Corporation's debt securities carried at fair value and HTM debt securities at September 30, 2015 are summarized in the table below. Actual maturities may differ from the contractual or expected maturities since borrowers may have the right to prepay obligations with or without prepayment penalties.

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

September 30, 2015

Due in One Year or Less		
Yield <		
Due after One Year through Five Years		
Amount Yield >		Due after Five Years through Ten Years
Amount Yield"		
Due after Ten Years		
Yield <		
Amortized cost of debt securities carried at fair value		
Mortgage-backed securities::		

Agency

: Agency collateralized mortgage obligations-

Non-agency residential

Commercial-

Total mortgage-backed securities / ~ -U.S. Treasury-and agency' securities'

Non-U.S securities [Corporate/Agency bonds'

Other taxable securities, substantially all asset-backed securities

Total taxable securities :

Tax-exempt securities

40 .3027

339

754

'600

20,056 "" " 54..'

" 24,065:

4 40% 0.90 ~ 4 60 686^

3 33 0.25 ~

0 65 3-76

1.00

0.78,

0 63

36,815

1,403

'620

45,769

36,006

1,814 "~ 68

4,675

1,332

3,138

2 40% ~2.50; ~ 4 89

1.90-

2.49

'1.60-: '

2 99

1.28

2:07

1 34

S 172,124 4,608 1,287 '' 4,729 "

182,748

2,814 6 106

1,998

.187,672. 3,446

2 80°; i 4.49

2.80'

281

2.59
2.85 3.48
2 68
2.81-
1 49

\$ 6,048 4,036

10,085

774
10,864
4,544
7,065

3 10% \$ 215,027 0770-,
5,422 "
239,356
7.86
5 00

39,422
21,876 ' 231 '

.4.91

10,048
0 96
310,933
11,685

2.74% 2.58"- ' 6.49
, 2.75
2.84
1:65,
0.86 3.65

1.62
2:52.:
1.19

.Total amortized cost of debt securities carried at fair value
Amortized cost of HTM debt securities

Debt securities carried affair value

41
303
37,238 7,042

I : 172:932. 4,736

216.263 12,082
Non-agency residential

73
789
Commercial
601 20:008 ■

j . Total mortgage-backed.securities
U S Treasury and agency securities

£ NonrhlS. securities-" . Coiporac/Agency bonds
Other-taxable securities; substantially-all asset-backed

securities- , 2,593 .

		Total taxable securities	24,045
S 24,602			
. Tax-exempt securities	557		
Total debt securities carried at fair value			
629			
46,303 36,626 J.890			
			67
4:649			
4,828		89,535 '■3,143 \$ 92,678	
183.881			
			2,902 ". 6 111
2,012			
		188,912 3,448' S 192,360	
10,119			
773			
10,896 " 4,542'			
\$ 15,438			
5,530			
241,092 . 40,131 21^904 234			
.10,027			
313.388 VI,690~.			
S 325,078			

Fair value of-HTM-debt securities.¹¹

Average yield is computed using the effective yield of each security at the end of the period, weighted based on the amortized cost of each security The effective yield considers the contractual coupon, amortization of premiums and accretion of discounts, and excludes the effect of related hedging derivatives ¹²¹ Substantially all U S agency MBS

Certain Corporate and Strategic Investments

The Corporation's 49 percent investment in a merchant services joint venture, which is recorded in other assets on the Consolidated Balance Sheet and in All Other, had a carrying value of \$3.0 billion and \$3.1 billion at September 30, 2015 and December 31, 2014. For additional information, see Note 10 - Commitments and Contingencies.

The following tables present total outstanding loans and leases and an aging analysis for the Consumer Real Estate, Credit Card and Other Consumer, and Commercial portfolio segments, by class of financing receivables, at September 30,2015 and December 31,2014.

(Dollars in millions)	September 30,2015					Loans impaired ⁽⁹⁾		
	Option Outstandings	30-59 Days Past Due	60-89 Days Past Due ^m	90 Days or More Due Past Due ^m	Total Past or Less Than 30 Days Past Credit - or More		Total Current	
							Fair Value	Accounted for Under the

Consumer real estate									
	Gore		portfolio						
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Residential mortgage	1,723	655	4,017	6,395	136,826				143,221
Home equity	216	116	699	1,031					48,983
Legacy Assets & Servicing portfolio									
Residential mortgage ⁽⁵⁾	1,795	927	6,509	9,231	22,906	12,581			44,718
Home equity	325,170	1,029,524	22,658	4,865	29,047				
Credit card and other consumer									
US credit card	471	322	721	1,514	86,825				88,339
Non-U.S. credit card	39	31	78	148	9,918				10,066
Direct/Indirect consumer⁽⁶⁾	243	58	40	341	86,973				87,314
Other consumer ⁽⁷⁾	14	3	4	21	1,991				2,012
Total consumer	4,826	2,282	13,097	20,205	416,049				17,446,453,700
Consumer loans accounted for under the fair value option									1,944
Total consumer loans and leases	4,826,282	13,097,205	416,049,17,446	1,944,455,644					
Commercial									
US commercial	262	88,227	577	243,397	243,974				
Commercial real estate	74	5	128	207	55,422				55,629
Commercial lease financing	4,556	23,124	25,556	25,680					
Non-U.S. commercial	68	-	1	69	88,401				88,470
U S small business commercial	4,836	76,160	12,898	13,058					
Total commercial	497	185	455	1,137	425,674				426,811
Commercial loans accounted for under the fair value option									5,234
Total commercial loans and leases	497	185	455	1,137	425,674				5,234
Total loans and leases	\$ 5,323	\$ 2,467	\$ 13,552	\$ 21,342	\$ 841,723	\$ 17,446	\$ 7,178	\$ 887,689	
Percentage of outstandings	0.60%	0.28%	1.52%	2.40%	94.82%	1.97%	0.81%	100.00%	

^(a) Consumer real estate loans 30-59 days past due includes fully-insured loans of \$1.8 billion and nonperforming loans of \$426 million. Consumer real estate loans 60-89 days past due includes fully-insured loans of \$1.0 billion and nonperforming loans of \$341 million.

⁽²⁾ Consumer real estate includes fully-insured loans of \$7.6 billion.

⁽³⁾ Consumer real estate includes \$3.3 billion and direct/indirect consumer includes \$22 million of nonperforming loans.

⁽⁴⁾ PCI loan amounts are shown gross of the valuation allowance.

⁽⁵⁾ Total outstandings includes pay option loans of \$2.4 billion. The Corporation no longer originates this product. Total outstandings includes auto and specialty lending loans of \$41.7 billion, unsecured consumer lending loans of \$1.0 billion, U.S. securities-based lending loans of \$39.2 billion, non-U.S. consumer loans of \$3.9 billion, student loans of \$581 million and other consumer loans of \$834 million.

⁽⁶⁾ Total outstandings includes consumer finance loans of \$591 million, consumer leases of \$1.2 billion and consumer overdrafts of \$189 million.

⁽⁷⁾ Consumer loans accounted for under the fair value option were residential mortgage loans of \$1.7 billion and home equity loans of \$225 million. Commercial loans accounted for under the fair value option were U.S. commercial loans of \$2.2 billion and non-U.S. commercial loans of \$3.0 billion. For additional information, see Note 14 - Fair Value Measurements and Note 15 - Fair Value Option.

Total outstandings includes U.S. commercial real estate loans of \$5.18 billion and non-U.S. commercial real estate loans of \$3.8 billion.

30-59 Days Past Due"

60-89 Days Past Due"

90 Days or
More Past Due "

Total Past Due 30 Days or More

Total Current or Less Than 30 Days Past Due ">

Purchased
Credit -impaired "

Loans Accounted for Under the Fair Value Option

Total Outstandings

Consumer real estate

[^: Gore portfolio? :

Residential mortgage

Home equity.:

Legacy Assets & Servicing portfolio £ . Residential mortgage ^> - • T

Home equity

[Credit card and other consumer. U.S. credit card

. NonrU.S: credit'eard

Direct/Indirect consumer^<

1.067

13;581 1,714

1,701

183

381

SO'MO*

25.244: ■ \$ 26,507

90,178

10;282-

80,000

1.5; 152 5.617

53,977 !

-.L-4

33,838

91,879 . 10,465:-1 80,381

Otherconsumer

Total consumer

. Consumer loans accounted for under'the; fair value option'.>'.r."

Total consumer loans and leases

j Commercial

U S commercial

[^ Commercial real estate"
commercial"

Commercial lease financing

L_ Non-U.S.-

U S small business commercial
j' total commercial . J-

Commercial loans accounted for under the fair value option ¹⁸⁾

Total commercial loans and leases

Total loans and leases

j Percentage of outstandings.

⁴⁾ Consumer real estate loans 30-59 days past due includes fully-insured loans of \$2.1 billion and nonperforming loans of \$392 million. Consumer real estate loans 60-89 days past due includes

fully-insured loans of \$1.1 billion and nonperforming loans of \$332 million.

²⁾ Consumer real estate includes fully-insured loans of \$11.4 billion.

¹⁾ Consumer real estate includes \$3.6 billion and direct/indirect consumer includes \$27 million of nonperforming loans.

⁴⁾ PCI loan amounts are shown gross of the valuation allowance.

⁶⁾ Total outstandings includes pay option loans of \$3.2 billion. The Corporation no longer originates this product.

⁶⁾ Total outstandings includes auto and specialty lending loans of \$37.7 billion, unsecured consumer lending loans of \$1.5 billion, U.S. securities-based lending loans of \$35.8 billion, non-U.S. consumer loans of \$4.0 billion, student loans of \$632 million and other consumer loans of \$761 million.

⁷⁾ Total outstandings includes consumer finance loans of \$676 million, consumer leases of \$1.0 billion and consumer overdrafts of \$162 million.

⁰⁾ Consumer loans accounted for under the fair value option were residential mortgage loans of \$1.9 billion and home equity loans of \$196 million. Commercial loans accounted for under the fair value option were U.S. commercial loans of \$1.9 billion and non-U.S. commercial loans of \$4.7 billion. For additional information, see Note 14 - Fair Value Measurements and Note 15 - Fair Value Option.

⁹⁾ Total outstandings includes U.S. commercial real estate loans of \$45.2 billion and non-U.S. commercial real estate loans of \$2.5 billion.

The Corporation has entered into long-term credit protection agreements with FNMA and FHLMC on loans totaling \$3.0 billion and \$17.2 billion at September 30, 2015 and December 31, 2014, 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

The Corporation classifies junior-lien home equity loans as nonperforming when the first-lien loan becomes 90 days past due even if the junior-lien loan is performing. At September 30, 2015 and December 31, 2014, \$554 million and \$800 million of such junior-lien home equity loans were included in nonperforming loans.

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The Corporation classifies consumer real estate loans that have been discharged in Chapter 7 bankruptcy and not reaffirmed by the borrower as troubled debt restructurings (TDR), irrespective of payment history or delinquency status, even if the repayment terms for the loan have not been otherwise modified. The Corporation continues to have a lien on the underlying collateral. At September 30, 2015, nonperforming loans discharged in Chapter 7 bankruptcy with no change in repayment terms were \$860 million of which \$494 million were current on their contractual payments, while \$311 million were 90 days or more past due. Of the contractually current nonperforming loans, more than 75 percent were discharged in Chapter 7 bankruptcy more than 12 months ago, and nearly 60 percent were discharged 24 months or more ago. As subsequent cash payments are received on these nonperforming loans that are contractually current, the interest component of the payments is generally recorded as interest income on a cash basis and the principal component is recorded as a reduction in the carrying value of the loan.

During the three and nine months ended September 30, 2015, the Corporation sold nonperforming and other delinquent consumer real estate loans with a carrying value of \$742 million and \$2.7 billion, including \$220 million and \$1.2 billion of purchased credit-impaired (PCI) loans, compared to \$2.5 billion and \$5.4 billion, including \$1.3 billion and \$1.9 billion of PCI loans, for the same periods in 2014. The Corporation recorded recoveries related to these sales of \$58 million and \$125 million for the three and nine months ended September 30, 2015 compared to recoveries of \$39 million and \$224 million for the same periods in 2014. Gains related to these sales of \$67 million and \$142 million were also recorded in other income in the Consolidated Statement of Income for the three and nine months ended September 30, 2015 compared to gains of \$66 million

and \$236 million for the same periods in 2014.

The table below presents the Corporation's nonperforming loans and leases including nonperforming TDRs, and loans accruing past due 90 days or more at September 30, 2015 and December 31, 2014. 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 2014 Annual Report on Form 10-K.

Credit Quality

Accruing Past Due 90 Days or More

September 30 2015
December 31 2014
September 30 2015
December 31 2014

Consumer real estate

Core portfolio

Residential mortgage

Home equity

Legacy Assets & Servicing portfolio \ Residential mortgage ^

Home equity ^Credit card and other consumer

U.S. credit card

Non-U.S. credit card

Direct/Indirect consumer |~ Other consumer

n/a

25 1

n/a

78

28 1

38 2

95

64 1 !

Total consumer

| Commercial

U.S. commercial

Commercial real estate Commercial lease financing Non-U.S. commercial U.S. small business commercial

836

108

17 56 85

701

321

3 1

87

42

42"

18

1 60

110

II]41

67

Total commercial

Total loans and leases

¹¹¹ Residential mortgage loans in the Core and Legacy Assets & Servicing portfolios accruing past due 90 days or more are fully-insured loans. At September 30, 2015 and December 31, 2014, residential mortgage includes \$4.6 billion and \$7.3 billion of loans on which interest has been curtailed by the THA, and therefore are no longer accruing interest, although principal is still insured, and \$3.0 billion and \$4.1 billion of loans on which interest is still accruing.

n/a = not applicable

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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 2014 Annual Report on Form 10-K. Within the Consumer Real Estate portfolio segment, the primary credit quality indicators are refreshed LTV and refreshed 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 combined loans that have liens against the property and the available line of credit 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. At a minimum, FICO scores are refreshed quarterly, and in many cases, more frequently. 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.

[j434]
1,827

Fully-insured loans

Total consumer real estate

⁽¹⁾ Excludes \$1.9 billion of loans accounted for under the fair value option ⁽²⁾ Excludes PCI loans

⁽³⁾ Includes \$2.1 billion of pay option loans The Corporation no longer originates this product

⁽⁴⁾ Refreshed LTV percentages for PCI loans are calculated using the carrying value net of the related valuation allowance ⁽⁵⁾ Credit quality indicators are not reported for fully-insured loans as principal repayment is insured

Credit Card and Other Consumer - Credit Quality Indicators

September 30, 2015

U.S. Credit Card

Non-U.S. Credit Card

Direct/Indirect Consumer

Other Consumer¹

Refreshed FICO score

Less than 620

Greater than or equal to 620 and less than 680 f Greater than or equal to 680 and less than 740

Greater than or equal to 740 ^{1,2,3} Other internal credit metrics

Total credit card and other consumer

4,112 S

11,728

33,676

88,339 S

1,219 S

1,702

10,873

28,925 ¹ 44,159 ²

87,314 S

223 |

215

321;

1,061 192 >

2,012

⁽¹⁾ Twenty-nine percent of the other consumer portfolio is associated with portfolios from certain consumer finance businesses that the Corporation previously exited ⁽²⁾ Other internal credit metrics may include delinquency status, geography or other factors.

⁽³⁾ Direct/indirect consumer includes \$43.2 billion of securities-based lending which is overcollateralized and therefore has minimal credit risk and \$584 million of loans the Corporation no longer originates, primarily student loans

⁽⁴⁾ Non-U.S. credit card represents the U.K. credit card portfolio which is evaluated using internal credit metrics, including delinquency status At September 30, 2015, 98 percent of this portfolio was current or less than 30 days past due, one percent was 30-89 days past due and one percent was 90 days or more past due

Commercial - Credit Quality Indicators

September 30, 2015

U.S. Commercial

Commercial Real Estate

Commercial Lease Financing

Non-U.S. Commercial

U.S. Small Business¹ Commercial²

Risk ratings

Pass rated

Reservable criticized

Refreshed FICO score

Less than 620 | Greater than or equal to 620 and less than 680

Greater than or equal to 680 and less than 740 | Greater than or equal to 740 Other internal credit metrics

86,907 S 1,563

594 : 112

Total commercial

- ^{uj} Excludes \$5.2 billion of loans accounted for under the fair value option
- ²⁾ U.S. small business commercial includes \$698 million of criticized business card and small business loans which are evaluated using refreshed FICO scores or delinquency status, rather than risk ratings. At September 30, 2015, 99 percent of the balances where internal credit metrics are used was current or less than Refreshed FICO score and other internal credit metrics are applicable only to the U.S. small business commercial portfolio
- ^{ud)} Other internal credit metrics may include delinquency status, application scores, geography or other factors

internal credit metrics, including 30 days past due

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Consumer Real Estate - Credit Quality Indicators

December 31, 2014

Core Portfolio Residential Mortgage ⁽²⁾

Legacy Assets & Servicing Residential Mortgage⁽²⁾

Residential Mortgage PCI⁽³⁾

Core Portfolio Home Equity ^{uj)}

Legacy Assets & Servicing Home Equity⁽²⁾

Home Equity PCI

Refreshed LTV ^{uj)}

Less than or equal to 90 percent^{uj)}

Greater than 90 percent but less than or equal to 100 percent

Greater than 100 percent

51,887 - ; \$: - ; v 28,222 in st:

Refreshed FICO score

Less than 620

Greater than or equal to 620 and less than 680

Greater than or equal to 680 and less than 740: v. ^{uj)}

Greater than or equal to 740

[Fully-insured loans^{uj)}; , < .. ^ . •' ! . . -

Total consumer real estate

' 4;184' ■ _ 6V272 .21,246j 76,828

"52,990

162,220 S

3,014 3,310"

2,719

15,152 \$

. 3,470 4,529 7,905

12,317

28,221 \$

■ 864!

⁹ -2,107

5,617

^{uj)} Excludes \$2.1 billion of loans accounted for under the fair value option

^{uj)} Excludes PCI loans

^{uj)} Includes \$2.8 billion of pay option loans. The Corporation no longer originates this product

^{uj)} Refreshed LTV percentages for PCI loans are calculated using the carrying value net of the related valuation allowance.

^{uj)} Credit quality indicators are not reported for fully-insured loans as principal repayment is insured

Credit Card and Other Consumer - Credit Quality Indicators

December 31, 2014

Non-U.S. Credit Card	US Credit Card	
Other Consumer ⁽¹⁾	Direct/Indirect Consumer	
Refreshed FICO score		
1 Less than 620		Greater than or equal to 620 and less than 680
Greater than or equal to 680 and less than 740	Greater than or equal to 740 ("Other, internal credit metrics ^{(2),3,43, 1})	
Total credit card and other consumer		
1,296 \$		
1,892		
25,279		
80,381		

- (1) Thirty-seven percent of the other consumer portfolio is associated with portfolios from certain consumer finance businesses that the Corporation previously exited
- (2) Other internal credit metrics may include delinquency status, geography or other factors
- (3) Direct/indirect consumer includes \$39.7 billion of securities-based lending which is overcollateralized and therefore has minimal credit risk and \$632 million of loans the Corporation no longer originates, primarily student loans
- (4) Non-U.S. credit card represents the U.K. credit card portfolio which is evaluated using internal credit metrics, including delinquency status. At December 31, 2014, 98 percent of this portfolio was current or less than 30 days past due, one percent was 30-89 days past due and one percent was 90 days or more past due.

Commercial - Credit Quality Indicators

December 31, 2014

US Commercial	
Commercial Real Estate	Commercial Lease Financing
Non-U.S. Commercial	US Small Business Commercial ⁽²⁾
Risk ratings	
1 Pass rated	Reservable criticized [Refreshed] FICO score ⁽³⁾
Less than 620	Greater than or equal to 620 and less than 680
Greater than or equal to 680 and less than 740	Greater than or equal to 740 - Other internal credit metrics ⁽³⁾
Total commercial	
75	
182	
184	
2,910	
7,146	

- (1) Excludes \$6.6 billion of loans accounted for under the fair value option
- (2) U.S. small business commercial includes \$762 million of criticized business card and small business loans which are evaluated using refreshed FICO scores or internal credit metrics, including delinquency status, rather than risk ratings. At December 31, 2014, 98 percent of the balances where internal credit metrics are used was current or less than 30 days past due. (3) Refreshed FICO score and other internal credit metrics are applicable only to the U.S. small business commercial portfolio. (4) Other internal credit metrics may include delinquency status, application scores, geography or other factors

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Impaired Loans and Troubled Debt Restructurings

A loan is considered impaired when, based on current information, it is probable that the Corporation will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming commercial loans and all consumer and commercial TDRs. Impaired loans exclude nonperforming consumer loans and nonperforming commercial leases unless they are classified as TDRs. Loans accounted for under the fair value option are also excluded. PCI loans are excluded and reported separately on page 175. For additional information, see Note I-Summary of Significant Accounting Principles to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K.

Consumer Real Estate

Impaired consumer real estate loans within the Consumer Real Estate portfolio segment consist entirely of TDRs. Excluding PCI loans, most modifications of consumer real estate loans meet the definition of TDRs when a binding offer is extended to a borrower. Modifications of consumer real estate loans are done in accordance with the government's Making Home Affordable Program (modifications under government programs) or the Corporation's proprietary programs (modifications under proprietary programs). These modifications are considered to be TDRs if concessions have been granted to borrowers experiencing financial difficulties. 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 that have been discharged in Chapter 7 bankruptcy with no change in repayment terms and not reaffirmed by the borrower of \$1.9 billion were included in TDRs at September 30, 2015, of which \$860 million were classified as nonperforming and \$803 million were loans fully-insured by the Federal Housing Administration (FHA). For more information on loans discharged in Chapter 7 bankruptcy, see Nonperforming Loans and Leases in this Note.

A consumer real estate loan, excluding PCI loans which are reported separately, is not classified as impaired unless it is a TDR. Once such a loan has been designated as a TDR, it is then individually assessed for impairment. Consumer real estate TDRs are measured primarily based on the net present value of the estimated cash flows discounted at the loan's original effective interest rate, as discussed in the following paragraph. If the carrying value of a TDR exceeds this amount, a specific allowance is recorded as a component of the allowance for loan and lease losses. Alternatively, consumer real estate TDRs that are considered to be dependent solely on the collateral for repayment (e.g., due to the lack of income verification) are measured based on the estimated fair value of the collateral and a charge-off is recorded if the carrying value exceeds the fair value of the collateral. Consumer real estate loans that reached 180 days past due prior to modification had been charged off to their net realizable value, less costs to sell, before they were modified as TDRs in accordance with established policy. Therefore, modifications of consumer real estate loans that are 180 or more days past due as TDRs do not have an impact on the allowance for loan and lease losses nor are additional charge-offs required at the time of modification. Subsequent declines in the fair value of the collateral after a loan has reached 180 days past due are recorded as charge-offs. Fully-insured loans are protected against principal loss, and therefore, the Corporation does not record an allowance for loan and lease losses on the outstanding principal balance, even after they have been modified in a TDR.

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The net present value of the estimated cash flows used to measure impairment is based on model-driven estimates of projected payments, prepayments, defaults and loss-given-default (LGD). Using statistical modeling methodologies, the Corporation estimates the probability that a loan will default prior to maturity based on the attributes of each loan. The factors that are most relevant to the probability of default are the refreshed LTV, or in the case of a subordinated lien, refreshed CLTV, borrower credit score, months since origination (i.e., vintage) and geography. Each of these factors is further broken down by present collection status (whether the loan is current, delinquent, in default or in bankruptcy). Severity (or LGD) is estimated based on the refreshed LTV for first mortgages or CLTV for subordinated liens. The estimates are based on the Corporation's historical experience as adjusted to reflect an assessment of environmental factors that may not be reflected in the historical data, such as changes in real estate values, local and national economies, underwriting standards and the regulatory environment. The probability of default models also incorporate recent experience with modification programs including redefaults subsequent to modification, a loan's default history prior to modification and the change in borrower payments post-modification.

At September 30,2015 and December 31,2014, remaining commitments to lend additional funds to debtors whose terms have been modified in a consumer real estate TDR were immaterial. Consumer real estate foreclosed properties totaled \$479 million and \$630 million at September 30, 2015 and December 31, 2014. The carrying value of consumer real estate loans, including fully-insured and PCI loans, for which formal foreclosure proceedings were in process as of September 30,2015 was \$5.9 billion.

The table below provides the unpaid principal balance, carrying value and related allowance at September 30,2015 and December 31, 2014, and the average carrying value and interest income recognized for the three and nine months ended September 30, 2015 and 2014 for impaired loans in the Corporation's Consumer Real Estate portfolio segment and includes primarily loans managed by Legacy Assets & Servicing (LAS). Certain impaired consumer real estate loans do not have a related allowance as the current valuation of these impaired loans exceeded the carrying value, which is net of previously recorded charge-offs.

Impaired Loans - Consumer Real Estate

(Dollars in millions)

With no recorded allowance

Residential mortgage ; Home equity

With-an 'allowance recorded**

Residential mortgage

I Home equity..

Carrying Value

September 30, 2015

Unpaid Principal Balance

■-S, 15,956 ,12,793 S "

7,276 S

3,541 1,766

1,015

7,098 S

884' ■;·-■

Carrying Value

Decembcr31.2014

Related Allowance
 15,605:~. 1,630
 728"
 7,665 S 531 .. 196]
 Total
 Home equity
 "452 \$. 27.571-...S 23,270 • S ; . 5;3 U
 212 4,392 2,358 196

	Value	Three Months Ended September 30				Nine Months Ended September 30				Recognized ^{1,1}
		2015	2014	2015	2014	2015	2014	2015	2014	
	Average Carrying	Interest Income Recognized ^h	Average Carrying Value	Interest Income Recognized ^m	Average Carrying Value	Interest Income Recognized ^m	Average Carrying Value	Interest Income Recognized ^m	Average Carrying Value	Interest Income Recognized ^m
With no recorded allowance										
Residential mortgage	15,181		13,202	97						107
Home equity	1,835			23	1,509	23	1,777	68	1,449	65
Residential mortgage	7,398	61		10,621	92	7,563			186	341
Home equity			1,482		745	756	18	746		19
Total			24,602	199	2,254	29	2,533	86	2,195	84

^h Interest income recognized includes interest accrued and collected on the outstanding balances of accruing impaired loans as well as interest cash collections on nonaccruing unpaired loans for which the principal is considered collectible

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The table below presents the September 30, 2015 and 2014 unpaid principal balance, carrying value, and average pre- and post-modification interest rates on consumer real estate loans that were modified in TDRs during the three and nine months ended September 30, 2015 and 2014, and net charge-offs recorded during the period in which the modification occurred. 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. These TDRs are primarily managed by LAS.

Consumer Real Estate - TDRs Entered into During the Three Months Ended September 30, 2015 and 2014 ⁽⁶⁾

(Dollars in millions)	Unpaid Principal Balance	September 30, 2015		Net Charge-offs ⁽³⁾
		Pre-Modification Interest Rate	Post-Modification Interest Rate ⁽²⁾	
				Three Months Ended September 30, 2015

j Residential mortgage	\$ 1,163	\$ 1,030	4.91%	4.71%	\$ 28
Home equity	302	243	3.41	3.34	25
I^Tota^	\$ 1,465	\$ 1,273	4.66%	4.42%	\$ 53

	September 30, 2015		September 30, 2014		
	September 30, 2015		September 30, 2014		Three Months Ended September 30, 2014
Residential mortgage	\$ 1,332	\$ 1,226	5.07%	4.90%	19
Home equity	314	228	3.74	3.44	32
; Total	\$ 1,646	\$ 1,454	4.82%	4.62%	51

Consumer Real Estate - TDRs Entered into During the Nine Months Ended September 30, 2015 and 2014

	September 30, 2015		September 30, 2014		
	September 30, 2015		September 30, 2014		Nine Months Ended September 30, 2015
{Residential mortgage	\$ 3,052	\$ 2,707	4.99%	4.47%	70
Home equity	824	637	3.55	3.20	55
j Total	\$ 3,876	\$ 3,344	4.69%	4.20%	\$ 125

	September 30, 2015		September 30, 2014		
	September 30, 2015		September 30, 2014		Nine Months Ended September 30, 2014
Residential mortgage	\$ 3,498	\$ 3,091	5.12%	4.57%	60
Home equity	702	477	3.98	3.31	76
Total	\$ 4,200	\$ 3,568	4.93%	4.36%	\$ 136

⁰¹ During the three and nine months ended September 30, 2015, the Corporation forgave principal of \$48 million and \$371 million related to residential mortgage loans and \$1 million and \$7 million related to home equity loans in connection with TDRs, compared to \$13 million and \$52 million related to residential mortgage loans and none related to home equity loans during the same periods in 2014

¹²⁾ 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

⁰¹ Net charge-offs include amounts recorded on loans modified during the period that are no longer held by the Corporation at September 30, 2015 and 2014 due to sales and other dispositions

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The table below presents the September 30, 2015 and 2014 carrying value for consumer real estate loans that were modified in a TDR during the three and nine months ended September 30, 2015 and 2014 by type of modification.

Consumer Real Estate - Modification Programs

TDRs Entered into During the
Three Months Ended September 30,
2015

Residential Mortgage
Home Equity

Total Carrying Value

Modifications under government programs
Contractual-interest rate reduction
Principal and/or interest forbearance
Total modifications under government programs

46 16

46; 16

Principal and/or interest forbearance.
Other modifications ⁽¹⁾
Total modifications under proprietary programs
Trial modifications
(Loans discharged in Chapter 7 bankruptcy⁽²⁾)

1,003 120

Total modifications

TDRs Entered into During
the Three Months Ended
September 30, 2014

Modifications under government programs							
Contractual interest rate reduction	118 j						
Principal and/or interest forbearance							
Other modifications ⁽¹⁾							
Total modifications under government programs							
Modifications under proprietary programs							
Contractual interest rate reduction							
Capitalization of past due amounts							
Principal and/or interest forbearance							
Other modifications ⁽¹⁾							
Total modifications under proprietary programs							
Loans discharged in Chapter 7 bankruptcy ⁽²⁾							
Total modifications							

¹⁰ Includes other modifications such as term or payment extensions and repayment plans
¹²¹ Includes loans discharged in Chapter 7 bankruptcy with no change in repayment terms that are classified as TDRs

Table of Contents Consumer Real Estate - Modification Programs

TDRs Entered into During the Nine Months Ended September 30, 2015

**Residential Mortgage
Home Equity**

Total Carrying Value

Modifications under government programs

Contractual; interest rate reduction'
Principal and/or interest forbearance
Other modifications⁽ⁿ⁾

Total modifications under government programs

Modifications under proprietary programs

■ Contractual interest rate reduction
Capitalization of past due amounts
u)
Principal and/or interest forbearance Other modifications

73 ~133 74

■ **Total modifications under proprietary programs**

Trial modifications

Loans discharged in Chapter 7 bankruptcy ^m

Total modifications

TDRs Entered into During
the Nine Months Ended
September 30, 2014

Modifications under government programs

546 15 " 80

595: 33

80

Total modifications under government programs

Modifications under proprietary programs

Contractual interest rate reduction
Capitalization of past due amounts
Principal and/or interest forbearance Other modifications ⁽¹⁾

232

70 61

33

246!

71

125 J 60

Total modifications under proprietary programs

Trial modifications

Loans discharged in Chapter 7 bankruptcy

Total modifications

¹¹¹ Includes other modifications such as term or payment extensions and repayment plans.

⁽²⁾ Includes loans discharged in Chapter 7 bankruptcy with no change in repayment terms that are classified as TDRs

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The table below presents the carrying value of consumer real estate loans that entered into payment default during the three and nine months ended September 30, 2015 and 2014 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. Payment defaults on a trial modification where the borrower has not yet met the terms of the agreement are included in the table below if the borrower is 90 days or more past due three months after the offer to modify is made.

Consumer Real Estate - TDRs Entering Payment Default That Were Modified During the Preceding 12 Months

Three Months Ended September 30, 2015

(Dollars in millions)

[Modifications Sai^^iimsT^^iryff^% Modifications under proprietary programs

Loans' discharged¹ in .Chapter 7' bankruptcy ⁽²⁾

Residential Mortgage

117 ...\$;

97

57:

Home Equity

Total Carrying Value⁽¹⁾

119] 98

T77j

Trial modifications

Tota l'ni modifications

; Modifications under government programs
 Modifications under proprietary programs
 Loans discharged- in Chapter 7 bankruptcy⁽²⁾ Trial modifications
 193 \$
 137
 Three Months Ended September 30, 2014

121r-
 462

• • i \$; i

_ \5 19

194;; 138
 136,
 481

Total modifications

	Nine Months Ended September 30, 2015		
[Modifications under government programs . ■ ' ;■	7.4'.,' \$>. ;;' 327;!		
Modifications under proprietary programs	175	19	194
{Loans discharged'in Chapter 7 bankruptcy ⁽²⁾ • 7'-'7777	189. 'yf-'".P 40 '\ "' .-" '■ 229;]		
<u>Trial modifications</u> ⁽³⁾	<u>2,563</u>	<u>100</u>	<u>2,663</u>
j Total modifications : .77.'777' ■•	3,250' S	163 S	3,413 j

	Nine Months Ended September 30, 2014		
^Modifications under'govemment programs :	537. \$	3 \$	540j
Modifications under proprietary programs	612	4	616
{1 .oans discharged'in Chapter 7bankruptcy ⁽²⁾ .	7;\; ■.!'■ ■.■ ■' ."	395	4S2Vj
Trial modifications	1,753	37	1,790
Total modifications -_ 7 ; ; ; "	7: '!'■'■'■ "fj;::V_ ■7,,3,2'97 ,;,"\$;	101 S_v. -; ;0	3^398'j

" Includes loans with a carrying value of \$1.4 billion and \$1.1 billion that entered into payment default during the nine months ended September 30, 2015 and 2014 but were no longer held by the Corporation as of September 30, 2015 and 2014 due to sales and other dispositions
⁽³⁾ Includes loans discharged in Chapter 7 bankruptcy with no change in repayment terms that are classified as TDRs
⁽³⁾ Includes \$59 million and \$1.6 billion for the three and nine months ended September 30, 2015 of trial modification offers made in connection with the August 2014 Department of Justice settlement to which the customer has not responded

Credit Card and Other Consumer

Impaired loans within the Credit Card and Other Consumer portfolio segment consist entirely of loans that have been modified in TDRs (the renegotiated credit card and other consumer TDR portfolio, collectively referred to as the renegotiated TDR portfolio). The Corporation seeks to assist customers that are experiencing financial difficulty by modifying loans while ensuring compliance with federal, local and international laws and guidelines. Credit card and other consumer loan modifications generally involve reducing the interest rate on the account and placing the customer on a fixed payment plan not exceeding 60 months, all of which are considered TDRs. In addition, the accounts of non-U.S. credit card customers who do not qualify for a fixed payment plan may have their interest rates reduced, as required by certain local jurisdictions. These modifications, which are also TDRs, tend to experience higher payment default rates given that the borrowers may lack the ability to repay even with the interest rate reduction. In substantially all cases, the customer's available line of credit is canceled. 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

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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. For more information on the regulatory guidance on loans discharged in Chapter 7 bankruptcy, see Nonperforming Loans and Leases in this Note.

All credit card and substantially all other consumer loans that have been modified in TDRs remain on accrual status until the loan is either paid in full or charged off, which occurs no later than the end of the month in which the loan becomes 180 days past due or generally at 120 days past due for a loan that has been placed on a fixed payment plan.

The allowance for impaired credit card and substantially all other consumer loans is based on the present value of projected cash flows, which incorporates the Corporation's historical payment default and loss experience on modified loans, discounted using the portfolio's average contractual interest rate, excluding promotionally priced loans, in effect prior to restructuring. Credit card and other consumer loans are included in homogeneous pools which are collectively evaluated for impairment. For these portfolios, loss forecast models are utilized that consider a variety of factors including, but not limited to, historical loss experience, delinquency status, economic trends and credit scores.

The table below provides the unpaid principal balance, carrying value and related allowance at September 30, 2015 and December 31, 2014, and the average carrying value and interest income recognized for the three and nine months ended September 30, 2015 and 2014 on the Corporation's renegotiated TDR portfolio in the Credit Card and Other Consumer portfolio segment.

Impaired Loans - Credit Card and Other Consumer - Renegotiated TDRs

(Dollars m millions)	September 30, 2015			December 31, 2014		
	Unpaid Principal Balance	Unpaid Carrying Value ^(j)	Related Allowance	Principal Balance	Unpaid Carrying Value ^(j)	Related Allowance
With no recorded allowance						
j Direct/Indirect consumer	\$ 52	\$ 22	\$ -	\$ 59	\$ 25	\$ -j
With an allowance recorded						
[U.S. credit card ^	\$ 649	\$ 663	\$ 204	\$ 804	\$ 856	\$ 207j
Non-U.S credit card	114	134	75	132	168	108
j Direct/Indirect consumer	26	31	776	92.	'24 j	
Total						
j U.S. credit card	\$ 649	\$ 663	\$ 204	\$ 804	\$ -	\$ 856 \$ 207j
Non-U.S. credit card	114	134	75	132	168	108
] Direct/Indirect consumer	78	53	7	135	: 117	24 j

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	2014		2015	2014	
	Average Carrying Value	Interest Income Recognized ^m	Average Carrying Value	Interest Income Recognized ⁽¹⁾	Average Carrying Value	Interest Income Recognized
With no recorded allowance						
i Direct/Indirect consumer	\$ 22	\$ -	\$ 27	\$ -	\$ -	\$ - S
Oilier consumer -	-34	-	-34	1		
i With an allowance recorded						
US creditcard	\$ 714	\$ 1,045	\$ 16	\$ 779	\$ 34	\$ 1,218 \$ 56
: Non-U S. credit card				142	1 204	2 150
3 " 221 5!						
Direct/Indirect consumer	40	1152	260	3	202 8	
I Other consumer	-	-	-	24	-	- 24
1 {						
total						
!U.S.credit card	" S 714	S 1,045	S 16	" S 779	" S 34	" S 1,218 \$ T :
56 j						
Non-U.S. credit card	142	1204	2	150	3	221 5
! Direct/Indirect consumer				62	1 179	2 83
3 229 8j						
Other consumer	-	-58	-	-	-	58 2

^m Includes accrued interest and fees

^u Interest income recognized includes interest accrued and collected on the outstanding balances of accruing impaired loans as well as interest cash collections on nonaccruing unpaired loans for which the principal is considered collectible

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The table below provides information on the Corporation's primary modification programs for the renegotiated TDR portfolio at September 30, 2015 and December 31, 2014.

Credit Card and Other Consumer- Renegotiated TDRs by Program Type

Percent of Balances Current or Less Than 30 Days Past Due

	September 30 2015	December 31 2014
September 30	December 31	2015 2014
September 30 2015	December 31 2014	
September 30	December 31	2015 2014
September 30 2015	December 31 2014	

U.S. credit card

Non-U.S. credit card

■ Direct/Indirect consumer

Total renegotiated TDRs

^o Other TDRs for non-U.S. credit card include modifications of accounts that are ineligible for a fixed payment plan

The table below provides information on the Corporation's renegotiated TDR portfolio including the September 30, 2015 and 2014 unpaid principal balance, carrying value and average pre- and post-modification interest rates of loans that were modified in TDRs during the three and nine months ended September 30, 2015 and 2014, and net charge-offs recorded during the period in which the modification occurred.

Credit Card and Other Consumer - Renegotiated TDRs Entered into During the Three Months Ended September 30, 2015 and 2014

Unpaid Principal Balance

59.32

September 30, 2015

65.384

Pre-Modification Interest Rate

17.10%

24.04

5.58

Three Months Ended September 30, 2015

Net Charge-offs

4.97% S 0.43

5.10 S

98 S

U.S. credit card

Non-U.S. credit card

[Direct/Indirect consumer Other consumer

80 \$
43 TF
1

September 30, 2014

51

v7:1

Three Months Ended September 30, 2014

5:13% \$

0.43

4.76"

4.82

3.50 'S

Credit Card and Other Consumer - Renegotiated TDRs Entered into During the Nine Months Ended September 30, 2015 and 2014

jU.S. credit card Non-U.S. credit card

Direct/Indirect consumer

172 'S.

72

September 30, 2015

184 84 10

,16.98% 24.01

6.28

Nine Months Ended September 30, 2015

16

35

5.02% \$• 0.45 '5.29 "

260 \$

U.S. credit card

Non-U.S. credit card j Direct/Indirect consumer Other consumer

Total

•S

223 '93 ' 26: 6

348 S

September 30, 2014

244: 109 19 6

378

.16.66% 25.11 ""8:64 9.10 .18.56 \

5.15%
 0.58
 4.71
 5.21
 3.82^v
 Nine Months Ended September 30, 2014
 S .:■: •-■" 23;

\$.!■/: ,'• . ': 87

Includes accrued interest and fees

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The table below provides information on the Corporation's primary modification programs for the renegotiated TDR portfolio for loans that were modified in TDRs during the three and nine months ended September 30, 2015 and 2014.

Credit Card and Other Consumer - Renegotiated TDRs Entered into During the Period by Program Type

Three Months Ended September 30, 2015

Internal Programs
 External Programs
 U.S. credit card
 Non-U.S. credit card
 Direct/Indirect, consumer^
 Total renegotiated TDRs

[(J.S. credit card : \$
 Non-U.S. credit card iDirect/Indirect consumer
 Other consumer
 | Total renegotiated TDRs \$
 Three Months Ended September 30, 2014
 : 57.^-vv^y;:*; ' :;:-.i.31.v.:\$--. 'vv^J'V^t^^^:~^-- , -88-]
 2 ~ 2 47 51
 "~T~ . ■ .. -T~■ ■ ■ !,;6;c>>;:--'^^j
 1 - - 1
 - 6i., S:d^^i^^^r^53nv:s.^..t.,;,,;. J47 j

	Nine Months Ended September 30, 2015			
[U.S. credit card	S	118	S	66 \$ - \$ 184]
Non-U.S. credit card		3	3	78 84
| Direct/Indirect consumer		1	-	9 10;
Total renegotiated TDRs	S	122	69 S	87 \$ 278
	Nine Months Ended September 30, 2014			
U.S. credit card	\$	161	\$	83 \$ - \$ 2441
Non-U.S. credit card		5	5	99 109
Direct/Indirect consumer		5	2	12 19*
Other consumer		6	-	- 6
Total renegotiated TDRs	\$	177	\$	90 \$ 111 . \$. 378!

¹¹¹ Other TDRs for non-U S credit card include modifications of accounts that are ineligible for a fixed payment plan

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 impaired credit card and other consumer loans. Based on historical experience, the Corporation estimates that 14 percent of new U.S. credit card TDRs, 86 percent of new non-U.S. credit card TDRs and 12 percent of new direct/ indirect consumer TDRs may be in payment default within 12 months after modification. Loans that entered into payment default during the three and nine months ended September 30,2015 that had been modified in a TDR during the preceding 12 months were \$11 million and \$33 million for U.S. credit card, \$37 million and \$117 million for non-U.S. credit card, and \$1 million and \$3 million for direct/ indirect consumer. During the three and nine months ended September 30, 2014, loans that entered into payment default that had been modified in a TDR during the preceding 12 months were \$15 million and \$40 million for U.S. credit card, \$47 million and \$157 million for non-U.S. credit card, and \$1 million and \$4 million for direct/indirect consumer.

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Commercial Loans

Impaired commercial loans, which include nonperforming loans and TDRs (both performing and nonperforming), are primarily measured based on the present value of payments expected to be received, discounted at the loan's original effective interest rate. Commercial impaired loans may also be measured based on observable market prices or, for loans that are solely dependent on the collateral for repayment, the estimated fair value of collateral, less costs to sell. If the carrying value of a loan exceeds this amount, a specific allowance is recorded as a component of the allowance for loan and lease losses.

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 customer 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 there was no forgiveness of principal and the interest rate was not decreased, the modification may have little or no impact on the allowance established for the loan. 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. For more information on modifications for the U.S. small business commercial portfolio, see Credit Card and Other Consumer in this Note.

At September 30,2015 and December 31,2014, remaining commitments to lend additional funds to debtors whose terms have been modified in a commercial loan TDR were immaterial. Commercial foreclosed properties totaled \$58 million and \$67 million at September 30, 2015 and December 31, 2014.

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The table below provides the unpaid principal balance, carrying value and related allowance at September 30,2015 and December 31, 2014, and the average carrying value and interest income recognized for the three and nine months ended September 30, 2015 and 2014 for impaired loans in the Corporation's Commercial loan portfolio segment. Certain impaired commercial loans do not have a related allowance as the valuation of these impaired loans exceeded the carrying value, which is net of previously recorded charge-offs.

Impaired Loans - Commercial

September 30,2015

Unpaid Principal Balance

Carrying Value

Related Allowance

Unpaid Principal Balance

Carrying Value

Related Allowance

With no recorded allowance

U.S. commercial -

Commercial real estate

."Non-U.S. commercial.

With an allowance recorded

U.S. commercial
Commercial real estate Non-U.S: commercial
U.S. small business commercial
1,139 678
47
133
_75j 48

35
Total
U.S. commercial Commercial real estate
Non-U.S. commercial
U.S. small business commercial

2,001 4lf 159
120

1,766 \$ ~204 *
139
106

85 \$
13
21
35

1,807 \$ 738 47
133

1,489
122

75
« » 1
"F1

114 L44

Three Months Ended September 30
2015

Average Carrying Value
Interest Income Recognized⁽¹⁾
Average Carrying Value
Interest Income Recognized⁽²⁾
Average Carrying Value
Interest Income Recognized⁽²⁾
Average Carrying Value
Interest Income Recognized⁽⁴⁾

With no recorded allowance
U.S. commercial
Commercial real estate V Non-U.S. commercial

With an allowance recorded
I U.S. commercial
Commercial real estate
Non-U.S. commercial
US small business commercial⁽¹⁾

[Total
U.S. commercial j Commercial real estate
Non-U.S. commercial | U.S. small business commercial (
981

179		
102		
110		
		1,757 "252 155
no		
1,173		
45		
		1,728 " 847 67 144
36 6		
48 \$		
y. -		
3		
1,289		
60		
157		
		1,807 865 72T57
42!		
14 3		
50 17" 3		
"T |		

Includes U S small business commercial renegotiated TDR loans and related allowance

Interest income recognized includes interest accrued and collected on the outstanding balances of accruing impaired loans as well as interest cash collections on nonaccruing impaired loans for which the principal is considered collectible

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The table below presents the September 30, 2015 and 2014 unpaid principal balance and carrying value of commercial loans that were modified as TDRs during the three and nine months ended September 30, 2015 and 2014, and net charge-offs that were recorded during the period in which the modification occurred. The table below includes 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.

Commercial - TDRs Entered into During the Three Months Ended September 30, 2015 and 2014

(Dollars in millions)

[U.S. commercial¹ Commercial real estate
iNonU.S. commercial

September 30, 2015

Unpaid Principal Balance

347¹ S

17

;io¹

Three Months Ended September 30, 2015

Net Charge-offs

324 S 17

.10

U.S. small business commercial

376. \$•

Three Months Ended September 30, 2014

U.S. commercial-

Commercial real estate

iNon-U.S. commercial U.S. small business commercial⁽¹⁾

Total

49

-45 2

457 S

39

45

2

403 S

Commercial - TDRs Entered into During the Nine Months Ended September 30, 2015 and 2014

977. S, 47

September 30, 2015

45[^] 5

I U.S. commercial; -Commercial real estate |Non-U.S. commercial -

U.S. small business commercial

900 47

45-:

Nine Months Ended September 30, 2015

1,074 \$:

Nine Months Ended September 30, 2014

!U:S. commercial'

Commercial real estate

I NqhrU.S. commercial U.S. small business commercial

317

1,109 \$-.

U S small business commercial TDRs are comprised of renegotiated small business card loans

A commercial TDR is generally deemed to be in payment default when the loan is 90 days or more past due, including delinquencies that were not resolved as part of the modification. U.S. small business commercial TDRs 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, along with observable market prices or fair value of collateral when measuring the allowance for loan and lease losses. TDRs that were in payment default had a carrying value of \$85 million and \$63 million for U.S. commercial and \$26 million and \$67 million for commercial real estate at September 30, 2015 and 2014.

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Purchased Credit-impaired Loans

The table below shows activity for the accretable yield on PCI loans, which includes the Countrywide Financial Corporation (Countrywide) portfolio and loans repurchased in connection with the settlement with FNMA. For more information on the settlement with FNMA, see Note 7-Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K. The amount of accretable yield is affected by changes in credit outlooks, including metrics such as default rates and loss severities, prepayment speeds, which can change the amount and period of time over which interest payments are expected to be received, and the interest rates on variable rate loans. The reclassifications from nonaccretable difference in the three and nine months ended September 30, 2015 were primarily due to an increase in expected cash flows as a result of lower default estimates. The expected remaining life of the portfolio increased which results in a change to the amount of future principal and interest cash flows.

Rollforward of Accretable Yield

Three Months Ended	Nine Months Ended	September 30, 2015	September 30, 2015
j	Accretable yield, beginning of period;		
	Accretion		
	Disposals/transfers		
	Reclassifications from nonaccretable difference		
	4,968 \$		
	(208) "(66)"		
	290		
	; Accretable yield, September 30, 2015		

During the three and nine months ended September 30, 2015, the Corporation sold PCI loans with a carrying value of \$220 million and \$1.2 billion, excluding the related allowance of \$38 million and \$213 million. During the three and nine months ended September 30, 2014, the Corporation sold PCI loans with a carrying value of \$1.3 billion and \$1.9 billion, excluding the related allowance of \$131 million and \$317 million. For more information on PCI loans, see Note 1 - Summary of Significant Accounting Principles to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K, and for the carrying value and valuation allowance for PCI loans, see Note 5 - Allowance for Credit Losses.

Loans Held-for-sale

The Corporation had LHFS of \$8.8 billion and \$12.8 billion at September 30, 2015 and December 31, 2014. Cash and non-cash proceeds from sales and paydowns of loans originally classified as LHFS were \$31.7 billion and \$30.8 billion for the nine months ended September 30, 2015 and 2014. Cash used for originations and purchases of LHFS totaled \$30.3 billion and \$28.7 billion for the nine months ended September 30, 2015 and 2014.

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The table below summarizes the changes in the allowance for credit losses by portfolio segment for the three and nine months ended September 30, 2015 and 2014.

(Dollars in millions)	Three Months Ended September 30, 2015			
	Consumer Real Estate	Credit Card and Other Consumer	Commercial	Total
Loans and leases charged off	(345)	(873)	152	(1,375)
Recoveries of loans and leases previously charged off	(146)	(675)	(111)	(932)
Net charge-offs				(148)
Write-offs of PCI loans				(148)
Provision for loan and lease losses		(12)	554	191
Provision for unfunded lending commitments				733
Allowance for loan and lease losses, September 30	4,400	3,552	4,705	12,657
Reserve for unfunded lending commitments, July 1				73
Provision for unfunded lending commitments				73
Reserve for unfunded lending commitments, September 30				73
Allowance for credit losses, September 30	\$ 4,400	\$ 3,552	\$ 5,366	\$ 13,318
Three Months Ended September 30, 2014				
Loans and leases charged off	(142)	(782)	(99)	(1,043)
Recoveries of loans and leases previously charged off	(42)	(586)	(66)	(610)
Net charge-offs				(246)
Write-offs of PCI loans				(246)
Provision for loan and lease losses				610
Provision for unfunded lending commitments				610
Allowance for loan and lease losses, September 30	6,476	4,198	4,432	15,106
Reserve for unfunded lending commitments, July 1				503
Provision for unfunded lending commitments				503
Reserve for unfunded lending commitments, September 30				503

Provision for unfunded lending commitments				26.26	
i. Reserve for unfunded lending commitments, September 30				529	4,961
Allowance for credit losses, September 30	\$	6,476	4,198		\$ 15,635
Nine Months Ended September 30, 2015					
Loans and leases charged off		(M30)	(2,733)	(410)	(4,573)
f. Recoveries of loans and lease's previously charged off		587	174		1,379
Net charge-offs		(843)	(2,115)	(236)	(3,194)
Write-offs of PCI loans		(726)			
Provision for loan and lease losses		68	1,646	504	2,218
Allowance for loan and lease losses, September 30		4,400	3,552	4,705	12,657
j Reserve for unfunded lending commitments, January 1-				528	528
Provision for unfunded lending commitments				133 133	
i. Reserve for unfunded lending commitments, September 30				529	4,961
Allowance for credit losses, September 30	\$	4,400	3,552	5,366	13,318
Nine Months Ended September 30, 2014					
Allowance for Toa Trami je iosse-s, January 1		8,518	4,905	4,005	17,428
Loans and leases charged off					
i Recoveries of loans and leases previously charged off		938	671	266	1,875
Net charge-offs		(775)	(2,502)	(227)	(3,504)
Write-offs of PCI loans		(797)			(797)
Provision for loan and lease losses		(467)	1,818	660	2,011
Allowance for loan and lease losses, September 30		6,476	4,198	4,432	15,106
Reserve for unfunded lending commitments, January 1				484	484
Provision for unfunded lending commitments				45	45
i. Reserve for unfunded lending commitments, September 30				529	529
Allowance for credit losses, September 30	\$	6,476	4,198	4,961	15,635

Primarily represents the net impact of portfolio sales, consolidations and deconsolidations, and foreign currency translation adjustments

During the three and nine months ended September 30, 2015, for the PCI loan portfolio, the Corporation recorded a provision benefit of \$68 million and \$40 million with a corresponding decrease in the valuation allowance included as part of the allowance for loan and lease losses. This compared to no provision for credit losses for the three months ended September 30, 2014 and a provision benefit of

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\$106 million for the nine months ended September 30, 2014. Write-offs in the PCI loan portfolio totaled \$148 million and \$726 million with a corresponding decrease in the PCI valuation allowance during the three and nine months ended September 30, 2015 compared to \$246 million and \$797 million for the same periods in 2014. Write-offs included \$38 million and \$213 million associated with the sale of PCI loans during the three and nine months ended September 30, 2015 compared to \$131 million and \$317 million for the same periods in 2014. The valuation allowance associated with the PCI loan portfolio was \$886 million and \$1.7 billion at September 30, 2015 and December 31, 2014.

The table below presents the allowance and the carrying value of outstanding loans and leases by portfolio segment at September 30, 2015 and December 31, 2014.

Allowance and Carrying Value by Portfolio Segment

(Dollars in millions)	September 30, 2015			
	Real Estate	Consumer	Credit Card Consumer and Other	Commercial Total
Impaired loans and troubled debt restructurings				
Allowance for loan and lease losses	\$ 664	\$ 286	\$ 154	\$ 1,104

Carrying value ⁽³⁾	22,541	850	2,215	25,606
Allowance as a percentage of carrying value	2.95%	33.65%	6.75%	4.31%
Loans collectively evaluated for impairment				
Allowance for loan and lease losses	\$ 2,850	\$ 3,266	\$ 4,551	\$ 10,667
Carrying value ^(3,4)	225,982	186,881	424,596	837,459
Allowance as a percentage of carrying value	1.26%	1.75%	1.07%	1.27%
Purchased credit-impaired loans				
Valuation allowance	\$ 886	n/a	n/a	\$ 886
Carrying value gross of valuation allowance	17,446	n/a	n/a	17,446
Valuation allowance as a percentage of carrying value	5.08%	n/a	n/a	5.08%
Total				
Allowance for loan and lease losses			\$ 4,400	\$ 3,552
Carrying value ^(3,4)	265,969	187,731	426,811	880,511
			December	31,2014
Impaired loans and troubled debt restructurings ⁽³⁾				
Allowance for loan and lease losses ⁽¹⁾		\$ 727	\$ 339	\$ 1,225
Carrying value ⁽³⁾		25,628	1,141	2,198
Allowance as a percentage of carrying value		2.84%	29.71%	7.23%
Loans collectively evaluated for impairment				
Allowance for loan and lease losses		\$ 3,556	\$ 3,708	\$ 4,278
Carrying value ^(3,4)		255,525	183,430	384,019
Allowance as a percentage of carrying value ⁽⁴⁾		1.39%	2.02%	1.11%
Purchased credit-impaired loans				
Valuation allowance		\$ 1,652	n/a	n/a
Carrying value gross of valuation allowance		20,769	n/a	20,769
Valuation allowance as a percentage of carrying value		7.95%	n/a	n/a
Total				
Allowance for loan and lease losses		\$ 5,935	\$ 4,047	\$ 4,437
Carrying value ^(3,4)		301,922	184,571	386,217
Allowance as a percentage of carrying value ⁽⁴⁾		1.97%	2.19%	1.15%
Allowance as a percentage of carrying value ⁽⁴⁾		1.65%	1.89%	1.10%

⁽¹⁾ Impaired loans include nonperforming commercial loans and all TDRs, including both commercial and consumer TDRs. Impaired loans exclude nonperforming consumer loans unless they are TDRs, and all consumer and commercial loans accounted for under the fair value option. ⁽²⁾ Allowance for loan and lease losses includes \$35 million related to impaired U.S. small business commercial at both September 30, 2015 and December 31, 2014. ⁽³⁾ Amounts are presented gross of the allowance for loan and lease losses. ⁽⁴⁾ Outstanding loan and lease balances and ratios do not include loans accounted for under the fair value option of \$7.2 billion and \$8.7 billion at September 30, 2015 and December 31, 2014. n/a = not applicable.

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The Corporation utilizes variable interest entities (VIEs) in the ordinary course of business to support its own and its customers' financing and investing needs. The Corporation routinely securitizes loans and debt securities using VIEs as a source of funding for the Corporation and as a means of transferring the economic risk of the loans or debt securities to third parties. The assets are transferred into a trust or other securitization vehicle such that the assets are legally isolated from the creditors of the Corporation and are not available to satisfy its obligations. These assets can only be used to settle obligations of the trust or other securitization vehicle. The Corporation also administers, structures or invests in other VIEs including CDOs, investment vehicles and other entities. For more information on the Corporation's utilization of VIEs, 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 2014 Annual Report on Form 10-K.

The tables in this Note present the assets and liabilities of consolidated and unconsolidated VIEs at September 30, 2015 and December 31, 2014, in situations where the Corporation has continuing involvement with transferred assets or if the Corporation otherwise has a variable interest in the VIE. The tables also present the Corporation's maximum loss exposure at September 30, 2015 and December 31, 2014 resulting from its involvement with consolidated VIEs and unconsolidated VIEs in which the Corporation holds a variable interest. The Corporation's maximum loss exposure is based on the unlikely event that all of the assets in the VIEs become worthless and incorporates not only potential losses associated with assets recorded on the Consolidated Balance Sheet but also potential losses associated with off-balance sheet commitments such as unfunded liquidity commitments and other contractual arrangements. The Corporation's maximum loss exposure does not include losses previously recognized through write-downs of assets.

The Corporation invests in asset-backed securities (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 to hold collateral. These securities and loans are included in Note 3 - Securities or Note 4 - Outstanding Loans and Leases. In addition, the Corporation uses VIEs such as trust preferred securities trusts in connection with its funding activities. For additional information, see Note 11 - Long-term Debt to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K. The Corporation uses VIEs, such as cash funds managed within Global Wealth & Investment Management (GWIM), to provide investment opportunities for clients. These VIEs, which are not consolidated by the Corporation, are not included in the tables in this Note.

Except as described below and in Note 6 - Securitizations and Other Variable Interest Entities to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K, the Corporation did not provide financial support to consolidated or unconsolidated VIEs during the three and nine months ended September 30, 2015 or the year ended December 31, 2014 that it was not previously contractually required to provide, nor does it intend to do so.

Mortgage-related Securitizations

First-lien Mortgages

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, generally in the form of RMBS guaranteed by government-sponsored enterprises, FNMA and FHLMC (collectively the GSEs), or GNMA primarily in the case of FHA-insured and U.S. Department of Veterans Affairs (VA)-guaranteed mortgage loans. Securitization usually occurs in conjunction with or shortly after origination or purchase and the Corporation may also securitize loans held in its residential mortgage portfolio. In addition, the Corporation may, from time to time, securitize commercial mortgages it originates or purchases from other entities. The Corporation typically services the loans it securitizes. Further, the Corporation may retain beneficial interests in the securitization trusts including senior and subordinate securities and equity tranches issued by the trusts. Except as described below and in Note 7 - Representations and Warranties Obligations and Corporate Guarantees, the Corporation does not provide guarantees or recourse to the securitization trusts other than standard representations and warranties.

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The table below summarizes select information related to first-lien mortgage securitizations for the three and nine months ended September 30, 2015 and 2014.

First-lien Mortgage Securitizations

	Three Months Ended September 30					
	Residential Mortgage					
	Agency		Non-agency - Subprime		Commercial Mortgage	
(Dollars in millions)	2015	2014	2015	2014	2015	2014
[Cash proceeds from	(1) S 7,632	\$' 10,643	S	\$	\$ ' 807	\$ 1,820
Gain on securitizations ⁽²⁾	118	146	-	-	14	19
	<u>Nine Months Ended September 30</u>					
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u> <u>2014</u>
[Cash proceeds from new securitizations	S 22,304	\$ 25,661	S'	- \$	809 j	5,695 \$ 4,032 i
Gain on securitizations ⁽²⁾	475	114	-	49	46	70

⁽¹⁾ The Corporation transfers residential mortgage loans to securitizations sponsored by the GSEs or GNMA in the normal course of business and receives RMBS in exchange which may then be sold into the market to third-party investors for cash proceeds.

⁽²⁾ A majority of the first-lien residential and commercial 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 \$192 million and \$623 million, net of hedges, during the three and nine months ended September 30, 2015 compared to \$169 million and \$552 million for the same periods in 2014, are not included in the table above.

In addition to cash proceeds as reported in the table above, the Corporation received securities with an initial fair value of \$7.0 billion and \$20.0 billion in connection with first-lien mortgage securitizations for the three and nine months ended September 30, 2015 compared to \$4.1 billion and \$5.0 billion for the same periods in 2014. The receipt of these securities represents non-cash operating and investing activities, and accordingly, is not reflected on the Consolidated Statement of Cash Flows. All of these securities were initially classified as Level 2 assets within the fair value hierarchy. During the three and nine months ended September 30, 2015 and 2014, there were no changes to the initial classification.

The Corporation recognizes consumer MSR's from the sale or securitization of first-lien mortgage loans. Servicing fee and ancillary fee income on consumer mortgage loans serviced, including securitizations where the Corporation has continuing involvement, were \$307 million and \$1.0 billion during the three and nine months ended September 30, 2015 compared to \$423 million and \$1.4 billion for the same periods in 2014. Servicing advances on consumer mortgage loans, including securitizations where the Corporation has continuing involvement, were \$8.1 billion and \$10.4 billion at September 30, 2015 and December 31, 2014. 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. During the three and nine months ended September 30, 2015, \$511 million and \$2.4 billion of loans were repurchased from first-lien securitization trusts primarily as a result of loan delinquencies or to perform modifications compared to \$1.5 billion and \$3.9 billion for the same periods in 2014. The majority of these loans repurchased were FHA-insured mortgages collateralizing GNMA securities. For more information on MSR's, see Note 17 - Mortgage Servicing Rights.

During the three and nine months ended September 30, 2015, the Corporation deconsolidated agency residential mortgage securitization vehicles with total assets of \$2.9 billion and \$4.5 billion following the sale of retained interests to third parties, after

which the Corporation no longer had the unilateral ability to liquidate the vehicles. Gains on sale of \$180 million and \$287 million were recorded in other income in the Consolidated Statement of Income.

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The table below summarizes select information related to first-lien mortgage securitization trusts in which the Corporation held a variable interest at September 30, 2015 and December 31, 2014.

First-lien Mortgage VIEs

	Residential Mortgage	
	Non-agency	
Agency	September 30 2015	
Prime	September 30	December 31 2015 2014
Subprime	September 30	December 31 2015 2014
Alt-A	September 30 2015	
Commercial Mortgage	September 30	December 31 2015 2014
Unconsolidated VIEs		
On-balance sheet assets		
Trading account assets		
Debt securities carried at fair value		
Held-to-maturity securities		
584	547	837
85	2,570	
93	359	
54		
76	42	
Subordinate securities		
Trading account assets		
Debt securities carried at fair value		
Held-to-maturity securities		

Residual interests held.
All other assets⁽

36.3

1.30

164

58

58.15 ~22.

Total retained positions \$ 29,091

Principal balance outstanding^m \$ 324,928 \$ 397,055 \$ 17,261 \$ 20,167 \$ 28,873 \$ 32,592 \$ 43,693 \$ 50,054 \$ 25,308 \$ 20,593

Consolidated VIEs

Maximum loss exposureⁿ \$ 225.206

On-balance sheet assets

Trading account assets^o

Loans and leases 26,518 36,187 122 130 714 768 - -

Allowance for bad debt

All other assets 345 623 -651 15 - - -

Total assets \$ 27,559 \$ 36,308 \$ 11,411 \$ 135 \$ 729 \$ 768 \$ - \$ - \$ 870 \$ 5

On-balance sheet liabilities

Long-term debt^p

Other liabilities 10 - - 3 - 13 - -

Total liabilities

Total liabilities \$ 10 \$ 3 \$ 13 \$ - \$ 808

Total liabilities \$ 10 \$ 3 \$ 13 \$ - \$ 808

Total liabilities \$ 10 \$ 3 \$ 13 \$ - \$ 808

Total liabilities \$ 10 \$ 3 \$ 13 \$ - \$ 808

^f Maximum loss exposure includes obligations under loss-sharing reinsurance and other arrangements for non-agency residential mortgage and commercial mortgage securitizations, but excludes the liability for representations and warranties obligations and corporate guarantees and also excludes servicing advances and other servicing rights and obligations. For additional information, see Note 7 - Representations and Warranties Obligations and Corporate Guarantees and Note 17 - Mortgage Servicing Rights.

^m As a holder of these securities, the Corporation receives scheduled principal and interest payments. During the three and nine months ended September 30, 2015 and 2014, there were no OTTI losses recorded on those securities classified as AFS debt securities.

ⁿ Not included in the table above are all other assets of \$221 million and \$635 million, representing the unpaid principal balance of mortgage loans eligible for repurchase from unconsolidated residential mortgage securitization vehicles, principally guaranteed by GNMA, and all other liabilities of \$221 million and \$635 million, representing the principal amount that would be payable to the securitization vehicles if the Corporation was to exercise the repurchase option, at September 30, 2015 and December 31, 2014.

^o Principal balance outstanding includes loans the Corporation transferred with which it has continuing involvement, which may include servicing the loans.

Home Equity Loans

The Corporation retains interests in home equity securitization trusts to which it transferred home equity loans. These retained interests include senior and subordinate securities and residual interests. In addition, the Corporation may be obligated to provide subordinate funding to the trusts during a rapid amortization event. The Corporation typically services the loans in the trusts. Except as described below and in Note 7 - Representations and Warranties Obligations and Corporate Guarantees, the Corporation does not provide guarantees or recourse to the securitization trusts other than standard representations and warranties. There were no securitizations of home equity loans during the three and nine months ended September 30, 2015 and 2014, and all of the home equity trusts that hold revolving home equity lines of credit have entered the rapid amortization phase.

The table below summarizes select information related to home equity loan securitization trusts in which the Corporation held a variable interest at September 30, 2015 and December 31, 2014.

Home Equity Loan VIEs

(Dollars in millions)	September 30, 2015			December 31, 2014		
	Consolidated	Unconsolidated	Total	Consolidated	Unconsolidated	Total
Maximum loss exposure	\$ 239	\$ 4,434	\$ 4,673	\$ 991	\$ 2,224	\$ 3,215
On-balance sheet assets						
Trading account assets		\$ -	\$ -	\$ 43	\$ 43	\$ -
Debt securities carried at fair value	-	59	59	-	39	39
Loans and leases	347	-	347	1,014	-	1,014
Allowance for loan and lease losses	(16)	-	(16)	(56)	-	(56)
All other assets	8	-	8	33	-	33
Total	\$ 339	\$ 102	\$ 441	\$ 991	\$ -	\$ 1,044
<i>On-balance sheet liabilities</i>						
Long-term debt	\$ 202	\$ -	\$ 202	\$ 1,076	\$ -	\$ 1,076
Total	\$ 202	\$ -	\$ 202	\$ 1,076	\$ -	\$ 1,076
Principal balance outstanding	\$ 6,362	\$ 7,376	\$ 13,738	\$ 6,168	\$ 6,515	\$ 12,683

For unconsolidated VIEs, the maximum loss exposure includes outstanding trust certificates issued by trusts in rapid amortization, net of recorded reserves. For both consolidated and unconsolidated VIEs, the maximum loss exposure excludes the liability for representations and warranties obligations and corporate guarantees. For additional information, see Note 7 - Representations and Warranties Obligations and Corporate Guarantees.

The maximum loss exposure in the table above includes the Corporation's obligation to provide subordinate funding to the consolidated and unconsolidated home equity loan securitizations that have entered a rapid amortization period. During this period, cash payments from borrowers are accumulated to repay outstanding debt securities and the Corporation continues to make advances to borrowers when they draw on their lines of credit. At September 30, 2015 and December 31, 2014, home equity loan securitizations in rapid amortization for which the Corporation has a subordinate funding obligation, including both consolidated and unconsolidated trusts, had \$4.4 billion and \$6.3 billion of trust certificates outstanding. This amount is significantly greater than the amount the Corporation expects to fund. The charges that will ultimately be recorded as a result of the rapid amortization events depend on the undrawn available credit on the home equity lines, which totaled \$11 million and \$39 million at September 30, 2015 and December 31, 2014, as well as performance of the loans, the amount of subsequent draws and the timing of related cash flows.

During the three months ended September 30, 2015, the Corporation deconsolidated several home equity line of credit trusts with total assets of \$488 million and total liabilities of \$611 million as its obligation to provide subordinated funding is no longer considered to be a potentially significant variable interest in the trusts following a decline in the amount of credit available to be drawn upon by borrowers. In connection with the deconsolidation, the Corporation recorded a gain of \$123 million in other income in the Consolidated Statement of Income.

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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 senior and subordinate securities, subordinate interests in accrued interest and fees on the securitized receivables, and cash reserve accounts. The seller's interest in the trust, which is pari passu to the investors' interest, is classified in loans and leases.

The table below summarizes select information related to consolidated credit card securitization trust in which the Corporation held a variable interest at September 30, 2015 and December 31, 2014.

Credit Card VIEs

(Dollars in millions)	September 30 2015	December 31 2014
Consolidated VIEs		
Maximum loss exposure	\$ 37,383	\$ 43,139
On-balance sheet assets		
Loans and leases	\$ 48,183	\$ 53,068
Allowance for loan and lease losses		(1,575) (1,904)
Total assets	\$ 47,106	\$ 51,556
On-balance sheet liabilities		
Long-term debt	\$ 9,690	\$ 8,401
All other liabilities	\$ 33	\$ 16
<u>Total liabilities</u>	<u>\$ 9,723</u>	<u>\$ 8,417</u>

¹⁾ At September 30, 2015 and December 31, 2014, loans and leases included \$29.3 billion and \$36.9 billion of seller's interest

^{a)} At September 30, 2015 and December 31, 2014, all other assets included restricted cash, certain short-term investments, and unbilled accrued interest and fees.

During the three and nine months ended September 30, 2015, \$0 and \$2.3 billion of new senior debt securities were issued to third-party investors from the credit card securitization trust compared to \$1.1 billion and \$4.1 billion for the same periods in 2014.

The Corporation held subordinate securities issued by the credit card securitization trust with a notional principal amount of \$7.6 billion and \$7.4 billion at September 30, 2015 and December 31, 2014. 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 \$0 and \$371 million of these subordinate securities issued during the three and nine months ended September 30, 2015 compared to \$177 million and \$662 million for the same periods in 2014.

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Other Asset-backed Securitizations

Other asset-backed securitizations include resecuritization trusts, municipal bond trusts, and automobile and other securitization trusts. The table below summarizes select information related to other asset-backed securitizations in which the Corporation held a variable interest at September 30, 2015 and December 31, 2014.

Other Asset-backed VIEs

Automobile and Other Securitization Trusts

	September 30	December 31	September 30	December 31	September 30	December 31
	2015	2014	2015	2014	2015	2014
Unconsolidated VIEs						
9,646 \$	8,569 \$	1,675 \$	2,] Off \$			
Trading account assets						
Debt securities carried at fair value						
Held-to-maturity securities [". Subordinate securities held			<-1-2): Trading account assets			
Debt securities carried at fair value.						
6,-945						
740						

37 73 ~

Residual interests held

All other assets

Total retained positions

35,042 \$ 28,065 S

Consolidated VIEs

j Maximum loss exposure.

On-balance sheet assets

Trading account assets

Loans held-for-sale

f All other assets

Total assets

j On-balance sheet liabilities Short-term borrowings

[Long-term debt All other liabilities

- \$ 414

864 \$ 1,295 S 1,900 \$ 2,452 \$

1,032 S

641

567 \$ ~-12~-12

609

516 1

Total liabilities

As a holder of these securities, the Corporation receives scheduled principal and interest payments During the three and nine months ended September 30, 2015 and 2014, there were no OTTI losses recorded on those securities classified as AFS debt securities

¹²⁾ The retained senior and subordinate securities were valued using quoted market prices or observable market inputs (Level 2 of the fair value hierarchy).

^{1,1)} The retained residual interests are earned at fair value which was derived using model valuations (Level 2 of the fair value hierarchy)

⁴⁾ Total assets include loans the Corporation transferred with which the Corporation has continuing involvement, which may include servicing the loan

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Resecuritization Trusts

The Corporation transfers existing securities, typically MBS, into resecuritization vehicles at the request of customers seeking securities with specific characteristics. The Corporation may also resecuritize securities within its investment portfolio for purposes of improving liquidity and capital, and managing credit or interest rate risk. 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 \$9.1 billion and \$22.1 billion of securities during the three and nine months ended September 30, 2015 compared to \$4.7 billion and \$10.8 billion for the same periods in 2014. Resecuritizations for the three and nine months ended September 30, 2014 included \$549 million and \$1.5 billion of AFS debt securities, and gains on sale of \$9 million and \$71 million were recorded. There were no resecuritizations of AFS debt securities during the three and nine months ended September 30, 2015. Other securities transferred into resecuritization vehicles during the three and nine months ended September 30, 2015 and 2014 were measured at fair value with changes in fair value recorded in trading account profits or other income prior to the resecuritization and no gain or loss on sale was recorded. Resecuritization proceeds included securities with an initial fair value of \$3.5 billion and \$5.2 billion during the three and nine months ended September 30, 2015, including \$1.0 billion and \$1.4 billion classified as HTM, and \$1.6 billion and \$4.2 billion for the same periods in 2014. All of these securities were classified 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 may transfer assets into the trusts and may also serve as remarketing agent and/or liquidity provider for the trusts.

The floating-rate investors have the right to tender the certificates at specified dates. Should the Corporation be unable to remarket the tendered certificates, it may be obligated to purchase them at par under standby liquidity facilities. The Corporation also provides credit enhancement to investors in certain municipal bond trusts whereby the Corporation guarantees the payment of interest and principal on floating-rate certificates issued by these trusts in the event of default by the issuer of the underlying municipal bond.

The Corporation's liquidity commitments to unconsolidated municipal bond trusts, including those for which the Corporation was transferor, totaled \$1.7 billion and \$2.1 billion at September 30, 2015 and December 31, 2014. The weighted-average remaining life of bonds held in the trusts at September 30, 2015 was 7.1 years. There were no material write-downs or downgrades of assets or issuers during the three and nine months ended September 30, 2015 and 2014.

Automobile and Other Securitization Trusts

The Corporation transfers automobile and other loans into securitization trusts, typically to improve liquidity or manage credit risk. At September 30, 2015 and December 31, 2014, the Corporation serviced assets or otherwise had continuing involvement with automobile and other securitization trusts with outstanding balances of \$370 million and \$1.9 billion, including trusts collateralized by automobile loans of \$175 million and \$400 million, student loans of \$0 and \$609 million, and other loans of \$195 million and \$876 million.

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Other Variable Interest Entities

The table below summarizes select information related to other VIEs in which the Corporation held a variable interest at September 30, 2015 and December 31, 2014.

Other VIEs

(Dollars in millions)	September 30, 2015			December 31, 2014		
	Consolidated	Unconsolidated	Total	Consolidated	Unconsolidated	Total
<u>Maximum loss exposure.</u>	\$ 6,789	\$ 11,747	\$ 18,536	\$ 11,747	\$ 11,747	\$ 23,494
On-balance sheet assets						
framing account assets	\$ 1,951	\$ 611	\$ 2,562	\$ 1,951	\$ 611	\$ 2,562

Debt securities carried at fair value	-	137	137	-	483,483
Allowance for loan and lease losses	(4)	-	(4)	(6)	(6)
All other assets	1,521	6,359	7,880	1,646	6,658,304
Total	1,517	6,496	7,876	1,640	6,658,304
On-balance sheet liabilities					
Long-term debt ⁽¹⁾	1,744	1,744	1,744	1,834	1,834
All other liabilities	60	2,696	2,756	105	2,643
Total	1,804	4,440	4,500	1,939	4,477
Total assets of VIEs	7,042	38,683	45,725	8,502	49,969

⁽¹⁾ Includes \$780 million and \$717 million of long-term debt at September 30, 2015 and \$780 million and \$584 million of long-term debt at December 31, 2014 issued by consolidated investment vehicles and customer vehicles, respectively, which has recourse to the general credit of the Corporation.

Customer Vehicles

Customer vehicles include credit-linked, equity-linked and commodity-linked note vehicles, repackaging vehicles, and asset acquisition vehicles, 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 may transfer assets to and invest in securities issued by these vehicles. The Corporation typically enters into credit, equity, interest rate, commodity or foreign currency derivatives to synthetically create or alter the investment profile of the issued securities.

The Corporation's maximum loss exposure to consolidated and unconsolidated customer vehicles totaled \$4.0 billion and \$4.7 billion at September 30, 2015 and December 31, 2014, 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 vehicles. The maximum loss exposure has not been reduced to reflect the benefit of offsetting swaps with the customers or collateral arrangements. The Corporation also had liquidity commitments, including written put options and collateral value guarantees, with certain unconsolidated vehicles of \$700 million and \$658 million at September 30, 2015 and December 31, 2014, that are included in the table above.

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Collateralized Debt Obligation Vehicles

The Corporation receives fees for structuring CDO vehicles, which hold diversified pools of fixed-income securities, typically corporate debt or ABS, which they fund by issuing multiple tranches of debt and equity securities. Synthetic CDOs enter into a portfolio of CDS to synthetically create exposure to fixed-income securities. CLOs, which are a subset of CDOs, hold pools of loans,

typically corporate loans. CDOs are typically 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, including a CDS counterparty for synthetic CDOs. The Corporation has also entered into total return swaps with certain CDOs whereby the Corporation absorbs the economic returns generated by specified assets held by the CDO.

The Corporation's maximum loss exposure to consolidated and unconsolidated CDOs totaled \$589 million and \$780 million at September 30, 2015 and December 31, 2014. This exposure is calculated on a gross basis and does not reflect any benefit from insurance purchased from third parties.

At September 30, 2015, the Corporation had \$980 million of aggregate liquidity exposure, included in the Other VIEs table net of previously recorded losses, to unconsolidated CDOs which hold senior CDO debt securities or other debt securities on the Corporation's behalf. For additional information, see Note 10 - Commitments and Contingencies.

Investment Vehicles

The Corporation sponsors, invests in or provides financing, which may be in connection with the sale of assets, to a variety of investment vehicles 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 both September 30, 2015 and December 31, 2014, the Corporation's consolidated investment vehicles had total assets of \$1.1 billion. The Corporation also held investments in unconsolidated vehicles with total assets of \$12.5 billion and \$11.2 billion at September 30, 2015 and December 31, 2014. The Corporation's maximum loss exposure associated with both consolidated and unconsolidated investment vehicles totaled \$4.8 billion and \$5.1 billion at September 30, 2015 and December 31, 2014 comprised primarily of on-balance sheet assets less non-recourse liabilities.

The Corporation transferred servicing advance receivables to independent third parties in connection with the sale of MSRs. Portions of the receivables were transferred into unconsolidated securitization trusts. The Corporation retained senior interests in such receivables with a maximum loss exposure and funding obligation of \$250 million and \$660 million, including a funded balance of \$133 million and \$431 million at September 30, 2015 and December 31, 2014, which were classified in other debt securities carried at fair value.

Leveraged Lease Trusts

The Corporation's net investment in consolidated leveraged lease trusts totaled \$3.0 billion and \$3.3 billion at September 30, 2015 and December 31, 2014. 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.

Real Estate Vehicles

The Corporation held investments in unconsolidated real estate vehicles with total assets of \$6.0 billion and \$6.2 billion at September 30, 2015 and December 31, 2014, which primarily consisted of investments in unconsolidated limited partnerships that finance the construction and rehabilitation of affordable rental housing and commercial real estate. An unrelated third party is typically the general partner and has control over the significant activities of the partnership. The Corporation earns a return primarily through the receipt of tax credits allocated to the real estate projects. The Corporation's risk of loss is mitigated by policies requiring that the project qualify for the expected tax credits prior to making its investment. The Corporation may from time to time be asked to invest additional amounts to support a troubled project. Such additional investments have not been and are not expected to be significant.

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Background

The Corporation securitizes first-lien residential mortgage loans generally in the form of RMBS guaranteed by the GSEs or by GNMA in the case of FHA-insured, VA-guaranteed and Rural Housing Service-guaranteed mortgage loans, and sells pools of first-lien residential mortgage loans in the form of whole loans. In addition, in prior years, legacy companies and certain subsidiaries sold pools of first-lien residential mortgage loans and home equity loans as private-label securitizations (in certain of these securitizations, monoline insurers or other financial guarantee providers insured all or some of the securities) or in the form of whole loans. In connection with these transactions, the Corporation or certain of its subsidiaries or legacy companies made various representations and warranties. These representations and warranties, as set forth in the agreements, related to, among other things, the ownership of the loan, the validity of the lien securing the loan, the absence of delinquent taxes or liens against the property securing the loan, the process used to select the loan for inclusion in a transaction, the loan's compliance with any applicable loan criteria, including underwriting standards, and the loan's compliance with applicable federal, state and local laws. Breaches of these representations and warranties have resulted in and may continue to result in the requirement to repurchase mortgage loans or to otherwise make whole or provide other remedies to the GSEs, U.S. Department of Housing and Urban Development (HUD) with respect to FHA-insured loans, VA, whole-loan investors, securitization trusts, monoline insurers or other financial guarantors as applicable (collectively, repurchases). In all such cases, subsequent to repurchasing the loan, the Corporation would be exposed to any credit loss on the repurchased mortgage loans after accounting for any mortgage insurance (MI) or mortgage guarantee payments that it may receive.

Subject to the requirements and limitations of the applicable sales and securitization agreements, including the applicable statute of limitations for contractual claims, these representations and warranties can be enforced by the GSEs, HUD, VA, the whole-loan investor, the securitization trustee or others as provided by the applicable agreement or, in certain first-lien and home equity securitizations where monoline insurers or other financial guarantee providers have insured all or some of the securities issued, by the monoline insurer or other financial guarantor, where the contract so provides. In the case of private-label securitizations, the applicable agreements may permit investors, which in some instances include the GSEs, with sufficient holdings to direct or influence action by the securitization trustee. In the case of loans sold to parties other than the GSEs or GNMA, the contractual liability to repurchase typically arises only if there is a breach of the representations and warranties that materially and adversely affects the interest of the investor, or investors, or of the monoline insurer or other financial guarantor (as applicable) in the loan. Contracts with the GSEs do not contain equivalent language. The Corporation believes that the longer a loan performs prior to default, the less likely it is that an alleged underwriting breach of representations and warranties would have a material impact on the loan's performance. Currently, the volume of unresolved repurchase claims from the FHA and VA for loans in GNMA-guaranteed securities is not significant because the claims are typically resolved promptly.

The liability for representations and warranties exposures and the corresponding estimated range of possible loss are based upon currently available information, significant judgment, and a number of factors and assumptions, including those discussed in Liability for Representations and Warranties and Corporate Guarantees in this Note, that are subject to change. Changes to any one of these factors could significantly impact the liability for representations and warranties exposures and the corresponding estimated range of possible loss and could have a material adverse impact on the Corporation's results of operations for any particular period. Given that these factors vary by counterparty, the Corporation analyzes representations and warranties obligations based on the specific counterparty, or type of counterparty, with whom the sale was made. For additional information, see Note 7 - Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K.

Settlement Actions

The Corporation has vigorously contested any request for repurchase where it has concluded that a valid basis for repurchase does not exist and will continue to do so in the future. However, in an effort to resolve legacy mortgage-related issues, the Corporation has reached bulk settlements, including various settlements with the GSEs, and including settlement amounts which have been significant, with counterparties in lieu of a loan-by-loan review process. These bulk settlements generally did not cover all

transactions with the relevant counterparties or all potential claims that may arise, including in some instances securities law, fraud and servicing claims, which may be addressed separately. The Corporation's liability in connection with the transactions and claims not covered by these settlements could be material to the Corporation's results of operations or cash flows for any particular reporting period. The Corporation may reach other settlements in the future if opportunities arise on terms it believes to be advantageous. However, there can be no assurance that the Corporation will reach future settlements or, if it does, that the terms of past settlements can be relied upon to predict the terms of future settlements. The following provides a summary of the settlement with Bank of New York Mellon (BNY Mellon); the conditions of the settlement have now been fully satisfied. For a discussion of other large settlement actions entered into by the Corporation in recent years, see Note 7 - Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K.

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Settlement with the Bank of New York Mellon, as Trustee

On April 22, 2015, the New York County Supreme Court entered final judgment approving the BNY Mellon Settlement. In October 2015, BNY Mellon obtained certain state tax opinions and an IRS private letter ruling confirming that the settlement will not impact the real estate mortgage investment conduit tax status of the trusts. The final conditions of the settlement have thus been satisfied, requiring the Corporation to make the settlement payment of \$8.5 billion (excluding legal fees) on or before February 9, 2016. The settlement payment and legal fees were previously fully reserved. BNY Mellon is required to determine the share of the settlement payment that will be allocated to each of the trusts covered by the settlement and then to distribute those amounts. For a description of the BNY Mellon Settlement, see Note 7 - Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K and Note 7 - Representations and Warranties Obligations and Corporate Guarantees of the Corporation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015.

Unresolved Repurchase Claims

Unresolved representations and warranties repurchase claims represent the notional amount of repurchase claims made by counterparties, typically the outstanding principal balance or the unpaid principal balance at the time of default. In the case of first-lien mortgages, the claim amount is often significantly greater than the expected loss amount due to the benefit of collateral and, in some cases, MI or mortgage guarantee payments. Claims received from a counterparty remain outstanding until the underlying loan is repurchased, the claim is rescinded by the counterparty, the Corporation determines that the applicable statute of limitations has expired, or representations and warranties claims with respect to the applicable trust are settled, and fully and finally released. When a claim is denied and the Corporation does not receive a response from the counterparty, the claim remains in the unresolved repurchase claims balance until resolution in one of the ways described above. Certain of the claims that have been received are duplicate claims which represent more than one claim outstanding related to a particular loan, typically as the result of bulk claims submitted without individual file reviews.

The table below presents unresolved repurchase claims at September 30, 2015 and December 31, 2014. The unresolved repurchase claims include only claims where the Corporation believes that the counterparty has the contractual right to submit claims. For additional information, see Private-label Securitizations and Whole-loan Sales Experience in this Note.

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Unresolved Repurchase Claims by Counterparty and Product Type

	September 30	December 31
	2015	2014 ⁽¹⁾
(Dollars in millions)		
By counterparty		
Pnva&rlaTCrsec-uritizatioH^	..	..
■ i*amlft^	" 19',277■:"24,489	"
Monolines ⁽⁴⁾	1,631 1,546	"
'gses"7 ,,,,,,:"; ±2:P^2u,-.:.:	- -- 36 . -	"
Total gross claims	20,944 26,094	"
PDuplicate claims ⁽⁵⁾	(2,623) (3,248)	"
Total unresolved repurchase claims by counterparty, net of duplicate claims	\$ 18,321	\$ 22,846
By product type		
[Prime loans	\$ 1,677	\$ 1,677
167		
Alt-A	1,229 2,397	"
Home equity	■" -2>P7.7 2^485]	"
Pay option	4,988 6,294	"
Ps"ubp7rme~" ~~" " ~~"	<u>12,470 H,livl</u>	"
Other	13	210
Total	<u>■</u>	<u>20,944 . '</u>
		<u>26,094</u>
Duplicate claims ⁽⁵⁾	(2,623) (3,248)	"
(Total unresolved repurchase claims by product type, net of duplicate claims	\$	18,321
\$ 22,846 j		

⁽¹⁾ The December 31, 2014 amounts have been updated to reflect additional claims submitted from a single monoline, currently pursuing litigation, served in the fourth quarter of 2014, and addressed by the Corporation in 2015 pursuant to an existing litigation schedule For more information on bond insurance litigation, see Note 12 - Commitments and Contingencies to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K

⁽²⁾ Includes \$12.0 billion and \$14.1 billion of claims based on individual file reviews and \$7.3 billion and \$10.4 billion of claims submitted without individual file reviews at September 30, 2015 and December 31, 2014

⁽³⁾ The total notional amount of unresolved repurchase claims does not include repurchase claims related to the trusts covered by the BNY Mellon Settlement

⁽⁴⁾ At September 30, 2015, substantially all of the unresolved monoline claims are currently the subject of litigation with a single monoline insurer and predominately

At September 30, 2015, substantially all other unresolved monoline claims are currently the subject of litigation with a single monoline insurer and predominantly pertain to second-lien loans

¹⁵¹ Represents more than one claim outstanding related to a particular loan, typically as the result of bulk claims submitted without individual file reviews The September 30, 2015 and December 31, 2014 amounts include approximately \$2.5 billion and \$2.9 billion of duplicate claims related to private-label investors submitted without individual loan file reviews

During the three and nine months ended September 30, 2015, the Corporation received \$268 million and \$3.9 billion in gross new repurchase claims, including \$3.2 billion submitted during the nine-month period without individual loan file reviews. During the three and nine months ended September 30, 2015, \$406 million and \$7.9 billion in claims, net of duplicate claims, were resolved, including \$297 million and \$7.4 billion which are deemed resolved as a result of a New York Court of Appeals ruling in the *1C7T Securities Corp. v DB Structured Products, Inc. (ACE)* decision. For more information on the ACE decision, see Note 7 - Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements of the Corporation's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015.

In addition to the unresolved repurchase claims in the Unresolved Repurchase Claims by Counterparty and Product Type table, the Corporation has received notifications from sponsors of third-party securitizations with whom the Corporation engaged in whole-loan transactions indicating that the Corporation may have indemnity obligations with respect to loans for which the Corporation has not received a repurchase request. These outstanding notifications totaled \$1.4 billion and \$2.0 billion at September 30, 2015 and December 31, 2014.

The Corporation also from time to time receives correspondence purporting to raise representations and warranties breach issues from entities that do not have contractual standing or ability to bring such claims. The Corporation believes such communications to be procedurally and/or substantively invalid, and generally does not respond.

The presence of repurchase claims on a given trust, receipt of notices of indemnification obligations and receipt of other communications, as discussed above, are all factors that inform the Corporation's liability for representations and warranties and the corresponding estimated range of possible loss.

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Government-sponsored Enterprises Experience

As a result of various bulk settlements with the GSEs, the Corporation has resolved substantially all outstanding and potential representations and warranties repurchase claims on whole loans sold by legacy Bank of America and Countrywide to FNMA and FHLMC through June 30, 2012 and December 31, 2009, respectively. After these settlements, the Corporation's exposure to representations and warranties liability for loans originated prior to 2009 and sold to the GSEs is limited to loans with an original principal balance of \$18.3 billion and loans with certain characteristics excluded from the settlements that the Corporation does not believe will be material, such as certain specified violations of the GSEs' charters, fraud and title defects. As of September 30, 2015, of the \$18.3 billion, approximately \$16.0 billion in principal has been paid and \$991 million in principal has defaulted or was severely delinquent. At September 30, 2015, the notional amount of unresolved repurchase claims submitted by the GSEs was \$20 million related to these vintages.

Private-label Securitizations and Whole-loan Sales Experience

In prior years, legacy companies and certain subsidiaries sold pools of first-lien residential mortgage loans and home equity loans as private-label securitizations or in the form of whole loans. In connection with these transactions, the Corporation or certain of its subsidiaries or legacy companies made various representations and warranties. When the Corporation provided representations and warranties in connection with the sale of whole loans, the whole-loan investors may retain the right to make repurchase claims even when the loans were aggregated with other collateral into private-label securitizations sponsored by the whole-loan investors. In other third-party securitizations, the whole-loan investors' rights to enforce the representations and warranties were transferred to the securitization trustees. Private-label securitization investors generally do not have the contractual right to demand repurchase of loans

securitization trustees. Private-label securitization investors generally do not have the contractual right to demand repurchase of loans directly or the right to access loan files directly.

In private-label securitizations, the applicable contracts provide that investors must meet certain presentation thresholds to issue a binding direction to a trustee to assert repurchase claims. However, in certain circumstances, the Corporation believes that trustees have presented repurchase claims without requiring investors to meet contractual voting rights thresholds. New private-label claims are primarily related to repurchase requests received from trustees for private-label securitization transactions not included in the BNY Mellon Settlement.

At September 30, 2015 and December 31, 2014, for loans originated between 2004 and 2008, the notional amount of unresolved repurchase claims, net of duplicate claims, submitted by private-label securitization trustees, whole-loan investors, including third-party securitization sponsors, and others was \$16.6 billion and \$21.2 billion. These repurchase claims at September 30, 2015 exclude claims in the amount of \$7.4 billion, net of duplicate claims, where the statute of limitations has expired without litigation being commenced. At December 31, 2014, time-barred claims of \$5.2 billion, net of duplicate claims, were included in unresolved repurchase claims. The notional amount of unresolved repurchase claims at both September 30, 2015 and December 31, 2014 includes \$3.5 billion of claims, net of duplicate claims, related to loans in specific private-label securitization groups or tranches where the Corporation owns substantially all of the outstanding securities.

The decrease in the notional amount of outstanding unresolved repurchase claims, net of duplicate claims, in the nine months ended September 30, 2015 is primarily due to the impact of the ACE decision. Excluding time-barred claims that were treated as outstanding at December 31, 2014, the remaining outstanding unresolved repurchase claims are driven by: (1) continued submission of claims by private-label securitization trustees, (2) the level of detail, support and analysis accompanying such claims, which impact overall claim quality and, therefore, claims resolution and (3) the lack of an established process to resolve disputes related to these claims. For example, claims submitted without individual file reviews generally lack the level of detail and analysis of individual loans that is necessary to evaluate a claim.

The Corporation reviews properly presented repurchase claims on a loan-by-loan basis. Claims that are time-barred are treated as resolved. If, after the Corporation's review of timely claims, it does not believe a claim is valid, it will deny the claim and generally indicate a reason for the denial. When the counterparty agrees with the Corporation's denial of the claim, the counterparty may rescind the claim. When there is disagreement as to the resolution of the claim, meaningful dialogue and negotiation between the parties are generally necessary to reach a resolution on an individual claim. When a claim has been denied and the Corporation does not hear from the counterparty for six months, the Corporation views these claims as inactive; however, they remain in the outstanding claims balance until resolution in one of the manners described above. In the case of private-label securitization trustees and third-party sponsors, there is currently no established process in place for the parties to reach a conclusion on an individual loan if there is a disagreement on the resolution of the claim. The Corporation has performed an initial review with respect to substantially all of these claims and, although the Corporation does not believe a valid basis for repurchase has been established by the claimant, it considers such claims activity in the computation of its liability for representations and warranties.

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Parties seeking to pursue claims and/or lawsuits with respect to trusts where the statute of limitations for representations and warranties claims against the sponsor has expired may pursue other claims against the sponsor and/or assert claims against other contractual parties. For example, institutional investors have filed lawsuits against trustees based upon alleged contractual, statutory and tort theories of liability and alleging failure to pursue representations and warranties claims and servicer defaults. The potential impact on the Corporation, if any, of such legal theories or claims is unclear at this time.

Monoline Insurers Experience

For a description of the Corporation's experience with monoline insurers, see Note 7 - Representations and Warranties Obligations and Corporate Guarantees and Note 12- Commitments and Contingencies to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K.

Open Mortgage Insurance Rescission Notices

In addition to repurchase claims, the Corporation receives notices from mortgage insurance companies of claim denials, cancellations or coverage rescission (collectively, MI rescission notices). For more information, see Note 7-Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K.

Liability for Representations and Warranties and Corporate Guarantees

The liability for representations and warranties and corporate guarantees is included in accrued expenses and other liabilities on the Consolidated Balance Sheet and the related provision is included in mortgage banking income in the Consolidated Statement of Income. The liability for representations and warranties is established when those obligations are both probable and reasonably estimable.

The Corporation's liability and corresponding estimated range of possible loss at September 30, 2015 for obligations under representations and warranties given to the GSEs considers a number of factors. These include the Corporation's experience related to actual defaults, projected future defaults, historical loss experience, estimated home prices and other economic conditions. In addition, the liability for representations and warranties and corporate guarantees and corresponding estimated range of possible loss consider such factors as the number of payments made by the borrower prior to default as well as certain other assumptions and judgmental factors.

The Corporation's non-GSE representations and warranties liability and the corresponding estimated range of possible loss at September 30, 2015 considers, among other things, implied repurchase experience based on the BNY Mellon Settlement, adjusted to reflect differences between the trusts covered by the settlement and the remainder of the population of private-label securitizations where the statute of limitations for representations and warranties claims has not expired. Since the securitization trusts that were included in the BNY Mellon Settlement differ from those that were not included in the BNY Mellon Settlement, the Corporation adjusted the repurchase experience implied in the settlement in order to determine the non-GSE representations and warranties liability and the corresponding estimated range of possible loss. The judgmental adjustments made include consideration of the differences in the mix of products in the subject securitizations, loan originator, likelihood of claims expected, the differences in the number of payments that the borrower has made prior to default and the sponsor of the securitizations. Where relevant, the Corporation also considers more recent experience, such as claim activity, notification of potential indemnification obligations, its experience with various counterparties, the ACE decision and other recent court decisions related to the statute of limitations and other facts and circumstances, such as bulk settlements, as the Corporation believes appropriate.

A factor that impacts the non-GSE representations and warranties liability and the portion of the estimated range of possible loss corresponding to non-GSE representations and warranties exposures is the likelihood that timely claims will be presented, which is impacted by a number of factors, including whether the applicable statute of limitations has lapsed, as well as the contractual provisions that investors meet certain presentation thresholds under the non-GSE securitization agreements. A securitization trustee may investigate or demand repurchase on its own action, and most agreements contain a presentation threshold, for example 25 percent of the voting rights per trust, that allows investors to declare a servicing event of default under certain circumstances or to request certain action, such as requesting loan files, that the trustee may choose to accept and follow, exempt from liability, provided the trustee is acting in good faith. If there is an uncured servicing event of default and the trustee fails to bring suit during a 60-day period, then, under most agreements, investors may file suit. In addition to this, most agreements allow investors to direct the securitization trustee to investigate loan files or demand the repurchase of loans if security holders hold a specified percentage, for example, 25 percent, of the voting rights of each tranche of the outstanding securities. However, in certain circumstances, the Corporation believes that trustees have presented repurchase claims without requiring investors to meet contractual voting rights thresholds. The population of private-label securitizations included in the BNY Mellon Settlement encompasses almost all Countrywide first-lien private-label securitizations including loans originated principally between 2004 and 2008. For the remainder of the population of private-label securitizations, claimants have come forward

on certain securitizations and the Corporation believes it is probable that other claimants may continue to come forward with claims that meet the contractual requirements of other securitizations. For more information on the representations and warranties liability and the corresponding estimated range of possible loss, see Estimated Range of Possible Loss in this Note.

The table below presents a rollforward of the liability for representations and warranties and corporate guarantees.

Representations and Warranties and Corporate Guarantees

(Dollars in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Liability, for representations and warranties and corporate guarantees, beginning of period	13,282	12,084	13,282	11,948
Additions for new sales				
Net reductions	(1,774)		(1,774)	
Provision (benefit)	75	167	(46)	433
Liability for representations and warranties and corporate guarantees, September 30	11,459	11,459	11,459	11,948

The representations and warranties liability represents the Corporation's best estimate of probable incurred losses as of September 30, 2015. However, it is reasonably possible that future representations and warranties losses may occur in excess of the amounts recorded for these exposures. The benefit in the provision for representations and warranties for the nine-month period compared to a provision in the same period in 2014 was primarily driven by the impact of the ACE decision, as time-barred claims are now treated as resolved.

Estimated Range of Possible Loss

The Corporation currently estimates that the range of possible loss for representations and warranties exposures could be up to \$2 billion over existing accruals at September 30, 2015. The Corporation treats claims that are time-barred as resolved and does not consider such claims in the estimated range of possible loss. The estimated range of possible loss reflects principally non-GSE exposures. It represents a reasonably possible loss, but does not represent a probable loss, and is based on currently available information, significant judgment and a number of assumptions that are subject to change.

The liability for representations and warranties exposures and the corresponding estimated range of possible loss do not consider losses related to servicing (except as such losses are included as potential costs of the BNY Mellon Settlement), including foreclosure and related costs, fraud, indemnity, or claims (including for RMBS) related to securities law or monoline insurance litigation. Losses with respect to one or more of these matters could be material to the Corporation's results of operations or cash flows for any particular reporting period.

Future provisions and/or ranges of possible loss for representations and warranties may be significantly impacted if actual experiences are different from the Corporation's assumptions in predictive models, including, without limitation, the actual repurchase rates on loans in trusts not settled as part of the BNY Mellon settlement which may be different than the implied repurchase experience, estimated MI rescission rates, economic conditions, estimated home prices, consumer and counterparty behavior, the applicable statute of limitations, potential indemnity obligations to third parties to whom the Corporation has sold loans subject to representations and warranties and a variety of other judgmental factors. Adverse developments with respect to one or more of the assumptions underlying the liability for representations and warranties and the corresponding estimated range of possible loss could result in significant increases to future provisions and/or the estimated range of possible loss. Finally, although the Corporation believes that the representations and warranties typically given in non-GSE transactions are less rigorous than those given in GSE transactions, the Corporation does not have sufficient experience resolving loan-level claims in non-GSE transactions to measure the impact of these differences on the probability that a loan will be required to be repurchased.

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Cash Payments

The Loan Repurchases and Indemnification Payments table presents first-lien and home equity loan repurchases and indemnification payments made by the Corporation to reimburse the investor or securitization trust for losses they incurred, and to resolve repurchase claims. Cash paid for loan repurchases includes the unpaid principal balance of the loan plus past due interest. The amount of loss for loan repurchases is reduced by the fair value of the underlying loan collateral. The repurchase of loans and indemnification payments related to first-lien and home equity repurchase claims generally resulted from material breaches of representations and warranties related to the loans' material compliance with the applicable underwriting standards, including borrower misrepresentation, credit exceptions without sufficient compensating factors and non-compliance with underwriting procedures. The actual representations and warranties made in a sales transaction and the resulting repurchase and indemnification activity can vary by transaction or investor. Loan repurchases or indemnification payments related to first-lien residential mortgages primarily involved the GSEs while repurchases or indemnification payments related to home equity loans primarily involved the monoline insurers.

Loan Repurchases and Indemnification Payments (excluding cash payments for settlements)

	Three Months Ended September 30					
	2015		2014			
(Dollars in millions)	Unpaid Principal Balance	Cash Paid for Repurchases	Loss	Unpaid Principal Balance	Cash Paid for Repurchases	Loss
First-lien						
Repurchases	\$ 14	\$ 7	\$ 5	\$ 56		
Indemnification payments		71	19	194	44	44
Total first-lien		85	36	250	109	66
Home equity, indemnification payments		7	6	3	3	3
Total first-lien and home equity	\$ 112	\$ 92	\$ 42	\$ 30	\$ 253	\$ 69

	Nine Months Ended September 30					
	2015		2014			
First-lien						
Repurchases	\$ 87	\$ 97	\$ 27	\$ 160		\$ 71
Indemnification payments	430	70	69			437
<u>Total first-lien</u>	<u>517</u>	<u>167</u>	<u>96</u>			<u>597</u>
Home equity, indemnification payments				13		12
Total first-lien and home equity	\$ 614	\$ 348	\$ 223	\$ 530	\$ 179	\$ 108

The amounts in the table above exclude amounts paid in bulk settlements during 2015 and 2014.

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Goodwill

The table below presents goodwill balances by business segment at September 30, 2015 and December 31, 2014. The reporting units utilized for goodwill impairment testing are the operating segments or one level below. For additional information, see Note 8 - Goodwill and Intangible Assets to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K.

Goodwill

<u>(Dollars in millions)</u>	September 30 <u>2015</u>	December 31 <u>2014</u>
Consumer Banking	\$ 30,123	\$ 30,123
Global Wealth & Investment Management	9,698	9,698
Global Markets	5,197	5,197
<u>Total goodwill</u>	<u>\$ 69,761</u>	<u>\$ 69,777</u>

There was no goodwill in LAS at September 30, 2015 and December 31, 2014.

During the three months ended September 30, 2015, the Corporation completed its annual goodwill impairment test as of June 30, 2015 for all applicable reporting units. Based on the results of the annual goodwill impairment test, the Corporation determined there was no impairment. For more information regarding annual goodwill impairment testing, see Note 8 - Goodwill and Intangible Assets to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K.

Intangible Assets

The table below presents the gross carrying value and accumulated amortization for intangible assets at September 30, 2015 and December 31, 2014.

2014.

Intangible Assets ⁽¹²⁾

September 30, 2015

(Dollars in millions)

■ Purchased credit card relationships, Core deposit intangibles

Customer relationships

Affinity relationships [Other intangibles: •/

Total intangible assets

4V709^ S. 1,477

Accumulated Amortization

2,907

1,339 ~479

5;475 1,779 ~4£25 1,560 2;645

14,884 \$ 10,911 \$

47527 1,382 ~2;648 1,283 'i466

	Carrying		Gross Net
	Value		Accumulated Carrying
			Amortization Value

5,504 1,779

"4.025' 2

1,565

2.045 "

3,973 \$ 14,918 \$ 10,306 \$ 4,612

Excludes fully amortized intangible assets ⁽³⁾ At September 30, 2015 and December 31, 2014, none of the intangible assets were impaired

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The table below presents intangible asset amortization expense for the three and nine months ended September 30, 2015 and 2014.

Amortization Expense

Three Months Ended September 30
Nine Months Ended September 30

(Dollars in millions)

Purchased credit card-and. affinity relationships

Core deposit intangibles i Customer relationships

267 \$

~257~

Other intangible

Other intangibles
j Total amortization expense . '

The table below presents estimated future intangible asset amortization expense as of September 30,2015.

Estimated Future Amortization Expense

(Dollars in millions)

| Purchased credit card and affinity relationships
Core deposit intangibles I Customer relationships
Other intangibles

Remainder of 2015

88 \$

28

83

298_ \$ 104

325

10

239 \$ 90

310

6

179' \$ 80

302 4

Total estimated future amortization expense S

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

(Dollars in millions)	Three Months Ended September 30				Nine Months Ended September 30			
	Amount		Rate		Amount		Rate	
	2015	2014	2015	2014	2015	2014	2015	2014
Average during period								
Federal funds sold and securities borrowed or purchased under agreements to resell	\$ 210,978	\$ 223,978	0.152%	0.42%	\$ 224,001	\$ 224,001	0.149%	0.48%
Federal funds purchased and securities loaned or sold under agreements to repurchase	\$ 219,613	\$ 216,145	0.183%	0.90%	\$ 218,112	\$ 214,567	0.92%	1.01%
Short-term borrowings	37,710	38,866	1.44	1.02	33,119	45,219	1.47	1.01
Total	\$ 257,323	\$ 255,111	0.92	0.92	\$ 251,231	\$ 259,786	0.99	1.01
Maximum month-end balance during period								
Federal funds sold and securities loaned or sold under agreements to repurchase	\$ 217,701	\$ 231,077			\$ 226,502	\$ 240,122		
Federal funds purchased and securities loaned or sold under agreements to repurchase	\$ 235,232	\$ 226,288			\$ 235,232	\$ 240,154		
Short-term borrowings	40,110	40,403			40,110	51,409		
Period-end								
	September 30, 2015				December 31, 2014			
	Amount	Rate			Amount	Rate		
Federal funds sold and securities borrowed or purchased under agreements to resell	\$ 206,681	0.07%			\$ 191,823	0.47%		
Federal funds purchased and securities loaned or sold under agreements to repurchase	\$ 199,238	0.81%			\$ 199,238	0.81%		
Short-term borrowings	34,518	1.46			31,172	1.47		
Total	\$ 233,566	0.90			\$ 232,449	1.04		

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Offsetting of Securities Financing Agreements

Substantially all of the Corporation's repurchase and resale activities are transacted under legally enforceable master repurchase agreements that give the Corporation, in the event of default by the counterparty, the right to liquidate securities held and to offset receivables and payables with the same counterparty. The Corporation offsets repurchase and resale transactions with the same counterparty on the Consolidated Balance Sheet where it has such a legally enforceable master netting agreement and the transactions have the same maturity date.

Substantially all securities borrowing and lending activities are transacted under legally enforceable master securities lending agreements that give the Corporation, in the event of default by the counterparty, the right to liquidate securities held and to offset receivables and payables with the same counterparty. The Corporation offsets securities borrowing and lending transactions with the same counterparty on the Consolidated Balance Sheet where it has such a legally enforceable master netting agreement and the transactions have the same maturity date.

The Securities Financing Agreements table presents securities financing agreements included on the Consolidated Balance Sheet in federal funds sold and securities borrowed or purchased under agreements to resell, and in federal funds purchased and securities loaned or sold under agreements to repurchase at September 30, 2015 and December 31, 2014. 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 2 - Derivatives.

The "Other" amount in the table, which is included on the Consolidated Balance Sheet in accrued expenses and other liabilities, 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.

Gross assets and liabilities in the table include activity where uncertainty exists as to the enforceability of certain master netting agreements under bankruptcy laws in some countries or industries and, accordingly, these are reported on a gross basis.

The column titled "Financial Instruments" in the table 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 the net balance sheet amount in this table to derive a net asset or liability. Securities collateral received or pledged where the legal enforceability of the master netting agreements is not certain is not included.

Securities Financing Agreements

September 30, 2015

	Gross Assets/ Liabilities	Amounts Offset	Net Balance Sheet	Financial Instruments	Net Assets/ Liabilities
--	------------------------------	-------------------	----------------------	--------------------------	----------------------------

(Dollars in millions)	Liabilities	Offset	Amount	Instruments	Liabilities
| Securities borrowed or purchased under agreements to resell ¹	\$ 360,530	\$ (153,849)	\$ 206,681	\$ (156,934)	\$ 49,747
[Securities loaned or sold under agreements to repurchase 41,675]		\$ 353,077	\$ (153,849)	\$ 199,228	\$ (157,553)
Other	12,754	-	12,754	(12,754)	-
! Total		\$ 365,831	\$ (153,849)	\$ 211,982	\$ (170,307)

	December 31, 2014				
| Securities borrowed or purchased under agreements to resell\$ 46,250 j	316,567	\$ (124,744)	\$ 191,823	\$ (145,573)	\$
| Securities loaned or sold under agreements to repurchase	\$ 326,007	\$ (124,744)	\$ 201,263	\$ (164,306)	\$ 36,957;
Other	<u>11,641</u>	=	<u>11,641</u>	<u>(11,641)</u>	=
I Total	<u>\$ 337,648</u>	<u>\$ (124,744)</u>	<u>\$ 2,12,904</u>	<u>\$ (175,947)</u>	<u>\$ 36,957!</u>

Excludes repurchase activity of \$8.5 billion and \$5.6 billion reported in loans and leases on the Consolidated Balance Sheet at September 30, 2015 and December 31, 2014

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Repurchase Agreements and Securities Loaned Transactions Accounted for as Secured Borrowings

The tables below present securities sold under agreements to repurchase and securities loaned by remaining contractual term to maturity and class of collateral pledged. Also 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. At September 30, 2015, the Corporation had no outstanding repurchase-to-maturity transactions.

Remaining Contractual Maturity

September 30, 2015

Overnight
and Continuous

30 Days or Less
After 30 Days Through 90 Days

Greater than 90 Days ⁽¹⁾

\$ 146,482	\$ 91,087	\$ 39,574	\$ 32,236	\$ 309,377
2,542				
43,698				
1,889				
50				
12,754				
39,217	12,757			
Total				

¹ No agreements have maturities greater than three years Class of Collateral Pledged <^>

(Dollars in millions)

f.U.S: goyemmerit arid;agency securities,
Corporate securities, trading loans and other

[Kquity securities;

Non-U.S. sovereign debt ! Mortgage-trading loans and ABS • !'
Securities Sold Under Agreements to Repurchase

S . - .151,875 •\$.

11,580 .•3b>07ij

103,597 127256

Securities Loaned

610 "13^617"

29,471

Total

8' . S ^151, ?13j 12,422 '7"56-160^ 133,080 ""'~12^256j

\$ 309,379 \$ 43,698 S 12,754 \$ 365,831

(1) Amounts represent carrying value

The Corporation is required to post collateral with a market value equal to or in excess of the principal amount borrowed under repurchase agreements. For securities loaned transactions, the Corporation receives collateral in the form of cash, letters of credit or other securities. To ensure that the market value of the underlying collateral remains sufficient, collateral is generally valued daily and the Corporation may be required to deposit additional collateral or may receive or return collateral pledged when appropriate. Repurchase agreements and securities loaned transactions are generally either overnight, continuous (i.e., no stated term) or short-term. The Corporation manages liquidity risks related to these agreements by sourcing funding from a diverse group of counterparties, providing a range of securities collateral and pursuing longer durations, when appropriate.

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 2014 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 table below includes the notional amount of unfunded legally binding lending commitments net of amounts distributed (e.g., syndicated) to other financial institutions of \$13.4 billion and \$15.7 billion at September 30, 2015 and December 31, 2014. At September 30, 2015, the carrying value of these commitments, excluding commitments accounted for under the fair value option, was \$680 million, including deferred revenue of \$19 million and a reserve for unfunded lending commitments of \$661 million. At December 31, 2014, the comparable amounts were \$546 million, \$18 million and \$528 million, respectively. The carrying value of these commitments is classified in accrued expenses and other liabilities on the Consolidated Balance Sheet.

The table below also includes the notional amount of commitments of \$7.9 billion and \$9.9 billion at September 30, 2015 and December 31, 2014 that are accounted for under the fair value option. However, the table below excludes cumulative net fair value adjustments of \$594 million and \$405 million on these commitments, which are 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

September 30, 2015

Expire in One Year or Less

Expire After One Year Through
Three Years

Expire After Three Years Through Five Years

Expire After Five Years

Notional amount of credit extension commitments

Loan commitments

Home equity lines of credit

\ Standby letters of credit and financial guarantees Letters of credit

Legally binding commitments Credit card lines <2)

78,452 \$ 6,949

19,026 1,871

106,298 375,641

19,388

6,331

115,856 \$ 149,567 S 28,860 S

4,144 41

1,063 91

18,417

48,431

145,294

9,887 163

160,083

372,735] 51,085

34,120

2,166

460,106 |

375,641

S 481,939 S 145,294 \$ 160,083 S 48,431 \$ 835,7471

Notional amount of credit extension commitments

[Loan commitments

Home equity lines of credit

j Standby letters of credit and financial guarantees ^{cn} Letters of credit
Legally binding commitments
Credit card lines

79,897 6,292
19,259 1.883
107,331 363.989

97,583
19.679

9J06 157

126.525
December 31, 2014

\$ 146,743 12,319
4,519 35

163,616

18,942
15.417

1,807 88

36,254

343J65 53,707
34,691 2.163
433,726 j 363,989
\$ 471,320 \$ 126,525 \$ 163,616

^{lm} The notional amounts of SBLCs and financial guarantees classified as investment grade and non-investment grade based on the credit quality of the underlying reference name within the instrument were \$25.9 billion and \$8.1 billion at September 30, 2015, and \$26.1 billion and \$8.2 billion at December 31, 2014. Amounts in table include consumer SBLCs of \$143 million and \$396 million at September 30, 2015 and December 31, 2014. ^{l2>} Includes business card unused lines of credit

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.

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Other Commitments

At September 30, 2015 and December 31, 2014, the Corporation had commitments to purchase loans (e.g., residential mortgage and commercial real estate) of \$559 million and \$1.8 billion, which upon settlement will be included in loans or LHFS.

At September 30, 2015 and December 31, 2014, the Corporation had commitments to purchase commodities, primarily liquefied natural gas of \$2.6 billion and \$241 million, which upon settlement will be included in trading account assets.

At September 30, 2015 and December 31, 2014, the Corporation had commitments to enter into forward-dated resale and securities borrowing agreements of \$121.5 billion and \$73.2 billion, and commitments to enter into forward-dated repurchase and securities lending agreements of \$96.6 billion and \$55.8 billion. These commitments expire within the next 12 months.

The Corporation is a party to operating leases for certain of its premises and equipment. Commitments under these leases are approximately \$640 million, \$2.4 billion, \$2.1 billion, \$1.7 billion and \$1.4 billion for the remainder of 2015 and the years through 2019, respectively, and \$5.5 billion in the aggregate for all years thereafter.

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. The book value protection is provided on portfolios of intermediate investment-grade fixed-income securities and is intended to cover any shortfall in the event that policyholders surrender their policies and market value is below book value. These guarantees are recorded as derivatives and carried at fair value in the trading portfolio. At September 30, 2015 and December 31, 2014, the notional amount of these guarantees totaled \$13.7 billion and \$13.6 billion. At both September 30, 2015 and December 31, 2014, the Corporation's maximum exposure related to these guarantees totaled \$3.1 billion with estimated maturity dates between 2031 and 2039. The net fair value including the fee receivable associated with these guarantees was \$14 million and \$25 million at September 30, 2015 and December 31, 2014, and reflects the probability of surrender as well as the multiple structural protection features in the contracts.

Merchant Services

In accordance with credit and debit card association rules, the Corporation sponsors merchant processing servicers that process credit and debit card transactions on behalf of various merchants. In connection with these services, a liability may arise in the event of a billing dispute between the merchant and a cardholder that is ultimately resolved in the cardholder's favor. If the merchant defaults on its obligation to reimburse the cardholder, the cardholder, through its issuing bank, generally has until six months after the date of the transaction to present a chargeback to the merchant processor, which is primarily liable for any losses on covered transactions. However, if the merchant processor fails to meet its obligation to reimburse the cardholder for disputed transactions, then the Corporation, as the sponsor, could be held liable for the disputed amount. For the three and nine months ended September 30, 2015, the sponsored entities processed and settled \$168.6 billion and \$494.2 billion of transactions and recorded losses of \$6 million and \$16 million. For the three and nine months ended September 30, 2014, the sponsored entities processed and settled \$162.7 billion and \$476.4 billion of transactions and recorded losses of \$3 million and \$11 million. A significant portion of this activity was processed by a joint venture in which the Corporation holds a 49 percent ownership. At September 30, 2015 and December 31, 2014, the sponsored merchant processing servicers held as collateral \$165 million and \$130 million of merchant escrow deposits which may be used to offset amounts due from the individual merchants.

The Corporation believes the maximum potential exposure for chargebacks would not exceed the total amount of merchant transactions processed through Visa and MasterCard for the last six months, which represents the claim period for the cardholder, plus any outstanding delayed-delivery transactions. As of September 30, 2015 and December 31, 2014, the maximum potential exposure for sponsored transactions totaled \$274.6 billion and \$269.3 billion. However, the Corporation believes that the maximum potential exposure is not representative of the actual potential loss exposure and does not expect to make material payments in connection with these guarantees.

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Other Derivative Contracts

The Corporation funds selected assets, including securities issued by CDOs and CLOs, through derivative contracts, typically total return swaps, with third parties and VIEs that are not consolidated by the Corporation. The total notional amount of these derivative contracts was \$396 million and \$527 million with commercial banks and \$980 million and \$1.2 billion with VIEs at September 30, 2015 and December 31, 2014. The underlying securities are senior securities and substantially all of the Corporation's exposures are insured. Accordingly, the Corporation's exposure to loss consists principally of counterparty risk to the insurers. In certain circumstances, generally as a result of ratings downgrades, the Corporation may be required to purchase the underlying assets, which would not result in additional gain or loss to the Corporation as such exposure is already reflected in the fair value of the derivative contracts.

Other Guarantees

The Corporation has entered into additional guarantee agreements and commitments, including sold risk participation swaps, liquidity facilities, lease-end obligation agreements, partial credit guarantees on certain leases, real estate joint venture guarantees, divested business commitments and sold put options that require gross settlement. The maximum potential future payment under these agreements was approximately \$6.1 billion and \$6.2 billion at September 30, 2015 and December 31, 2014. The estimated maturity dates of these obligations extend up to 2040. The Corporation has made no material payments under these 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.

Payment Protection Insurance Claims Matter

In the U.K., the Corporation previously sold payment protection insurance (PPI) through its international card services business to credit card customers and consumer loan customers. PPI covers a consumer's loan or debt repayment if certain events occur such as loss of job or illness. In response to an elevated level of customer complaints across the industry, heightened media coverage and pressure from consumer advocacy groups the U.K. Financial Services Authority, which has subsequently been replaced by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), investigated and raised concerns about the way some companies have handled complaints related to the sale of these insurance policies. In October 2015, the FCA issued a statement that it will issue guidance early next year on the treatment of certain PPI claims. In connection with this matter, the Corporation added to its reserve for PPI claims. The reserve was \$434 million and \$378 million at September 30, 2015 and December 31, 2014. The Corporation recorded expense of \$303 million and \$319 million for the three and nine months ended September 30, 2015 compared to \$298 million and \$482 million for the same periods in 2014. It is possible that the Corporation will incur additional expense related to PPI claims; however, the amount of such additional expense cannot be reasonably estimated.

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Litigation and Regulatory Matters

The following supplements the disclosure in Note 12 - Commitments and Contingencies to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K and in Note 10 - Commitments and Contingencies to the Consolidated Financial Statements of the Corporation's Quarterly Report on Form 10-Q for the quarterly periods ended June 30, 2015 and March 31, 2015 (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 actions and proceedings, including actions brought on behalf of various classes of claimants. These actions and proceedings are generally based on alleged violations of consumer protection, securities, environmental, banking, employment, contract and other laws. In some of these actions and proceedings, claims for substantial monetary damages are asserted against the Corporation and its subsidiaries.

In the ordinary course of business, the Corporation and its subsidiaries are also subject to regulatory and governmental examinations, information gathering requests, inquiries, investigations, and threatened legal actions and proceedings. For example, certain subsidiaries of the Corporation are registered broker-dealers or investment advisors and are subject to regulation by the SEC, the Financial Industry Regulatory Authority, the European Commission, the PRA, the FCA and other international, federal and state securities regulators. In connection with formal and informal inquiries, the Corporation and its subsidiaries receive numerous requests, subpoenas and orders for documents, testimony and information in connection with various aspects of the Corporation's regulated activities.

In view of the inherent difficulty of predicting the outcome of such litigation, regulatory and governmental 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 what the eventual outcome of the pending matters will be, what the timing of the ultimate resolution of these matters will be, or what the eventual loss, fines or penalties related to each pending matter may be.

In accordance with applicable accounting guidance, the Corporation establishes an accrued liability for litigation, regulatory and governmental matters when those matters present loss contingencies that are both probable and estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. As a litigation, regulatory or governmental matter develops, the Corporation, in conjunction with any outside counsel handling the matter, evaluates on an ongoing basis whether such matter presents a loss contingency that is probable and estimable. When a loss contingency is not both probable and estimable, the Corporation does not establish an accrued liability. If, at the time of evaluation, the loss contingency related to a litigation, regulatory or governmental matter is not both probable and estimable, the matter will continue to be monitored for further developments that would make such loss contingency both probable and estimable. Once the loss contingency related to a litigation, regulatory or governmental matter is deemed to be both probable and estimable, the Corporation will establish an accrued liability with respect to such loss contingency 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 \$231 million and \$776 million was recognized for the three and nine months ended September 30, 2015 compared to \$6.0 billion and \$16.0 billion for the same periods in 2014.

For a limited number of the matters disclosed in this Note, and in the prior commitments and contingencies disclosure, for which a loss, whether in excess of a related accrued liability or where there is no accrued liability, is reasonably possible in future periods, the Corporation is able to estimate a range of possible loss. In determining whether it is possible to estimate a range of possible loss, the Corporation reviews and evaluates its material litigation, regulatory and governmental matters on an ongoing basis, in conjunction with any outside counsel handling the matter, in light of potentially relevant factual and legal developments. These may include information learned through the discovery process, rulings on dispositive motions, settlement discussions, and other rulings by courts,

arbitrators or others. In cases in which the Corporation possesses sufficient appropriate information to estimate a range of possible loss, that estimate is aggregated and disclosed below. There may be other disclosed matters for which a loss is probable or reasonably possible but such an estimate of the range of possible loss may not be possible. For those matters where an estimate of the range of possible loss is possible, management currently estimates the aggregate range of possible loss is \$0 to \$2.4 billion in excess of the accrued liability (if any) related to those matters. This estimated range of possible loss is based upon currently available information and is subject to significant judgment and a variety of assumptions, and known and unknown uncertainties. The matters underlying the estimated range will change from time to time, and actual results may vary significantly from the current estimate. Those matters for which an estimate is not possible are not included within this estimated range. Therefore, this estimated range of possible loss represents what the Corporation believes to be an estimate of possible loss only for certain matters meeting these criteria. It does not represent the Corporation's maximum loss exposure.

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Information is provided below, or in the prior commitments and contingencies disclosure, regarding the nature of all of these contingencies and, where specified, the amount of the claim associated with these loss contingencies. Based on current knowledge, management does not believe that loss contingencies arising from pending matters, including the matters described herein and in the prior commitments and contingencies disclosure, will have a material adverse effect on the consolidated financial position or liquidity of the Corporation. However, in light of the inherent uncertainties involved in these matters, some of which are beyond the Corporation's control, and the very large or indeterminate damages sought in some of these matters, an adverse outcome in one or more of these matters could be material to the Corporation's results of operations or cash flows for any particular reporting period.

Bond Insurance Litigation

Ambac Countrywide Litigation

On October 22, 2015, the New York Supreme Court, New York County, issued rulings in the action Ambac brought on September 29, 2010. The Court granted in part and denied in part Countrywide's motion for summary judgment and Ambac's motion for partial summary judgment against Countrywide. Among other things, the court granted summary judgment dismissing Ambac's claim for rescissory damages and denied summary judgment regarding Ambac's claims for fraud and breach of the insurance agreements. The Court also denied the Corporation's motion for summary judgment and granted in part Ambac's motion for partial summary judgment on Ambac's successor-liability claims with respect to a single element of its de facto merger claim. The Court denied summary judgment on the other elements of Ambac's de facto merger claim and the other successor-liability claims. Ambac filed its notice of appeal on October 27, 2015. The Corporation and Countrywide intend to appeal certain portions of the summary judgment rulings.

Ambac First Franklin Litigation

On September 17, 2015, the court denied Ambac's motion to dismiss defendants' affirmative defense of in pari delicto and granted Ambac's motion to dismiss defendants' affirmative defense of unclean hands.

Montgomery

On July 31, 2015, the U.S. Court of Appeals denied plaintiffs' petition for rehearing en banc. On October 29, 2015, plaintiffs filed a petition for a writ of certiorari before the U.S. Supreme Court.

Mortgage Repurchase Litigation

U.S. Bank Litigation

On September 16, 2015, defendants (i) withdrew the appeal that had been noticed, but not briefed, regarding the court's November 13, 2014 order that had granted U.S. Bank's motion for leave to amend, and (ii) moved, on the ground of failure to perfect,

for dismissal of U.S. Bank's appeal from the court's February 13, 2014 order that had dismissed a claim seeking repurchase of all mortgage loans and sought clarification of a prior dismissal order. On September 30, 2015, U.S. Bank advised the court that it did not oppose dismissal of its appeal from the February 13, 2014 order.

Pennsylvania Public School Employees' Retirement System

The parties in Pennsylvania Public School Employees' Retirement System v. Bank of America, et al. agreed to settle the claims for \$335 million, an amount that was fully accrued as of June 30, 2015. The agreement is subject to final documentation and court approval.

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Common Stock

The table below presents the declared quarterly cash dividends on common stock in 2015 and through October 30, 2015.

Record Date

••December. 4; 201 5 September 4,2015 .June 5; 20f5 .•
February 10,2015

On March 11, 2015, the Corporation announced that the Federal Reserve completed its 2015 Comprehensive Capital Analysis and Review (CCAR) and advised that it did not object to the 2015 capital plan but gave a conditional non-objection under which the Corporation was required to resubmit its CCAR capital plan by September 30, 2015 and address certain weaknesses the Federal Reserve identified in the Corporation's capital planning process. The requested capital actions included a request to repurchase \$4.0 billion of common stock over five quarters beginning in the second quarter of 2015, and to maintain the quarterly common stock dividend at the current rate of \$0.05 per share. During the three and nine months ended September 30, 2015, the Corporation repurchased and retired 44.6 million and 93.2 million shares of common stock in connection with the 2015 capital plan, which reduced shareholders' equity by \$800 million and \$1.6 billion. The Corporation has taken actions which it believes address the identified weaknesses, and resubmitted the CCAR capital plan on September 30,2015. The Federal Reserve has 75 days to review the Corporation's resubmitted CCAR capital plan and its capital planning revisions. Following that review, the Federal Reserve may determine that the capital plan is not adequate or the identified weaknesses are not being satisfactorily addressed, and may restrict the Corporation's future capital actions.

During the nine months ended September 30, 2015, in connection with employee stock plans, the Corporation issued approximately 7 million shares and repurchased approximately 3 million shares of its common stock to satisfy tax withholding obligations. At September 30, 2015, the Corporation had reserved 1.6 billion unissued shares of common stock for future issuances

under employee stock plans, common stock warrants, convertible notes and preferred stock.

The Corporation has certain warrants outstanding and exercisable to purchase 150.4 million shares of its common stock, expiring on January 16, 2019 and warrants outstanding and exercisable to purchase 121.8 million shares of its common stock, expiring on October 28, 2018. These warrants were originally issued in connection with preferred stock issuances to the U.S. Department of the Treasury in 2009 and 2008, and are listed on the New York Stock Exchange. The exercise price of the warrants expiring on January 16, 2019 is subject to continued adjustment each time the quarterly cash dividend is in excess of \$0.01 per common share to compensate the holders of the warrants for dilution resulting from an increased dividend. As a result of the Corporation's third-quarter 2015 dividend of \$0.05 per common share, the exercise price of these warrants was adjusted to \$13.137. The warrants expiring on October 28, 2018 also contain this anti-dilution provision except the adjustment is triggered only when the Corporation declares quarterly dividends at a level greater than \$0.32 per common share.

Preferred Stock

During the three months ended September 30, 2015, June 30, 2015 and March 31, 2015, the Corporation declared \$441 million, \$330 million and \$382 million of cash dividends on preferred stock, or a total of \$1.2 billion for the nine months ended September 30, 2015.

Restricted Stock Units

During the nine months ended September 30, 2015, the Corporation granted 131 million restricted stock unit (RSU) awards to certain employees under the Bank of America Corporation 2003 Key Associate Stock Plan (KASP). On May 6, 2015, Bank of America shareholders approved the amendment and restatement of KASP, and renamed it the Bank of America Corporation Key Employee Equity Plan. Generally, one-third of the RSUs vest on each of the first three anniversaries of the grant date provided that the employee remains continuously employed with the Corporation during that time. Except for two million RSUs that are authorized to settle in shares of common stock of the Corporation, the RSUs will be paid in cash to the employees on the vesting date based on the fair value of the Corporation's common stock as of the vesting date. The RSUs are expensed ratably over the vesting period, net of estimated forfeitures, for non-retirement eligible employees based upon the fair value of the Corporation's common stock on the accrual date. For RSUs granted

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to employees who are retirement eligible or will become retirement eligible during the vesting period, the RSUs are expensed as of the grant date or ratably over the period from the grant date to the date the employee becomes retirement eligible, net of estimated forfeitures. The accrued liability for the RSUs is adjusted to fair value based on changes in the fair value of the Corporation's common stock. The Corporation enters into cash-settled equity derivatives for a significant portion of the RSUs to minimize the change in expense driven by fluctuations in the fair value of the RSUs over the applicable vesting period. For additional information, see Note 18 - Stock-based Compensation Plans to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K.

Gompr.chensiMt

The table below presents the changes in accumulated OCI after-tax for the nine months ended September 30, 2015 and 2014.

	Available-for-sale	Available-for-sale	Marketable Debt Securities	Equity Securities
Employee Benefit Plans				
Foreign Currency ⁽¹⁾				
Balance, December 31, 2013,				
Net change				
■ Balance, September 30, 2014 \$				
■ Balance, December 31, 2014				
Net change				

1,343 \$ _ 219

17 S "(2)

(1,661) S (3,350) S 416 77

(669) S " (84)""

(4,320) 626

Balance, September 30, 2015

(1) The net change in fair value represents the impact of changes in spot foreign exchange rates on the Corporation's net investment in non-U S operations and related hedges

The table below 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 before- and after-tax for the nine months ended September 30, 2015 and 2014.

Changes in OCI Components Before- and After-tax

Nine Months Ended September 30

2015

Before-tax	Tax effect	After-tax	Before-tax	Tax effect
------------	------------	-----------	------------	------------

Available-for-sale debt securities:

\$" 5,322 \$(1,990) \$" 3,332]

Net realized gains reclassified into earnings

Net change

Available-for-sale marketable equity securities:

! Net decrease in fair value

Net change

14

(267)

(28) 444

(20)-(196)

86! 325

Net change

Employee benefit plans:

Net decrease in fair value

Net realized losses reclassified into earnings

Settlements, curtailments and other

(2) 128

1

H9) (1)

(1) 79

(1)

Net change

Foreign currency:

Net decrease in fair value

Net realized gains reclassified into earnings

Net change

482	
(29)	
453	
	(566) 29
(537)	
258	
"_	
256	
	(390) 1
(389)	
(132)	
' Tn	
(133)	
626 \$ 5,062 \$ (2,120) \$ 2,942	

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The table below presents impacts on net income of significant amounts reclassified out of each component of accumulated OCI before- and after-tax for the nine months ended September 30, 2015 and 2014. There were no amounts reclassified out of AFS marketable equity securities for the nine months ended September 30, 2015 and 2014.

Reclassifications Out of Accumulated OCI

(Dollars in millions)

Accumulated OCI Components	Income Statement Line Item Impacted	Nine Months Ended September 30	
		2015	2014
Available-for-sale debt securities:			
	Other loss	(77)	(12)
	Income tax expense	283	448
Derivatives:			
Interest rate contracts	Net interest	(768)	(831)
Equity compensation contracts	Personnel	57	310
	Loss before income taxes	(71)	(521)
	Income tax benefit	(267)	(196)
	Reclassification to net income		(444)
Employee benefit plans:			
Net actuarial losses; and prior service costs	Personnel	(128)	(37)
	Loss before income taxes		(37)
	Income tax benefit	(49)	(14)
	Reclassification to net income		(23)

\$ 4,067	\$ (470)	\$ 8	\$ 12,032	\$ 1,051	75	-	225	-
\$ 4,142	\$ (470)	\$ -	\$ 12,257	\$ 1,051				
10,444,291	10,515,790	10,483,466	10,531,688					
	750							
11,197,203	10,515,790	11,234,125	10,587,841					
\$ 0.37	\$ (0.04)	\$ 1.09	\$ 0.10					

Includes incremental dilutive shares from restricted stock units, restricted stock, stock options and warrants There were no potential common shares that are dilutive for the three months ended September 30, 2014 because of the net loss applicable to common shareholders

The Corporation previously issued a warrant to purchase 700 million shares of the Corporation's common stock to the holder of the Series T Preferred Stock. The warrant may be exercised, at the option of the holder, through tendering the Series T Preferred Stock or paying cash. For the three and nine months ended September 30, 2015, the 700 million average dilutive potential common shares were included in the diluted share count under the "if-converted" method. For the three and nine months ended September 30, 2014, the 700 million average dilutive potential common shares were not included in the diluted share count because the result would have been antidilutive under the "if-converted" method.

For both the three and nine months ended September 30, 2015 and 2014, 62 million average dilutive potential common shares associated with the 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L were not included in the diluted share count because the result would have been antidilutive under the "if-converted" method. For the three and nine months ended September 30, 2015, average options to purchase 64 million and 67 million shares of common stock were outstanding but not included in the computation of EPS because the result would have been antidilutive under the treasury stock method compared to 88 million and 92 million for the same periods in 2014. For the three and nine months ended September 30, 2015, average warrants to purchase 122 million shares of common stock were outstanding but not included in the computation of EPS because the result would have been antidilutive under the treasury stock method and average warrants to purchase 150 million shares of common stock were included in the diluted EPS calculation using the treasury stock method. For the three and nine months ended September 30, 2014, average warrants to purchase 272 million and 122 million shares of common stock were outstanding but not included in the computation of EPS because the result would have been antidilutive under the treasury stock method. For the nine months ended September 30, 2014, average warrants to purchase 150 million shares of common stock were included in the diluted EPS calculation using the treasury stock method.

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Under applicable accounting guidance, 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 based on the fair value hierarchy established under applicable accounting guidance which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs used to measure fair value. The Corporation conducts a review of its 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 became unobservable or observable, respectively, in the current marketplace. These transfers are considered to be effective as of the beginning of the quarter in which they occur. For more information regarding the fair value

hierarchy and how the Corporation measures fair value, see Note 1 - Summary of Significant Accounting Principles and Note 20 - Fair Value Measurements to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K. The Corporation accounts for certain financial instruments under the fair value option. For additional information, see Note 15 - Fair Value Option.

Valuation Processes and Techniques

The Corporation has various processes and controls in place to ensure that fair value is reasonably estimated. A model validation policy governs the use and control of valuation models used to estimate fair value. This policy requires review and approval of models by personnel who are independent of the front office, and periodic reassessments of models to ensure that they are continuing to perform as designed. In addition, detailed reviews of trading gains and losses are conducted on a daily basis by personnel who are independent of the front office. A price verification group, which is also independent of the front office, utilizes available market information including executed trades, market prices and market-observable valuation model inputs to ensure that fair values are reasonably estimated. The Corporation performs due diligence procedures over third-party pricing service providers in order to support their use in the valuation process. Where market information is not available to support internal valuations, independent reviews of the valuations are performed and any material exposures are escalated through a management review process.

While the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the nine months ended September 30, 2015, there were no changes to the valuation techniques that had, or are expected to have, a material impact on the Corporation's consolidated financial position or results of operations.

Level 1,2 and 3 Valuation Techniques

Financial instruments are considered Level 1 when the valuation is based on quoted prices in active markets for identical assets or liabilities. Level 2 financial instruments are valued using quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or models using inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques, and at least one significant model assumption or input is unobservable and when determination of the fair value requires significant management judgment or estimation.

Recurring Fair Value

Assets and liabilities carried at fair value on a recurring basis at September 30, 2015 and December 31, 2014, including financial instruments which the Corporation accounts for under the fair value option, are summarized in the following tables.

September 30, 2015

Fair Value Measurements

Netting Adjustments⁽¹⁾

Assets/Liabilities at Fair Value

Assets	
Federal funds sold and securities borrowed or purchased under agreements to resell	36,542 ; 490
31,354	
17,447 ; 25,809	
20,323	
Non-U.S. sovereign debt	
Mortgage trading loans and ABS	
Total trading account assets	
Derivative assets	
AFS debt securities	
U.S. Treasury and agency securities	
Agency	
Agency-collateralized mortgage obligations	
Non-agency residential	
Commercial	
Non-U.S. securities	
Corporate/Agency bonds	
Other taxable securities	
Tax-exempt securities	
Total AFS debt securities	
Other debt securities carried at fair value	
Mortgage-backed securities: Agency	
Agency-collateralized mortgage obligations	
Non-agency residential	
89,966 ; 7,403	
38,075	
2,996	
20	
41,091	
7,967	
84,354	
762,127	
2,056	
208,319	
12,075 ; 3,393	
5,530	
3,376	
234	
9,149 ; 11,121	
255,253	
7,944	
3,604	
2,005	
5,698	
mm	

189

581
569
1342

31
Non-U.S. securities
Other taxable securities
Total other debt securities carried at fair value
Loans and leases . Mortgage servicing rights^ Loans held-for-sale
31

1,984 3,043" 559

27,392 i
7,178 "37043;
4,688
J Other assets ¹⁾
164,036 \$ 1,188,292 S

Liabilities
Interest-bearing deposits in U.S. offices
Federal funds purchased and securities loaned or sold under agreements to
repurchase
Trading account liabilities¹⁾
U S government and agency securities
Equity securities
Non-U S sovereign debt Corporate securities and other
Total trading account liabilities Derivative liabilities ¹⁾
Short-term borrowings
Accrued expenses and other liabilities
Long-term debt
Total liabilities

15,397 30,112 16,762 158

62,429
.....

11,440
81,372

1,163 \$ 38,718

153 27564" 1,541

834  \$ 196

11,785^ 752.188 ' 1,851 1.907 27,275

.38
38
5,617 18 9
1.910

7,788

1.163 38,914

15,550

18,303 "777237

74,252 " 45,862"; 1,869

ijjse¹

29,185

204,601 :

Amounts represent the impact of legally enforceable master netting agreements and also cash collateral held or placed with the same counterparties. Includes \$17.0 billion of government-sponsored enterprise obligations.

During the nine months ended September 30, 2015, \$2.2 billion of derivative assets and \$6.3 billion of derivative liabilities were transferred from Level 1 to Level 2 based on inputs used to measure fair value. Additionally, \$5.9 billion of derivative assets and \$5.8 billion of derivative liabilities were transferred from Level 2 to Level 1 due to additional information related to certain options. For further disaggregation of derivative assets and liabilities, see Note 2 - Derivatives.

During the nine months ended September 30, 2015, approximately \$327 million of assets were transferred from Level 2 to Level 1 due to a restriction that was lifted for an equity investment.

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December 31, 2014

Fair Value Measurements

Netting Adjustments¹

Assets/Liabilities at Fair Value

Assets

E

Federal funds sold

Trading account assets*

- U.S. government agency securities

Corporate securities, trading loans and other

U.S. government securities

Non-U.S. sovereign debt

Mortgage trading and ABS

Derivative assets

Total trading account assets

U.S. government agency securities

AFS debt securities

Treasury and agency securities; Mortgage-backed securities

T Agency

Agency-collateralized mortgage obligations

Non-agency residential mortgage-backed securities

2,182

165,039

14,248 4,175

69,595

165,039

14,248 4,454

Commercial

Non-U.S. securities

Corporate/Agency bonds

Other taxable securities: Tax-exempt securities

Total AFS debt securities

4,000

3,029 368

9,104

8,950

211,095

4,000

10,791-1
 9,549
 284,274
 Other debt securities earned at fair value
 [U.S. Treasury and agency securities
 Mortgage-backed securities Agency.
 Non-agency residential
 [- Non-y:S. securities
 Total other debt securities carried at fair value Loans and leases
 Mbrtg age servicing rights
 Loans held-for-sale Other assets
 Total assets

Other taxable securities

15,704
 3,745
 1,862,299
 21,610,
 6,698
 6,628
 ,1,381.
 1,380,518
 1,541 ;
 .15,7041

15,132,299

8,681
 1-i 3,530^
 6,801
 13,873 j
 660,229
 Liabilities
 Interest-bearing deposits in U.S. offices ; ^ , ^ . -

Federal funds purchased and securities loaned or sold under agreements to repurchase

(..Trading account liabilities: y.- 'Jj): \.
 U S government and agency securities
 [" ^ -Equity securities. -.-_j?"Z
 Non-U S sovereign debt
 Total trading account liabilities
 Derivative liabilities (*): . ^ y.
 Short-term borrowmgs
 Accrued expenses and other liabilities-
 Long-term debt
 Total Liabilities.

1,469 S
 S-
 35,357

18,514
 24,679
 446 3,625
 6,944.

J6.089 189

59,471
 14.685_ J69,5027 2.697
 10,795 J'25 °i 34,042
 ■74:759 S' - 1.059,002 -.-S

Non-agency residential MBS	234-(2)	41--(47)	-(37)189								
p Non-U.S. securities	9	-	-	-	--	-	'(6)	'	-	'...! U=r. !:'''	Tj
Other taxable securities	677-(2)	---(88)	-(6)581								
I Tax-exempt securities	584	-	-	-	-	-	(15)	-	"- ...	569]	
Total AFS debt securities	1,504	-(4)	41	--	(156)	-	(43)	1,342			
Other debt securities carried at fair value - Non-j agency residential MBS	34	(3)	-	-	-	-	-	-	'- ...	31 !	
Loans and leases ⁵⁾	1,970	17	-	-	(1)	57	(59)	7	(7)	1,984	
[Mortgage servicing rights ^(j)	3,521	(363)	-	-	(ST)	185	(213)	:	-	3,04TJ	
Loans held-for-sale ⁽⁴⁾	660	-	-	2	(79)	3	(6)	7	(28)	559	
[.Other assets ⁷⁵⁶		(42)	-	3	(11)	-	(17)	~	(15)	674-i	
Federal funds purchased and securities loaned or sold under agreements to repurchase ⁽⁴⁾		(368)	-	-	-	-	(5)	208	(32)	1 (196)	
I Trading account liabilities - Corporate securities.		...									
[and other (57)									19		
.(38)											
Short-term borrowings ^(j)						4	-	-	(3)	(19)	-
(18)											
j Accrued expenses and other liabilities		(9)	-	-	-	-	-	-	-	(-9)	
Long-term debt ⁽¹⁾ (2,716)						252	-	139	(40)	59	(264)
660		(1,910)									

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

Includes unrealized gains (losses) on AFS debt securities and foreign currency translation adjustments ¹³⁾ Net derivatives include derivative assets of \$6.0 billion and derivative liabilities of \$5.6 billion ¹⁴⁾ Amounts represent instruments that are accounted for under the fair value option

⁵⁾ Issuances represent loan originations and mortgage servicing rights retained following securitizations or whole-loan sales

[^] Other assets is primarily comprised of certain long-term fixed-rate margin loans that are accounted for under the fair value option and certain private equity investments

During the three months ended September 30, 2015, the transfers into Level 3 included \$242 million of trading account assets and \$264 million of long-term debt. Transfers into Level 3 for trading account assets were primarily the result of decreased availability of third-party prices for certain corporate debt securities. Transfers into Level 3 for long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured liabilities. Transfers occur on a regular basis for these 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.

During the three months ended September 30, 2015, the transfers out of Level 3 included \$249 million of trading account assets and \$660 million of long-term debt. Transfers out of Level 3 for trading account assets were primarily the result of increased market liquidity and price observability for certain corporate debt securities. Transfers out of Level 3 for long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured liabilities.

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Level 3 - Fair Value Measurements

Three Months Ended September 30, 2014

Gross

(Dollars in millions)

Trading account assets: h <: U.S. government and agency securities¹⁾:

Balance Gains Gains

July 1 (Losses) m (Losses) in
2014 Earnings OCI
Gross Gross
Transfers Transfers
Level 3 Level 3

Balance September 30 2014

;S7
Corporate securities, trading loans and other
||,.^ Equity securities.
Non-U.S sovereign debt
,21
45
26 r
(2,518)
(2,901) " ~78~
1,890!
5,967 ~(752)

11
228

10! 190
[y * ^Corporate/Agency bonds-

Other taxable securities
Tax-exempt securities
Total AFS debt securities
! Loans and leases¹
Mortgage servicing rights
Loans held-for-sale¹
Other assets
j Trading account liabilities -.Corporate securities. 1', andfothe. •

3,266 , .735 ~

3,018: 4,368
110; 972

12-. (95)
(14). 15

(16).

(16) (1)
(IT)
(39)

10
203

(257)
(142)-

(426)	
(757)	
(232)	
3b	
(7)'	
(954)	
(954)	
(2-18)	
;	3!
2,056	
614:	
	2,963 ~2~04T4,243
J73-;	931
(26)	
1	: (2,416)
<8>	(2,349)

⁽¹⁾ Assets (liabilities) For assets, increase (decrease) to Level 3 and for liabilities, (increase) decrease to Level 3. ⁽²⁾ Net derivatives include derivative assets of \$6.9 billion and derivative liabilities of \$7.7 billion. ⁽³⁾ Amounts represent instruments that are accounted for under the fair value option.
^w Issuances represent loan originations and mortgage servicing rights retained following securitizations or whole-loan sales
^(d) Other assets is primarily comprised of certain long-term fixed-rate margin loans that are accounted for under the fair value option and certain private equity investments

During the three months ended September 30, 2014, the transfers into Level 3 included \$613 million of trading account assets, \$138 million of net derivative assets, \$128 million of AFS debt securities and \$379 million of long-term debt. Transfers into Level 3 for trading account assets were primarily the result of decreased availability of third-party prices for certain corporate loans and securities. Transfers into Level 3 for net derivative assets were primarily due to decreased price observability related to equity derivatives. Transfers into Level 3 for AFS debt securities were primarily due to decreased price observability related to municipal auction rate securities. Transfers into Level 3 for long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured liabilities. Transfers occur on a regular basis for these 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.

During the three months ended September 30, 2014, the transfers out of Level 3 included \$2.9 billion of trading account assets, \$954 million of AFS debt securities, \$248 million of loans and leases and \$550 million of long-term debt. Transfers out of Level 3 for trading account assets were primarily the result of increased market liquidity and price observability on certain CLOs. Transfers out of Level 3 for AFS debt securities were primarily due to increased price observability on certain CLOs. Transfers out of Level 3 for loans and leases were primarily due to increased price observability. Transfers out of Level 3 for long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured liabilities.

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22 10
(48)

(46) (14)

9 1
322

(3)_ (39?)
(174)
(129)

(38)

57 568
36

(33)

(24)

(179)
132
(468)
125
184
(179) (666)
(12)
(32)
19

208 (358)
1 (23)

219 (1,380) 1,154
1,342

-3i i

1,984 3,043!
559 674]

(196)

J38), (18)
(?)
(1,910)

⁽¹⁾ Assets (liabilities). For assets, increase (decrease) to Level 3 and for liabilities, (increase) decrease to Level 3⁽²⁾

⁽²⁾ Issuances represent loan originations and mortgage servicing rights retained following securitizations or whole-loan sales.

^w Other assets is primarily comprised of certain long-tenn fixed-rate margin loans that are accounted for under the fair value option and certain private equity investments

During the nine months ended September 30, 2015, the transfers into Level 3 included \$1.3 billion of trading account assets, \$132 million of AFS debt securities, \$125 million of loans and leases, \$184 million of LHFS, \$358 million of federal funds purchased and securities loaned or sold under agreements to repurchase and \$1.4 billion of long-term debt. Transfers into Level 3 for trading account assets were primarily the result of decreased availability of third-party prices for certain corporate debt securities. Transfers into Level 3 for AFS debt securities were primarily due to decreased price observability on certain CLOs. Transfers into Level 3 for loans and leases were primarily due to decreased price observability. Transfers into Level 3 for LHFS

(2,583)
(4,114) "" 378~
-3571
594
-4-.890'
5,967 7(752)
AFS debt securities
Noii-agency residehtialMBS
Non-U S securities
[7" Corporate/Agency, bonds-
Other taxable securities
Tax-exempt securities,
Total AFS debt securities
/ Loans and leases^(3:4)
Mortgage servicing nghls^{u)} i Loans held-for-sale^{(3>-}
Other assets'
Trading account liabilities - Corporate securities'
and other .] #' \H. #' #'
Accrued expenses and other liabilities
(Long-term debt * .: .. ' #' ..T #'
,806
4,760
3,057.
5,042

1,669

(35);
(TO) (L990)

(634) "57 '
(71)
. (6)
(16)
(3)
_(47) (725 V

(420) ■ (7)..
(221).
(1,329)
(I,538)
(699) (2~13)-
(237)

404';
.36 :
129
20

81 ;
3

(1.199)
(954) 12647

(9)
(13) .2 ;
775 '
.614!
2,963
4,243
931
(26)
_(8) (%4?)

1

- ⌘ Assets (liabilities) For assets, increase (decrease) to Level 3 and for liabilities, (increase) decrease to Level 3
- ⌘ Net denvatives include derivative assets of \$6.9 billion and derivative liabilities of \$7.7 billion.
- ⌘ Amounts represent instruments that are accounted for under the fair value option
- ⌘ Issuances represent loan originations and mortgage servicing rights retained following securitizations or whole-loan sales
- ⌘ Other assets is primarily composed of certain long-term fixed-rate margin loans that are accounted for under the fair value option and certain private equity investments

During the nine months ended September 30, 2014, the transfers into Level 3 included \$1.0 billion of trading account assets, \$129 million of AFS debt securities and \$1.2 billion of long-term debt. Transfers into Level 3 for trading account assets were primarily the result of decreased availability of third-party prices for certain corporate loans and securities. Transfers into Level 3 for AFS debt securities were primarily due to decreased price observability related to municipal auction rate securities. Transfers into Level 3 for long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured liabilities. Transfers occur on a regular basis for these 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.

During the nine months ended September 30, 2014, the transfers out of Level 3 included \$4.1 billion of trading account assets, \$378 million of net derivative assets, \$954 million of AFS debt securities, \$264 million of loans and leases and \$775 million of long-term debt. Transfers out of Level 3 for trading account assets were primarily the result of increased market liquidity and price observability on certain CLOs. Transfers out of Level 3 for net derivative assets were primarily due to increased price observability for certain equity derivatives. Transfers out of Level 3 for AFS debt securities were primarily due to increased price observability on certain CLOs. Transfers out of Level 3 for loans and leases were primarily due to increased price observability. Transfers out of Level 3 for long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured liabilities.

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The following tables summarize gains (losses) due to changes in fair value, including both realized and unrealized gains (losses), recorded in earnings for Level 3 assets and liabilities during the three and nine months ended September 30, 2015 and 2014. These amounts include gains (losses) on loans, LHFS, loan commitments and structured liabilities that are accounted for under the fair value option.

Level 3 - Total Realized and Unrealized Gains (Losses) Included in Earnings

Three Months Ended September 30, 2015

(Dollars in millions)	Trading Mortgage Account Banking Profits		
	Income	(Losses)	(Loss) ^{a)} Other Total
Trading account assets:			
j Corporate securities trading loans and other	\$ (6)	\$ (6)	-\$ (6)
Equity securities	(1)	(1)	(1)
I Non-U.S. sovereign debt	12	12	12
<u>Mortgage trading loans and ABS</u>	(7)	(7)	(7)
Total trading account assets	(2)	(2)	(2)
Net derivative assets			837
184			21
21			1,042
Other debt securities carried at fair value - Non-agency residential MBS	(3)	(3)	(3)
Loans and leases ⁽²⁾		16	17
Mortgage servicing rights			
13		(363)	
Loans held-for-sale ⁽²⁾	(4)	(4)	
Other assets			(32)
Short-term borrowings ⁽²⁾			4
Long-term debt ⁽²⁾			251
<u>Total</u>	\$ 1,100	\$ (224)	\$ 29
			\$ 905

Three Months Ended September 30, 2014

trading account assets:			
Corporate securities, trading loans and other.			\$ 50
	501		
Equity securities			2
Non-U.S. sovereign debt	(28)	(28)	(28)
<u>Mortgage trading loans and ABS</u>	21		21
Total trading account assets			45
Net derivative assets			45
Net derivative assets			72
AFS debt securities:			169
Non-agency residential MBS		(1)	(1)
Other taxable securities			1
Tax-exempt securities			5
Total AFS debt securities			5
Loans and leases ⁽²⁾		12	12
Mortgage servicing rights			(9)
(86)		(95)	
Loans held-for-sale		(2)	(12)
Other assets		(1)	(16)
Long-term debt ⁽²⁾		96	27
<u>Total</u>			\$ 352
202	\$ 99	\$ 51	\$

^{a)} Mortgage banking income (loss) does not reflect the impact of Level 1 and Level 2 hedges on MSRs ⁽²⁾ Amounts represent instruments that are accounted for under the fair value option

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Level 3 - Total Realized and Unrealized Gains (Losses) Included in Earnings

Nine Months Ended September 30, 2015

Trading Account Profits
(Losses)
Mortgage Banking Income
(Loss)⁽⁰⁾
Trading account assets:
| Corporate securities including loans a^
Equity securities / Non-U.S. sovereign debt Yji<,-!'■.: ".i/Z-L
Mortgage trading loans and ABS
Total trading account ;assets"i'.
Net derivative assets
AFS debt securities-Non Agency residential MBS
Non-agency residential MBS
Other debt securities carried at fair value -
[Loans and leases⁽²⁾, " ;-■"
Mortgage servicing rights
[Loans held for sale]
Other assets
^Federal funds purchased and securities loaned or sold under agreements to repurchase⁽²⁾ Trading account liabilities - Corporate securities and other
[Short-term borrowings ²_ .. _" . : -> ■.
Accrued expenses and other liabilities
[Long-term debt⁽²⁾ ; .1', P ■ v
Total

28 S.
13
94
154
289
902

;(5>

(58):

(14)

..,;, . 350 \$ 1,478

44

■:yT2).i:

(2)

■ •:"27"

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!(28) 50 \$

28;

13

94;1

154

1,608

(2)

22'

10

(46)

∴ 322; 2,142

Nine Months Ended September 30, 2014

Trading account assets:

[Corporate securities	213	14	14
Equity securities			
[Non-U.S. sovereign debt	59	222	222
Mortgage trading loans and ABS			
[Total trading account assets	5.08		
Net derivative assets			
[AFS debt securities			
Non-agency residential MRS	(1)		
Other taxable securities			
Tax-exempt securities			
[Total AFS debt securities			
Loans and leases		71	71
Mortgage servicing; rights			
Loans held-for-sale	(2)		57
[Other assets			
Trading account liabilities - Corporate securities and other			
Accrued interest			
Long-term debt			
Total			

(119) s' 151 \$ 5ij
Mortgage banking income (loss) does not reflect the impact of Level 1 and Level 2 hedges on MSR's. Amounts represent instruments that are accounted for under the fair value option.

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The following tables summarize changes in unrealized gains (losses) recorded in earnings during the three and nine months ended September 30, 2015 and 2014 for Level 3 assets and liabilities that were still held at September 30, 2015 and 2014. These amounts include changes in fair value on loans, LHFS, loan commitments and structured liabilities that are accounted for under the fair value option.

Level 3 - Changes in Unrealized Gains (Losses) Relating to Assets and Liabilities Still Held at Reporting Date

(Dollars in millions)	Three Months Ended September 30, 2015			
	(Losses)	Trading Account Profits	Mortgage Banking Income (Loss) ⁽¹⁾	Other
Total				
Trading account assets:				
Corporate securities^ trading loans and other			(34)	\$ -
Equity securities	(1)		--(1)	
1 Non-U.S. sovereign debt				12
<u>Mortgage trading loans and ABS</u>		(34)	=	(34)
Total trading account assets	(57)			(57)
Net derivative assets	735		58	21
[Loans and leases ^J	1		26	~' 27~]
Mortgage servicing rights	13		(413)	-(400)
[Other asset's	(38)1			(26) "
Trading account liabilities - Corporate securities and other		1	--	1
[Short-term borrowings ⁽²⁾	4		-	4
Long-term debt ⁽²⁾	250		-	250
Total			\$ 601;	\$ (381) \$

Three Months Ended September 30, 2014

Trading account assets:				
Corporate securities, trading loans and other		14	\$	- \$ - \$
Equity securities	12	-		12
f Non-U.S.'sovereign debt"				-
~r2g) ~~~		"(28)		-
<u>Mortgage trading loans and ABS</u>		(14)	=	(14)
[Total trading account assets				(16) -
Net derivative assets	36	59-		20 115
[Loans and leases ⁽²⁾				- - 10
10"1				
<u>Mortgage servicing rights</u>		(9)	(195)	- (204)

[Loans held-for-sale ⁽²⁾	"	"	-	-	~ (2)	-	-
1	' (lj						
Other assets	-	22	1			23	
[Long-term debt ⁽²⁾	~	~		96		~	~" 27 "
~123~!							
Total		\$ 105	\$ (114)	\$	59		\$ 50

⁽¹⁾ Mortgage banking income (loss) does not reflect the impact of Level I and Level 2 hedges on MSRs. ⁽²⁾ Amounts represent instruments that are accounted for under the fair value option

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Level 3 - Changes in Unrealized Gains (Losses) Relating to Assets and Liabilities Still Held at Reporting Date
 Nine Months Ended September 30, 2015

(Dollars in millions)

Trading account assets:

[Corporate securities, trading loans and other -

Equity securities | Non-U.S. sovereign; debt

Mortgage trading loans and ABS

Trading Account Profits (Losses)

Mortgage Banking Income

(Loss)⁽¹⁾

¹ ;S :-:~^(IQ2)v\$yfr- ;:->--a-

81
(28)

Total

7(102)
7 "81:,
(28)

[TotafradirigaCcouritass^

Net derivative assets [Loans and leases;®;

'(2)"

Mortgage servicing rights
 Loans.held-for-sale
 Other assets
 [Federal funds purchased and securities loaned or sold under-agreements to repurchase Trading account liabilities - Corporate securities and other
 I Short-term borrowings (2)
 (2)7
 Accrued expenses and other liabilities
i Longterm debt
 Total
(42), V.:
 1,037

(1)
 (3)
 :4C
 308 1,306 S
 44
 ' 50
 (3.0) -
 (8)

: 1... ;:; 58 S
 1,140
 < 50 '
 (211)
 (31)
 (46)
 (3)

309.j 1,172

1

Nine Months Ended September 30,2014

Trading account assets:				
[Corporate securities; trading-loans and other	165	S		
Equity securities	J7	-	-	...
[Non-U.S. sovereign debt				
<u>Mortgage trading loans and ABS</u>	130	=	=	130
Total trading account assets				386ij
Net derivative assets	(464)	61	54	(349)
Loans-arid				
Mortgage servicing rights	3	(1,071)		(1,068)
Other assets		(28)	36	8
[Trading-account liabilities ^ Corporate: securities and other.-;				
Long-term debt ²¹	30	-	(36)	(6)
I. Total				(941)

Mortgage banking income (loss) does not reflect the impact of Level 1 and Level 2 hedges on MSRs ¹²⁾ Amounts represent instruments that are accounted for under the fair value option

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The following tables present information about significant unobservable inputs related to the Corporation's material categories of Level 3 financial assets and liabilities at September 30, 2015 and December 31, 2014.

Quantitative Information about Level 3 Fair Value Measurements at September 30, 2015

(Dollars in millions)

Fair Valuation	Financial Instrument	Value Technique	Inputs
			Significant Unobservable Ranges of Weighted Inputs
			Inputs Average
Loans and Securities ¹⁰⁾			
Instruments backed by residential real estate assets - Mortgage trading loans and ABS for-sale	\$ 2,349 1,337 559	Discounted cash flow. Market comparables	Yield Prepayment rate 0% to 25% 0% to 27% 6% 11% 4%. Loss seventy 0% to 10% CDR 0% 41% 90%
Commercial loans, debt securities and other	\$ 5,204 2,493 384 1,552 128 647	Discounted cash flow, Market comparables	Yield Prepayment rate 0% to 29% 5% to 30% 4% 16% 4%. Loss seventy 5% to 25% to 50% 0 37% 3 years years \$0 to \$275 \$69
Auction rate securities	Trading account \$ 1,428 406 453 569	Discounted cash flow. Market comparables	Pnce \$10 to \$102 \$94
Structured liabilities			
Long-term debt	\$ (1,910)	Industry standard derivative pricing ^{12,13)}	Equity correlation L24% to 98% 4% to 165% 28% equity volatilities
Net derivative assets			
Credit derivatives	\$ 453	Discounted cash flow. Stochastic recovery correlation model	Yield Upfront points 0% to 26% 0 to 101 17% 75 127 Credit conelation Pr 0 bps to 530 bps 30% bps 40% 19% speed Default rate L99% 10% to 20% CB% 35% to 4% CDR 20% to :
Equity derivatives	\$ (831)	Industry standard derivative pricing ¹²⁾	Equity correlation L24% to 98% 4% to 165% 28% equity volatilities
Commodity derivatives	\$ 161	Discounted cash flow. Industry standard derivative pricing ¹⁴⁾	Natural gas forward \$2/MMBtu to \$7/MMBtu \$0 forward pnce CorrelSO 4/Gallon to \$0.65/Gallon 86% Volatilities 66% to 93% 18% to 34%
Interest rate derivatives	\$ 614	Industry standard derivative pricing ¹⁵⁾	Correlation (IR/IR) 22% to 99% -25% to 47% -7% 2% (FX/IR) Long-dated 0% to 7% 0% to 2% 1% Long-dated inflation
Total net derivative assets	\$ 397		

^(*) 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 209. Trading account assets - Corporate securities, trading loans and other of \$2.9 billion, Trading account assets - Non-U.S. sovereign debt of \$384 million, Trading account assets - Mortgage trading loans and ABS of \$2.0 billion, AFS debt securities - Other taxable securities of \$581 million, AFS debt securities - Tax-exempt securities of \$569 million, Loans and leases of \$2.0 billion and LHFS of \$559 million.

^(†) Includes models such as Monte Carlo simulation and Black-Scholes

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

CPR = Constant Prepayment Rate

CDR = Constant Default Rate

MMBtu = Million British thermal units

IR = Interest Rate

FX = Foreign Exchange

n/a = not applicable

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Quantitative Information about Level 3 Fair Value Measurements at December 31, 2014

(Dollars in millions)

Fair Value	Valuation Financial Instrument	Value Technique	Inputs
			Significant Unobservable Ranges of Weighted Inputs Average
Loans and Securities ^(*)			
	Instruments backed by residential real estate assets - Mortgage trading loans and ABS for-sale	Discounted cash flow, Market comparables	Yield Prepayment rate 2% to 15% Loss severity 0% to 35% CDR 6% to 14% 34% to 7%
	Commercial loans, debt securities and other	Discounted cash flow, Market comparables	Yield Enterprise value multiple 9% to 12% Prepayment rate 30% to 50% Loss severity 0% to 5% Du0 to 5 years
	Auction rate securities	Discounted cash flow, Market comparables	Price \$60 to \$100 \$95
	Structured liabilities		
	Long-term debt	Industry standard derivative pricing ^(2,3)	Equity correlation 20% to 98% equity volatilities 6% to 66% volatilities (1R) 24% to 1%
	Net derivative assets		
	Credit derivatives	Discounted cash flow, Stochastic recovery correlation model	Yield Upfront points index 0% to 25% Credit correlation 0 to 450 bps Prepayment speed 3% to 20% severities 4% to 35% CPR 11% to n/a
	Equity derivatives	Industry standard derivative pricing ⁽²⁾	Equity correlation 20% to 98% equity volatilities 6% to 66% 24% to 1%
	Commodity derivatives	Discounted cash flow, Industry standard derivative pricing ^(2,3)	Natural gas forward correlation 82% to 93% Volatility 16% to 90% 35%
	Interest rate derivatives	Industry standard derivative pricing ⁽³⁾	Correlation (1R/IR) 0% to 99% (FX/IR) Long-dated 0% to 3% Long-dated inflation 0% to 2%
	Total net derivative assets		

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 210. Trading account assets - Corporate securities, trading loans and other of \$3.3 billion, Trading account assets - Non-U.S. sovereign debt of \$574 million, Trading account assets - Mortgage trading loans and ABS of \$2.0 billion, AFS debt securities - Other taxable securities of \$7.7 billion, AFS debt securities - Tax-exempt securities of \$599 million, Loans and leases of \$2.0 billion and LHFS of \$173 million.

⁽²⁾ Includes models such as Monte Carlo simulation and Black-Scholes

⁽³⁾ Includes models such as Monte Carlo simulation, Black-Scholes and other methods that model the joint dynamics of interest, inflation and foreign exchange rates.

CPR = Constant Prepayment Rate CDR - Constant Default Rate

EBITDA = Earnings before interest, taxes, depreciation and amortization

MMBtu - Million British thermal units

IR = Interest Rate

FX ~ Foreign Exchange

n/a = not applicable

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In the tables above, instruments backed by residential real estate assets include RMBS, whole loans and mortgage CDOs. Commercial loans, debt securities and other include corporate CLOs and CDOs, commercial loans and bonds, and securities backed by non-real estate assets. Structured liabilities primarily include equity-linked notes that are accounted for under the fair value option.

In addition to the instruments in the tables above, the Corporation held instruments consisting primarily of certain direct private equity investments and private equity funds that were classified as Level 3 and reported within other assets. Valuations of direct private equity investments are based on the most recent company financial information. Inputs generally include market and acquisition comparables, entry level multiples, as well as other variables. The Corporation selects a valuation methodology (e.g., market comparables) for each investment and, in certain instances, multiple inputs are weighted to derive the most representative value. Discounts are applied as appropriate to consider the lack of liquidity and marketability versus publicly-traded companies. For private equity funds, fair value is determined using the net asset value as provided by the individual fund's general partner.

The Corporation uses multiple market approaches in valuing certain of its Level 3 financial instruments. For example, market comparables and discounted cash flows are used together. For a given product, such as corporate debt securities, market comparables may be used to estimate some of the unobservable inputs and then these inputs are incorporated into a discounted cash flow model. Therefore, the balances disclosed encompass both of these techniques.

The level of aggregation and diversity within the products disclosed in the tables result in certain ranges of inputs being wide and unevenly distributed across asset and liability categories. At September 30, 2015 and December 31, 2014, weighted averages are disclosed for all loans, securities, structured liabilities and net derivative assets.

For more information on the inputs and techniques used in the valuation of MSR's, see Note 17 - Mortgage Servicing Rights.

Sensitivity of Fair Value Measurements to Changes in Unobservable Inputs

Loans and Securities

For instruments backed by residential real estate assets and commercial loans, debt securities and other, a significant increase in market yields, default rates, loss severities or duration would result in a significantly lower fair value for long positions. Short positions would be impacted in a directionally opposite way. The impact of changes in prepayment speeds would have differing impacts depending on the seniority of the instrument and, in the case of CLOs, whether prepayments can be reinvested.

For auction rate securities, a significant increase in price would result in a significantly higher fair value.

Structured Liabilities and Derivatives

For credit derivatives, a significant increase in market yield, including spreads to indices, upfront points (i.e., a single upfront payment made by a protection buyer at inception), credit spreads, default rates or loss severities would result in a significantly lower fair value for protection sellers and higher fair value for protection buyers. The impact of changes in prepayment speeds would have differing impacts depending on the seniority of the instrument and, in the case of CLOs, whether prepayments can be reinvested.

Structured credit derivatives, which include tranching portfolio CDS and derivatives with derivative product company (DPC) and monoline counterparties, are impacted by credit correlation, including default and wrong-way correlation. Default correlation is a parameter that describes the degree of dependence among credit default rates within a credit portfolio that underlies a credit

derivative instrument. The sensitivity of this input on the fair value varies depending on the level of subordination of the tranche. For senior tranches that are net purchases of protection, a significant increase in default correlation would result in a significantly higher fair value. Net short protection positions would be impacted in a directionally opposite way. Wrong-way correlation is a parameter that describes the probability that as exposure to a counterparty increases, the credit quality of the counterparty decreases. A significantly higher degree of wrong-way correlation between a DPC counterparty and underlying derivative exposure would result in a significantly lower fair value.

For equity derivatives, commodity derivatives, interest rate derivatives and structured liabilities, a significant change in long-dated rates, volatilities and correlation inputs (e.g., the degree of correlation between an equity security and an index, between two different commodities, between two different interest rates, or between interest rates and foreign exchange rates) would result in a significant impact to the fair value; however, the magnitude and direction of the impact depends on whether the Corporation is long or short the exposure.

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Nonrecurring Fair Value

The Corporation holds certain assets that are measured at fair value, but only in certain situations (e.g., impairment) and these measurements are referred to herein as nonrecurring. The amounts below represent assets still held as of the reporting date for which a nonrecurring fair value adjustment was recorded during the three and nine months ended September 30, 2015 and 2014.

Assets Measured at Fair Value on a Nonrecurring Basis

		September 30, 2015	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
(Dollars in millions)				
Level 2	Level 3	Gains (Losses)		
Assets				
Loans and leases ⁽¹⁾				
		23	2,363	(225) (798)
Other assets				
		39	-	(4) (8)
September 30, 2014				
Assets				
Loans and leases ⁽¹⁾				
		9	4,298	(286) (671)
Other assets				
		24	-	(1) (2)

⁽¹⁾ Includes \$72 million and \$146 million of losses on loans that were written down to a collateral value of zero during the three and nine months ended September 30, 2015 compared to losses of \$71 million and \$233 million for the same periods in 2014. Amounts are included in other assets on the Consolidated Balance Sheet and represent the carrying value of foreclosed properties that were written down subsequent to their initial classification as foreclosed properties. Losses on foreclosed properties include losses taken during the first 90 days after transfer of a loan to foreclosed properties.

⁽²⁾ Excludes \$1.3 billion and \$1.1 billion of properties acquired upon foreclosure of certain government-guaranteed loans (principally FHA-insured loans) as of September 30, 2015 and 2014.

The table below presents information about significant unobservable inputs related to the Corporation's nonrecurring Level 3 financial assets and liabilities at September 30, 2015 and December 31, 2014.

Quantitative Information about Nonrecurring Level 3 Fair Value Measurements

(Dollars in millions)				September 30, 2015				
Fair Valuation	Financial Instrument	Value Technique		Inputs				
				Significant Unobservable Ranges of Weighted Inputs				
				Inputs Average				
				OREO discount Cost				
Instruments backed by residential real estate	\$ 2,363		Market comparables	14%	26%	6%	218%	7%
	2,363							
				December 31, 2014				
Instruments backed by residential real estate assets	Loans and leases	\$ 4,636	Market comparables	OREO discount	Cost to sell	0% to 28%	7% to 14%	8% 8%
		4,636						

Instruments backed by residential real estate assets represent residential mortgages where the loan has been written down to the fair value of the underlying collateral. In addition to the instruments disclosed in the table above, the Corporation holds foreclosed residential properties where the fair value is based on unadjusted third-party appraisals or broker price opinions. Appraisals are generally conducted every 90 days. Factors considered in determining the fair value include geographic sales trends, the value of comparable surrounding properties as well as the condition of the property.

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The Corporation elects to account for certain financial instruments under the fair value option. For more information on the primary financial instruments for which the fair value option elections have been made, see Note 21 - Fair Value Option to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K.

The table below provides information about the fair value carrying amount and the contractual principal outstanding of assets and liabilities accounted for under the fair value option at September 30, 2015 and December 31, 2014.

Fair Value Option Elections

September 30, 2015

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

0) **Federal funds sold and securities borrowed or purchased under agreements to resell**
Loans reported as trading account assets

Trading inventory - other

Consumer and commercial loans [Loans Held-for-sale
Other assets [Long-term deposits
Federal funds purchased and securities loaned or sold under agreements to repurchase
[Unfunded loan commitments Short-term borrowings

			8,402 n/a
\$ 62,806 S 62,558 S			
7,439			
4,616 '7,312			5,702 270
7,178			
1,163			4,688 269
38,914 594~ 1,869	1,051		
			39,053 n/a 1,869
248 \$.			
(261)			(3,786) n/a
(L014)			
(1)			
112			
(139)			
n/a			
4,607 . 6,865			
			8,681 253
			1,469
35,357			
405_ 2.697			
61,902_ \$ 8,487 n/a			
8,925			
8,072			
270			1,361
			35,332 n/a 2.697
			280 ;
(3,880)			
n/ai			
			(il ⁴).
7L27J) ¹ ""(17)			

1081

25 n/a!

(Long-term debt

(1) A significant portion of the loans reported as trading account assets are distressed loans which trade and were purchased at a deep discount to par, and the remainder are loans with a fair value near contractual principal outstanding

(2) Includes structured liabilities with a fair value of \$28.4 billion and contractual principal outstanding of \$29.1 billion at September 30, 2015 compared to \$35.3 billion

and \$34 billion at December 31, 2014 n/a = not applicable

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The following tables provide information about where changes in the fair value of assets and liabilities accounted for under the fair value option are included in the Consolidated Statement of Income for the three and nine months ended September 30, 2015 and 2014.

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

Three Months Ended September 30, 2015

Trading Account Profits (Losses)	Mortgage Banking Income (Loss)	Other Income (Loss) Total	
Federal funds sold;^			resell / . . S
Loans reported as trading account assets			Trading; inventory; - other. . - . : 'wf4-- •
Consumer and commercial loans			
|Loans.li"eldl-f6ifsale;?2)"			Other assets
jLong-tehfrdeposits • ...			>A,-:.'■'-'^
Federal funds purchased and securities loaned or sold under agreements to repurchase			
. Unfunded: loan cpmmitmerits			Short-term borrowings j Long-term debt <3,: Total
11			
(4)			

_ W (23)

1

T,297~" ' 1,528 \$
(129)
11
(3)
(16),

(201):

247 (91)
(118)
162i
(3)
'(20)' (23)

1(201) 1

: 1,544; 1,592

Three Months Lndcd September 30, 2014

Federal funds sold; and securities borrowed or purchased under agreements to resell	\$	(44)	\$	82	(44)
Loans reported as trading account assets		(89)	--		(89)
Trading inventory-other ⁽¹⁾		82	'	82	82j
Consumer and commercial loans		(62)	-5		(57)
Loans held-for-sale					
Long-term deposits		13	-3		16
Federal funds purchased and securities loaned or sold under agreements to repurchase		4			4
Unfunded loan commitments		-	-		66
Short-term Borrowings					
Long-term debt ⁽³⁾				725	137
Total		119		849	862

⁽¹⁾ The gains (losses) in trading account profits are primarily offset by gains (losses) on trading liabilities that hedge these assets

⁽²⁾ Includes the value of interest rate lock commitments on funded loans, including those sold during the period

⁽³⁾ The majority of the net gains (losses) in trading account profits relate to the embedded derivative in structured liabilities and are offset by gains (losses) on derivatives and securities that hedge these liabilities. The net gains (losses) in other income (loss) relate to the impact on structured liabilities of changes in the Corporation's credit spreads

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

Nine Months Ended September 30, 2015

Trading Account Profits
(Losses)
Mortgage Banking Income
(Loss)

Other Income (Loss)

I Federal funds sold and securities borrowed or purchased under agreements to resell
Loans reported as trading account assets
Trading inventory - other
Consumer and commercial loans
I Loans held-for-sale
Other assets
i Long-term deposits
Federal funds purchased and securities loaned or sold under agreements to repurchase
Unfunded loan commitments
Long-term debt
184 i. V2,942J

I Federal funds sold and securities borrowed or purchased under agreements to resell

(i) Loans reported as trading account assets

i Trading inventory - other

Consumer and commercial loans

! Loans held-for-sale ⁽²⁾ Long-term deposits

(77) \$

(41_) "(208)"" (44)

(36) 24

110

54 (9)"

.(77)

(41)

(208)

66

573 15

! Federal funds purchased and securities loaned or sold under agreements to repurchase

Unfunded loan commitments [Short-term borrowings:

20

Hi

Long-term debt

(230) \$

^{1,1} The gains (losses) in trading account profits are primarily offset by gains (losses) on trading liabilities that hedge these assets.

² Includes the value of interest rate lock commitments on funded loans, including those sold during the period

The majority of the net gains (losses) in trading account profits relate to the embedded derivative in structured liabilities and are offset by gains (losses) on derivatives and securities that hedge these liabilities. The net gains (losses) in other income (loss) relate to the impact on structured liabilities of changes in the Corporation's credit spreads.

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

(Dollars in millions)

j Loans reported as trading account assets Consumer and commercial loans

Loans held-for-sale

Three Months Ended September 30, 2015

14 \$

(_ 88)_ 8

! Loans reported as trading account assets Consumer and commercial loans ! Loans held-for-sale

Three Months Ended September 30, 2014

30 \$

(3)

Nine Months Ended September 30, 2014

31 ;

80

46!

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Financial instruments are classified within the fair value hierarchy using the methodologies described in Note 14 - Fair Value Measurements. The following disclosures include financial instruments where only a portion of the ending balance at September 30, 2015 and December 31, 2014 was carried at fair value on the Consolidated Balance Sheet. For more information on these financial instruments and their valuation methodologies, see Note 20 - Fair Value Measurements and Note 22 - Fair Value of Financial Instruments to the Consolidated Financial Statements of the Corporation's 2014 Annual Report on Form 10-K.

Fair Value of Financial Instruments

The carrying values and fair values by fair value hierarchy of certain financial instruments where only a portion of the ending balance was carried at fair value at September 30, 2015 and December 31, 2014 are presented in the table below.

Fair Value of Financial Instruments

September 30, 2015

Fair Value

Carrying Value
Carrying Value

Financial assets

| Loans - . ■ ' :'

Loans held-for-sale Financial liabilities

: Deposits : Long-term debt

\$ 1,162,009 \$ 1,162,465 \$ 237,288 240,356

249,692

242,266

\$ 1,162,465 \$ 1,118,936 \$ 1,119,427 ; ■ \$ 243,139

■]■/■- \$ 1,119,427.; 2.362 252,054

Commercial Unfunded Lending Commitments

Fair values were generally determined using a discounted cash flow valuation approach which is applied using market-based CDS or internally developed benchmark credit curves. The Corporation accounts for certain loan commitments under the fair value option.

The carrying values and fair values of the Corporation's commercial unfunded lending commitments were \$1.3 billion and \$5.0 billion at September 30, 2015, and \$932 million and \$3.8 billion at December 31, 2014. Commercial unfunded lending commitments are primarily classified as Level 3. The carrying value of these commitments is classified in accrued expenses and other liabilities.

The Corporation does not estimate the fair values 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.

The Corporation accounts for consumer MSR assets at fair value with changes in fair value recorded in mortgage banking income in the Consolidated Statement of Income. The Corporation manages the risk in these MSR assets with derivatives such as options and interest rate swaps, which are not designated as accounting hedges, as well as securities including MBS and U.S. Treasury securities. The securities used to manage the risk in the MSR assets are classified in other assets with changes in the fair value of the securities and the related interest income recorded in mortgage banking income.

The table below presents activity for residential mortgage and home equity MSR assets for the three and nine months ended September 30, 2015 and 2014.

Rollforward of Mortgage Servicing Rights

(Dollars in millions)	Balance, beginning of period	Three Months Ended		Nine Months Ended	
		September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Balance, beginning of period	\$ 4,368	\$ 3,530	\$ 5,042	\$ 3,521	\$ 4,243
Additions			185	203	568
Amortization of expected cash flows ⁽¹⁾			(213)	(232)	(666)
Impact of changes in interest rates and other market factors ⁽²⁾				(365)	(10)
Model and other cash flow assumption changes ⁽³⁾					(82)
Impact of changes in the Home Price Index			65	(4)	(18)
Other model changes ⁴					(10)
Balance, September 30 ⁽⁵⁾	\$ 4,243	\$ 3,043	\$ 4,243	\$ 3,043	\$ 4,243
Mortgage loans serviced for investors (in billions)	\$ 507	\$ 408	\$ 507	\$ 408	\$ 507

⁽¹⁾ Represents the net change in fair value of the MSR asset due to the recognition of modeled cash flows
⁽²⁾ These amounts reflect the changes in modeled MSR fair value primarily due to observed changes in interest rates, volatility, spreads and the shape of the forward yield curve and model risk adjustments based on historical market data

swap curve and periodic adjustments to valuation based on third-party price discovery

¹³¹ These amounts reflect periodic adjustments to the valuation model to reflect changes in the modeled relationship between inputs and their impact on projected cash flows as well as changes in certain cash flow assumptions such as cost to service and ancillary income per loan

¹⁴¹ These amounts include the impact of periodic recalibrations of the model to reflect changes in the relationship between market interest rate spreads and projected cash flows.

^{1.1} At September 30, 2015, includes \$2.7 billion of U.S. and \$344 million of non-U.S. consumer MSR balances compared to \$4.0 billion and \$256 million at September 30, 2014

The Corporation primarily uses an option-adjusted spread (OAS) valuation approach which factors in prepayment risk to determine the fair value of MSRs. This approach consists of projecting servicing cash flows under multiple interest rate scenarios and discounting these cash flows using risk-adjusted discount rates. In addition to updating the valuation model for interest, discount and prepayment rates, periodic adjustments are made to recalibrate the valuation model for factors used to project cash flows. The changes to the factors capture the effect of variances related to actual versus estimated servicing proceeds.

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Significant economic assumptions in estimating the fair value of MSRs at September 30, 2015 and December 31, 2014 are presented below. The change in fair value as a result of changes in OAS rates is included within "Model and other cash flow assumption changes" in the Rollforward of Mortgage Servicing Rights table. The weighted-average life is not an input in the valuation model but is a product of both changes in market rates of interest and changes in model and other cash flow assumptions. The weighted-average life represents the average period of time that the MSRs¹ cash flows are expected to be received. Absent other changes, an increase (decrease) to the weighted-average life would generally result in an increase (decrease) in the fair value of the MSRs.

Significant Economic Assumptions

	September 30, 2015		December 31, 2014	
	Fixed	Adjustable	Fixed	Adjustable
Weighted-average life, in years	4.37	3.19	4.53	2.95

The table below presents the sensitivity of the weighted-average lives and fair value of MSRs to changes in modeled assumptions. These sensitivities are hypothetical and should be used with caution. As the amounts indicate, changes in fair value based on variations in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of MSRs that continue to be held by the Corporation is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities. The below sensitivities do not reflect any hedge strategies that may be undertaken to mitigate such risk.

Sensitivity Impacts

September 30, 2015
Change in Weighted-average Lives

(Dollars in millions)

(Dollars in millions)

C

Prepayment rates

Impact of 10% decrease; Impact of 20% decrease

Fixed

.0.23 : years 0.49

Change in Fair Value

0:19 years • \$ 0.41

Impact of 10% increase. Impact of 20% increase

OAS level Impact of 100 bps decrease; Impact of 200 bps decrease

_(0.20). (0.38)

(0M7) (0.32)

_(173) (328)

V} 128]

266

Impact of 100 bps increase; Impact of 200 bps increase

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Effective January 1, 2015, to align the segments with how the Corporation manages the businesses in 2015, it changed its basis of presentation, and following such change, reports its results of operations through the following five business segments: Consumer Banking, Global Wealth & Investment Management (GWIM), Global Banking, Global Markets and Legacy Assets & Servicing (LAS), with the remaining operations recorded as All Other. The Home Loans business, which was included in the former Consumer Real Estate Services (CRES) segment, is now included in Consumer Banking, and LAS (also in the former CRES segment) became a separate segment. A portion of the Business Banking business, based on the size of the client, was moved from the former Consumer & Business Banking (CBB) segment to Global Banking, and the former CBB segment was renamed Consumer Banking. Also, the merchant services joint venture moved from the former CBB segment to All Other. In addition, certain

Banking. Also, the merchant services joint venture moved from the former CDB segment to All Other. In addition, certain management accounting methodologies, including the treatment of intersegment assets and liabilities, and related allocations were refined. Prior periods have been reclassified to conform to the current period presentation.

Consumer Banking

Consumer Banking offers a diversified range of credit, banking and investment products and services to consumers and small businesses. Consumer Banking product offerings include traditional savings accounts, money market savings accounts, CDs and IRAs, noninterest- and interest-bearing checking accounts, investment accounts and products, as well as credit and debit cards, residential mortgages and home equity loans, and direct and indirect loans to consumers and small businesses in the U.S. Customers and clients have access to a franchise network that stretches coast to coast through 33 states and the District of Columbia. The franchise network includes approximately 4,700 financial centers, 16,100 ATMs, nationwide call centers, and online and mobile platforms.

Global Wealth & Investment Management

GWIM provides a high-touch client experience through a network of financial advisors focused on clients with over \$250,000 in total investable assets, including tailored solutions to meet clients' needs through a full set of investment management, brokerage, banking and retirement products. GWIM also provides comprehensive wealth management solutions targeted to high net worth and ultra high net worth clients, as well as customized solutions to meet clients' wealth structuring, investment management, trust and banking needs, including specialty asset management services.

Global Banking

Global Banking provides a wide range of lending-related products and services, integrated working capital management and treasury solutions to clients, and underwriting and advisory services through the Corporation's network of offices and client relationship teams. Global Banking's lending products and services include commercial loans, leases, commitment facilities, trade finance, real estate lending and asset-based lending. Global Banking's treasury solutions business includes treasury management, foreign exchange and short-term investing options. Global Banking also provides investment banking products to clients such as debt and equity underwriting and distribution, and merger-related and other advisory services. The economics of most investment banking and underwriting activities are shared primarily between Global Banking and Global Markets based on the activities performed by each segment. Global Banking clients generally include middle-market companies, commercial real estate firms, auto dealerships, not-for-profit companies, large global corporations, financial institutions, leasing clients, and mid-sized U.S.-based businesses requiring customized and integrated financial advice and solutions.

Global Markets

Global Markets offers sales and trading services, including research, 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. Global Markets provides market-making, financing, securities clearing, settlement and custody services globally to institutional investor clients in support of their investing and trading activities. Global Markets also works with commercial and corporate clients to provide risk management products using interest rate, equity, credit, currency and commodity derivatives, foreign exchange, fixed-income and mortgage-related products. As a result of market-making activities in these products, Global Markets may be required to manage risk in a broad range of financial products including government securities, equity and equity-linked securities, high-grade and high-yield corporate debt securities, syndicated loans, MBS, commodities and ABS. In addition, the economics of most investment banking and underwriting activities are shared primarily between Global Markets and Global Banking based on the activities performed by each segment.

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Legacy Assets & Services

Legacy Assets & Servicing

LAS is responsible for mortgage servicing activities related to residential first mortgage and home equity loans serviced for others and loans held by the Corporation, including loans that have been designated as the LAS Portfolios, and manages certain legacy exposures related to mortgage origination, sales and servicing activities (e.g., litigation, representations and warranties). LAS also includes the results of MSR activities, including net hedge results. Home equity loans are held on the balance sheet of LAS, and residential mortgage loans are included as part of All Other. The financial results of the on-balance sheet loans are reported in the segment that owns the loans or in All Other.

All Other

All Other consists of ALM activities, equity investments, the international consumer card business, liquidating businesses, residual expense allocations and other. ALM activities encompass residential mortgages, debt securities, interest rate and foreign currency risk management activities including the residual net interest income allocation, the impact of certain allocation methodologies and accounting hedge ineffectiveness. The results of certain ALM activities are allocated to the business segments. Additionally, certain residential mortgage loans that are managed by LAS are held in All Other.

Basis of Presentation

The management accounting and reporting process derives segment and business results by utilizing allocation methodologies for revenue and expense. The net income derived for the businesses is dependent upon revenue and cost allocations using an activity-based costing model, funds transfer pricing, and other methodologies and assumptions management believes are appropriate to reflect the results of the business.

Total revenue, net of interest expense, includes net interest income on an FTE basis and noninterest income. The adjustment of net interest income to an FTE basis results in a corresponding increase in income tax expense. The segment results also reflect certain revenue and expense methodologies that are utilized to determine net income. The net interest income of the businesses includes the results of a funds transfer pricing process that matches assets and liabilities with similar interest rate sensitivity and maturity characteristics. In segments where the total of liabilities and equity exceeds assets, which are generally deposit-taking segments, the Corporation allocates assets to match liabilities. Net interest income of the business segments also includes an allocation of net interest income generated by certain of the Corporation's ALM activities. Further, net interest income on an FTE basis includes market-related adjustments, which are adjustments to net interest income to reflect the impact of changes in long-term interest rates on the estimated lives of mortgage-related debt securities thereby impacting premium amortization. Also included in market-related adjustments is hedge ineffectiveness that impacts net interest income.

In addition, the business segments are impacted by the migration of customers and clients and their deposit, loan and brokerage balances between client-managed businesses. Subsequent to the date of migration, the associated net interest income, noninterest income and noninterest expense are recorded in the business to which the customers or clients migrated.

The Corporation's ALM activities include an overall interest rate risk management strategy that incorporates the use of various derivatives and cash instruments to manage fluctuations in earnings and capital that are caused by interest rate volatility. The Corporation's goal is to manage interest rate sensitivity so that movements in interest rates do not significantly adversely affect earnings and capital. The results of a majority of the Corporation's ALM activities are allocated to the business segments and fluctuate based on the performance of the ALM activities. ALM activities include external product pricing decisions including deposit pricing strategies, the effects of the Corporation's internal funds transfer pricing process and the net effects of other ALM activities.

Certain expenses not directly attributable to a specific business segment are allocated to the segments. The most significant of these expenses include data and item processing costs and certain centralized or shared functions. Data processing costs are allocated to the segments based on equipment usage. Item processing costs are allocated to the segments based on the volume of items processed for each segment. The costs of certain other centralized or shared functions are allocated based on methodologies that reflect utilization.

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The following tables present net income (loss) and the components thereto (with net interest income on an FTE basis) for the three and nine months ended September 30, 2015 and 2014, and total assets at September 30, 2015 and 2014 for each business segment, as well as All Other.

Results for Business Segments and All Other At and for the Three Months Ended September 30

(Dollars in millions)	Total Corporation ⁰¹		Consumer Banking		Global Wealth & Investment Management	
	2015	2014	2015	2014	2015	2014
Net interest income (FTE basis)	\$ 9,742	\$ 10,444	\$ 5,005	\$ 5,081	\$ 1,376	\$ 1,459
Noninterest income	11,171	10,990	2,827	2,668	3,092	3,207
Total revenue, net of interest expense (FTE basis)	20,913	21,434	7,832	7,749	4,468	4,666
Provision for credit losses	806	636	648	668	(2)	(15)
Noninterest expense	13,807	20,142	4,434	4,462	3,447	3,405
Income before income taxes (FTE basis)	6,300	656	2,750	2,619	1,023	1,276
Income tax expense (FTE basis)	1,792	888	991	950	367	464
Net income (loss)	\$ 4,508	\$ (232)	\$ 1,759	\$ 1,669	\$ 656	\$ 812
Period-end total assets	\$ 2,153,006	\$ 2,123,613	\$ 615,152	\$ 580,372	\$ 279,155	\$ 266,240

Global Banking

Net interest income (FTE basis) Noninterest income

Total revenue, net of interest expense (FTE basis) Provision for credit losses | Noninterest expense

2015	2,345	\$ 1,846
	4,191	
	179	2,020
2014	2,450	\$ 1,895
	4,345	~ (64) 2, (H6)
2015	1,135	\$ 2,936
	4,071	
	42	2,683
2014	999	3,162
	4,161	
	45	T357

Income before income taxes (FTE basis)

Income tax expense (FTE basis)

Net income

\$ 372,363 \$ 354,944 \$ 579,776 \$ 598,804

Legacy Assets & Servicing

All Other

	2015	2014	2015	2014
Net interest income (FTE basis)	\$ 383	\$	\$ 387	\$

(502) (300)	Noninterest income	458			169	12
(111)						
I	Total revenue, net of interest expense (FTE basis)	841				556
(490) (43)						
	Provision for credit losses	6			267	(67)
(265)						
[Noninterest expense			1,143	6,648	80	254 j
Loss before income taxes (FTE basis)				(308)	(6,359)	(503) (32)
1	Income tax benefit (FTE basis)	(112)				(1,245)
(507) (541)						
	Net income (loss)	\$		(196) \$	(5,114) \$	4 \$ 509
j	Period-end total assets			\$ 49,080	\$	56,908 \$
257,480	\$ 266,345					

There were no material intersegment revenues

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Results of Business Segments and All Other

At and for the Nine Months Ended September 30

Global Wealth & Investment Management

(Dollars in millions)

[Net interest revenue] (FTE basis)

Noninterest income

! : 66,161' p' li\$26 Z\:\^:r&^\--'::^- >13,558,>^;>-;:gl3;

Provision for credit losses

13,14'jk-'13,4*46 i ;,tl0^66 : ,L,;iO,21:3:l

Income before income taxes (FTE basis)

Income tax expense (FTE basis)

Net income

;"\$■ 2,153,006 -\$: 2,123,613 s 615^52"\$3?58o>3.72"-yS;*; '27?;,r55/i :\$^ 266340};

Global Banking

2015

I Net interest income (FTE basis)

Noninterest income

Total revenue, net of interest expense (FTE basis)

Provision for credit losses [Noninterest expense] :-

Income before income taxes (FTE basis) [income tax expense (FTE basis) - * , :-

12,567 : 13,293

353

6 700

0.200
 6,163 2,268
 452 5,952
 6,740 '2-49T
 12,961
 69
 8,556
 4,336 '1,392!
 13.801
 83
 9,341
 4,377 i,597'i
 Net income
 S -372,363i, \$: • 354,944 .;\$ 579,776. \$ • . 598,804 J

Legacy Assets & Servicing

I Net interest income (FTE. basis); Noninterest income
 (. Total revenue, net^qf.interest expense (FTE basis); Provision for credit losses
 Noninterest expense.

Loss before income taxes (FTE basis) [income tax Benefit (FTE basis) ■•
 2014

916
 1,228 • r 'W 1,126 . S,
 1,616
 2,042 240
 2;844, 154

"31307"

(617) 19,287
 (227) (17,485)
 (4,748)

2014
 0 75) 349
 174:!
 (647)
 2,434-1
 (1,613) "(2,059)'
 (390) \$ (12,737) \$
 56,908 • '\$ 257.480- \$ 266,345-:

¹ There were no material intersegment revenues

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The table below presents a reconciliation of the five business segments' total revenue, net of interest expense, on an FTE basis, and net income (loss) to the Consolidated Statement of Income, and total assets to the Consolidated Balance Sheet. The adjustments presented in the table below include consolidated income, expense and asset amounts not specifically allocated to individual business segments.

Business Segment Reconciliations

Three Months Ended September 30 Nine Months Ended September 30

(Dollars in millions)

!Seehiehte'tifital^e^ Adjustments:

Segments total Adjustments:

; ALM4ct^tjMpif

Equity investment income (loss) I" LliquMltmg^

FTE basis adjustment

2014

2015

2014

2015

(154) 766

V-fS 21,403 \$ '':■ '21,477 ':!■;■ 64*756 •\$ \ 65,987]

195

(us)

(46)

(26)

(329) (231)

677 : (34) "

(720) .

(212)

(225)

(678)

(438) (639)

S ', 20,682 \$ 21,209 S 64,001 \$ 65,522 j

JSegmentsVtotal,riet;ihcom'e;(loss).

Adjustments, net-of-taxes:

ALM activities: ■■

Equity investment income (loss) Liquidating businesses and other

(184)

(29) 217 "

• 107

(16)^ "418 '

25

(21)_ "(203)

Consolidated net income (loss)

September 30

] Segments' total assets Adjustments:

ALM activities, including securities portfolio¹

Equity investments ^ Liquidating businesses and other

Elimination of segment asset allocations to match liabilities

2014

2015

S 1,895,526 \$ 1,857,268:

(493,733)

683/700 665,202 4,378 . 5,001 '63/135 ~" ""79,576 ;

(483,434)

\$ 2,153,006 \$ 2,123,613 j

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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 2014 Annual Report on Form 10-K.

There are no material changes from the risk factors set forth under Part 1, Item 1 A. Risk Factors of the Corporation's 2014 Annual Report on Form 10-K.

The table below presents share repurchase activity for the three months ended September 30, 2015. 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 the payment of dividends.

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

1-31^2015 " August 1 -31,2015
September. 1 - 30/2015

Common Shares Repurchased¹

13,382 31.186

Weighted-Average Per Share Price

17:94 17.92 17.69

Shares Purchased as Part of Publicly Announced Programs

13.382' 31,186

Remaining Buy back Authority Amounts
(2)

■ 2,985!! 2,426

Three Months Ended September 30, 2015

Includes 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 under equity incentive plans ⁽²⁾ On March 11, 2015, the Corporation announced that the Federal Reserve had informed the Corporation that it completed its 2015 Comprehensive Capital Analysis and Review and gave a conditional non-objection under which we were permitted to proceed with requested capital action but were required to resubmit our 2015 capital plan by September 30, 2015 and address certain weaknesses identified in the capital planning process. The 2015 capital plan submitted in March 2015 included a request to repurchase up to \$4.0 billion of common stock during the period from the second quarter of 2015 through the second quarter of 2016. On March 11, 2015, the Board of Directors authorized the repurchase of up to \$4.0 billion of the Corporation's common stock through open market purchases or privately negotiated transactions, including Rule 10b5-1 plans, during the period from April 1, 2015 through June 30, 2016. We resubmitted our CCAR capital plan on September 30, 2015. The Federal Reserve has 75 days to review our resubmitted CCAR capital plan and our capital planning revisions. Following that review, the Federal Reserve may determine that the capital plan is not adequate or the identified weaknesses are not being satisfactorily addressed, and may restrict our future capital actions including the future share repurchases approved by the Board of Directors in March 2015. For additional information, see Capital Management - CCAR and Capital Planning on page 56 and Note 11 - Shareholders' Equity to the Consolidated Financial Statements.

The Corporation did not have any unregistered sales of its equity securities during the three months ended September 30, 2015.

Exhibit 3(a)

Exhibit 3(b)

Exhibit 11

Exhibit 12

Exhibit 31(a) Exhibit 31(b) Exhibit 32(a)

Exhibit 32(b)

EXHIBIT 101

Exhibit 101.INS Exhibit 101.SCH Exhibit 101.CAL Exhibit 101.LAB Exhibit 101.PRE Exhibit 101.DEF ⁿ⁾ Filed herewith

Amended and Restated Certificate of Incorporation of the Corporation, as in effect on the date hereof, incorporated by reference to Exhibit 3(a) of the Corporation's Quarterly Report on Form 10-Q (File No. 1 -6523) for the quarterly period ended March 31,2015 filed on April 29, 2015

Amended and Restated Bylaws of the Corporation, as in effect on the date hereof, incorporated by reference to Exhibit 3.1 of the Corporation's Current Report on Form 8-K (File No. 1-6523) filed on March 20, 2015

Earnings Per Share Computation - included in Note 13 - Earnings Per Common Share to the Consolidated Financial Statements ⁽¹⁾

Ratio of Earnings to Fixed Charges⁽¹⁾

Ratio of Earnings to Fixed Charges and Preferred Dividends⁽¹⁾

Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ⁽¹⁾

Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ⁽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⁾

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⁾

XBRL Instance Document¹⁰

XBRL Taxonomy Extension Schema Document⁽¹⁾

XBRL Taxonomy Extension Calculation Linkbase Document⁽¹⁾

XBRL Taxonomy Extension Label Linkbase Document⁽¹⁾

XBRL Taxonomy Extension Presentation Linkbase Document[>]

XBRL Taxonomy Extension Definitions Linkbase Document⁽¹⁾

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SIGNATURE

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

Bank of America Corporation
Registrant

Date: October 30, 2015

/s/Rudolf A. Bless

Rudolf A. Bless
Chief Accounting Officer

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**Bank of America Corporation
Form10-Q Index to Exhibits**

Exhib:

Exhib:

Exhib:

Exhib Exhib: Exhib;

Exhib

Exhib Exhib Exhib Exhib Exhib Exhib

Exhibit Exhibit 3(a)

t3(b)

til

112

131(a) t31(b) t 32(a)

t 32(b)

1101.INS t 101.SCH t 101.CAL t 101.LAB 1101.PRE f 101.DEF

Description

Amended and Restated Certificate of Incorporation of the Corporation, as in effect on the date hereof, incorporated by reference to Exhibit 3(a) of the Corporation's Quarterly Report on Form 10-Q (File No. 1-6500) for the quarter ended March 31, 2015

EXHIBIT 3(a) of the Corporation's Quarterly Report on Form 10-Q (File No. 1-6523) for the quarterly period ended March 31, 2015 filed on April 29, 2015

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Earnings Per Share Computation - included in Note 13 - Earnings Per Common Share to the Consolidated Financial Statements ⁽¹⁾

Ratio of Earnings to Fixed Charges ⁽¹⁾

Ratio of Earnings to Fixed Charges and Preferred Dividends ⁽¹⁾

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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⁾

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XBRL Taxonomy Extension Presentation Linkbase Document ⁽¹⁾

XBRL Taxonomy Extension Definitions Linkbase Document ⁽¹⁾

Filed herewith

Bank of America Corporation and Subsidiaries Ratio of Earnings to Fixed Charges

Ratio of Earnings to Fixed Charges and Preferred Dividends

(Dollars in millions)

Excluding Interest on Deposits [Income (loss) before income taxes;]

Equity in undistributed earnings (loss) of unconsolidated subsidiaries

2010
2011
2014
2012
2013
Nine Months Ended September 30, 2015

212
596
1,210
(222)
(66)

P 18,330 S 6,855, \$16,172 \$ 3,072, \$ (230) \$ (1,323)

(122)

[Fixed charges:

11,359 14,754 18,618 19,977

1/3 of net rethCexpehse;

Total fixed charges j PrefeiTed¹dividend requirements

-711,
7,713 vT^oF
1,023
10,877 1~481
1,001

1,091
 12,450 "mi. 1,767
 1,092
 15,846 'ri,080"
 1,072

19,690 n/m

9,316 12,358 14,217 16,926 19,690 21,878
 25921. f S f7;510: i\$ 28;-556 \$. 19^130 ! \$ 20:056; \$-20-963
 Ratio of earnings to fixed charges '
 | Ratio of earnings to fixed charges-ahd-prcferred-dividends

(Dollars in millions)	Year Ended December 31					
	Nine Months Ended		2013	2012	2011	2010
	September 30, 2015	2014				
<i>Including Interest on Deposits</i>						
Equity in undistributed earnings (loss) of unconsolidated subsidiaries		(122)	(222)	(66)	212	5_96 1.210^
Fixed charges:-						
Interest expense	7,652		10,934	12,755	16,744	21,620
Total fixed charges	8,363		11,957	13,846	17,836	22,69225,073
Preferred dividend requirements ⁽²⁾						
Fixed charges and preferred dividends	9,966	13,438	15,613	18,916	22,69225,875	
Earnings			26,571	\$ 18,590	\$ 29,952.	\$ 21,120 \$ 23,058 \$
Ratio of earnings to fixed charges ⁽³⁾	3.18		1.55	2.16	1.18	1.02 1.00
Ratio of earnings to fixed charges and preferred dividends ⁽³⁾			1.38-	1.92.	1.1'2	1.02.. 0.96.j

" Represents an appropriate interest factor.
⁽²⁾ The earnings for 2011 reflect the impact of \$8.8 billion of mortgage banking losses and \$3.2 billion of goodwill impairment charges, which resulted in a negative preferred dividend requirement.
⁽¹⁾ The earnings for 2010 were inadequate to cover fixed charges, and fixed charges and preferred dividends. The earnings deficiency is a result of \$12.4 billion of goodwill impairment charges during 2010. The coverage deficiency for fixed charges was \$113 million and the coverage deficiency for fixed charges and preferred dividends was \$915 million for 2010.
 n/m = not meaningful

Exhibit 31(a)

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

I, Brian T. Moynihan, certify that:

- I have reviewed this Quarterly Report on Form 10-Q of Bank of America Corporation;
- 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;
- 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;
- The registrant's other certifying officers) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(a) and 15d-15(a)) and internal control over financial reporting (as

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.

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

Exhibit 31(b)

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

I, Paul M. Donofrio, 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.

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: October 30, 2015

/s/ Paul M. Donofrio
Paul M. Donofrio Chief
Financial Officer

Exhibit 32(a)

**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:

2002, that:

the Quarterly Report on Form 10-Q of the registrant for the quarter ended September 30, 2015 (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 as of, and for, the periods presented.

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

Exhibit 32(b)

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

I, Paul M. Donofrio, 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 September 30, 2015 (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 as of, and for, the periods presented.

/s/ Paul M. Donofrio Paul M. Donofrio Chief Financial Officer

**UNITED STATES SECURITIES AND EXCHANGE
COMMISSION**

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended December 31, 2014

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

Title of each class	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	New York Stock Exchange
Warrants to purchase Common Stock (expiring October 28, 2018) Warrants to purchase Common Stock (expiring January 16, 2019)	
Depository Shares, each representing a 1/1,000th interest in a share of 6.204% Non-Cumulative Preferred Stock, Series D	
Depository Shares, each representing a 1/1,000th interest in a share of Floating Rate Non-Cumulative Preferred Stock, Series E	
Depository Shares, each representing a 1/1,000th interest in a share of 6.625% Non-Cumulative Preferred Stock, Series I	
Depository Shares, each representing a 1/1,000th interest in a share of 6.625% Non-Cumulative Preferred Stock, Series W	
Depository Shares, each representing a 1/1,000th interest in a share of 6.500% Non-Cumulative Preferred Stock, Series Y	
7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L	London Stock Exchange Tokyo Stock Exchange New York Stock Exchange New York Stock Exchange
New York Stock Exchange	
New York Stock Exchange New York Stock Exchange	

Title of each class	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 1	
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	
Depository Shares, each representing a 1/1,200th interest in a share of Bank of America Corporation 6.375% Non-Cumulative Preferred Stock, Series 3	
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	
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	
6.75% Trust Preferred Securities of Countrywide Capital IV (and the guarantees related thereto) 7.00% Capital Securities of Countrywide Capital V (and the guarantees related thereto) 6% Capital Securities of BAC Capital Trust VIII (and the guarantee related thereto)	
Floating Rate Preferred Hybrid Income Term Securities of BAC Capital Trust XIII (and the guarantee related thereto)	
5.63% Fixed to Floating Rate Preferred Hybrid Income Term Securities of BAC Capital Trust XIV (and the guarantee related thereto)	
MBNA Capital B Floating Rate Capital Securities, Series B (and the guarantee related thereto) Trust Preferred Securities of Merrill Lynch Capital Trust I (and the guarantee of the Registrant with respect thereto) Trust Preferred Securities of Merrill Lynch Capital Trust II (and the guarantee of the Registrant with respect thereto) Trust Preferred Securities of Merrill Lynch Capital Trust III (and the guarantee of the Registrant with respect thereto)	
7% Trust Originated Preferred Securities of Merrill Lynch Preferred Capital Trust III and 7% Partnership Preferred Securities of Merrill Lynch Preferred Funding III, L.P. (and the guarantee of the Registrant with respect thereto) 7.12% Trust Originated Preferred Securities of Merrill Lynch Preferred Capital Trust IV and 7.12% Partnership Preferred Securities of Merrill Lynch Preferred Funding IV, L.P (and the guarantee of the Registrant with respect thereto)	
7.28% Trust Originated Preferred Securities of Merrill Lynch Preferred Capital Trust V and 7.28% Partnership Preferred Securities of Merrill Lynch Preferred Funding V, L.P (and the guarantee of the Registrant with respect thereto)	
Market Index Target-Term Securities ⁸ Linked to the S&P 500 [®] Index, due February 27, 2015 Market Index Target-Term Securities ⁸ Linked to the Dow Jones Industrial Average SM , due March 27, 2015 Market Index Target-Term Securities ⁸ Linked to the Dow Jones Industrial Average SM , due April 24, 2015 Market Index Target-Term Securities ⁸ Linked to the Dow Jones Industrial Average SM , due May 29, 2015 Market Index Target-Term Securities ⁸ Linked to the Dow Jones Industrial Average SM , due June 26, 2015 Market Index Target-Term Securities ⁸ Linked to the S&P 500 [®] Index, due July 31, 2015	

New York Stock Exchange

New York Stock Exchange

New York Stock Exchange

New York Stock Exchange

New York Stock Exchange New York Stock Exchange New York Stock Exchange New York Stock Exchange New York Stock Exchange

New York Stock Exchange New York Stock Exchange New York Stock Exchange New York Stock Exchange New York Stock Exchange

New York Stock Exchange

New York Stock Exchange

New York Stock Exchange

NYSE Area, Inc.

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No S

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No ^/

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes V No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ✓

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

Large accelerated filer S

Accelerated filer

Non-accelerated filer

Smaller reporting company

(do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No S

The aggregate market value of the registrant's common stock ("Common Stock") held on June 30, 2014 by non-affiliates was approximately \$161,628,224,532 (based on the June 30, 2014 closing price of Common Stock of \$15.37 per share as reported on the New York Stock Exchange). As of February 24, 2015, there were 10,519,566,829 shares of Common Stock outstanding.

Documents incorporated by reference: Portions of the definitive proxy statement relating to the registrant's annual meeting of stockholders scheduled to be held on May 6, 2015 are incorporated by reference in this Form 10-K in response to Items 10,11,12,13 and 14 of Part III.

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Part I

Bank of America Corporation and Subsidiaries

Item 1. Business

Bank of America Corporation (together, with its consolidated subsidiaries, Bank of America, we or us) is a Delaware corporation, a bank holding company (BHC) and a financial holding company. When used in this report, "the Corporation" 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. As part of our efforts to streamline the Corporation's organizational structure and reduce complexity and costs, the Corporation has reduced and intends to continue to reduce the number of its corporate subsidiaries, including through intercompany mergers.

Bank of America is one of the world's largest financial institutions, serving individual consumers, small- and middle-market businesses, institutional investors, large corporations and governments with a full range of banking, investing, asset management and other financial and risk management products and services. Our principal executive offices are located in the Bank of America Corporate Center, 100 North Tryon Street, Charlotte, North Carolina 28255.

Bank of America's website is www.bankofamerica.com <<http://www.bankofamerica.com>>. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (Exchange Act) are available on our website at <<http://investor.bankofamerica.com>> under the heading Financial Information SEC Filings as soon as reasonably practicable after we electronically file such reports with, or furnish them to, the U.S. Securities and Exchange Commission (SEC). In addition, we make available on <<http://investor.bankofamerica.com>> under the heading Corporate Governance: (i) our Code of Conduct (including our insider trading policy); (ii) our Corporate Governance Guidelines (accessible by clicking on the Governance Highlights link); and (iii) the charter of each active committee of our Board of Directors (the Board) (accessible by clicking on the committee names under the Committee Composition link), and we also intend to disclose any amendments to our Code of Conduct, or waivers of our Code of Conduct on behalf of our Chief Executive Officer, Chief Financial Officer or Chief Accounting Officer, on our website. All of these corporate governance materials are also available free of charge in print to stockholders who request them in writing to: Bank of America Corporation, Attention: Office of the Corporate Secretary, Hearst Tower, 214 North Tryon Street, NC1-027-20-05, Charlotte, North Carolina 28255.

Segments

Through our banking and various nonbank subsidiaries throughout the U.S. and in international markets, we provide a diversified range of banking and nonbank financial services and products through five business segments: Consumer & Business Banking (CBB), Consumer Real Estate Services (CRES), Global Wealth & Investment Management (GWIM), Global Banking and Global Markets, with the remaining operations recorded in All Other. Effective January 1, 2015, to align the segments with how we manage the businesses in 2015, the Corporation changed its basis of segment presentation as follows: the Home Loans subsegment within CRES was moved to CBB, and Legacy Assets

& Servicing became a separate segment. Also, a portion of the Business Banking business, based on the size of the client relationship, was moved from CBB to Global Banking. Prior periods will be restated in our quarterly 2015 filings with the SEC under Section 13(a) or 15(d) of the Exchange Act, to conform to the new segment alignment. Additional information related to our business segments and the products and services they provide is included in the information set forth on pages 34 through 49 of Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) and Note 24 - Business Segment Information to the Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data (Consolidated Financial Statements).

Competition

We operate in a highly competitive environment. Our competitors include banks, thrifts, credit unions, investment banking firms, investment advisory firms, brokerage firms, investment companies, insurance companies, mortgage banking companies, credit card issuers, mutual fund companies, and e-commerce and other internet-based companies. We compete with some of these competitors globally and with others on a regional or product basis.

Competition is based on a number of factors including, among others, customer service, quality and range of products and services offered, price, reputation, interest rates on loans and deposits, lending limits, and customer convenience. Our ability to continue to compete effectively also depends in large part on our ability to attract new employees and retain and motivate our existing employees, while managing compensation and other costs.

Employees

Employees

As of December 31, 2014, we had approximately 224,000 full-time equivalent employees. None of our domestic employees are subject to a collective bargaining agreement. Management considers our employee relations to be good.

Government Supervision and Regulation

The following discussion describes, among other things, elements of an extensive regulatory framework applicable to BHCs, financial holding companies, banks and broker-dealers, including specific information about Bank of America. U.S. federal regulation of banks, BHCs and financial holding companies is intended primarily for the protection of depositors and the Deposit Insurance Fund (DIF) rather than for the protection of stockholders and creditors.

General

We are subject to an extensive regulatory framework applicable to BHCs, financial holding companies and banks and other financial services entities.

As a registered financial holding company and BHC, the Corporation is subject to the supervision of, and regular inspection by, the Board of Governors of the Federal Reserve System (Federal Reserve). Our U.S. banking subsidiaries (the Banks) organized as national banking associations are subject to regulation, supervision and examination by the Office of the Comptroller of

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the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve. The Consumer Financial Protection Bureau (CFPB) regulates consumer financial products and services.

U.S. financial holding companies, and the companies under their control, are permitted to engage in activities considered "financial in nature" as defined by the Gramm-Leach-Bliley Act and related Federal Reserve interpretations. Unless otherwise limited by the Federal Reserve, a financial holding company may engage directly or indirectly in activities considered financial in nature provided the financial holding company gives the Federal Reserve after-the-fact notice of the new activities. The Gramm-Leach-Bliley Act also permits national banks to engage in activities considered financial in nature through a financial subsidiary, subject to certain conditions and limitations and with the approval of the OCC. If the Federal Reserve finds that any of our Banks is not "well-capitalized" or "well-managed," we would be required to enter into an agreement with the Federal Reserve to comply with all applicable capital and management requirements, which may contain additional limitations or conditions relating to our activities.

The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 permits a BHC to acquire banks located in states other than its home state without regard to state law, subject to certain conditions, including the condition that the BHC, after and as a result of the acquisition, controls no more than 10 percent of the total amount of deposits of insured depository institutions in the U.S. and no more than 30 percent or such lesser or greater amount set by state law of such deposits in that state. At December 31, 2014, we held approximately 11 percent of the total amount of deposits of insured depository institutions in the U.S. The 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act (Financial Reform Act) restricts acquisitions by a financial institution if, as a result of the acquisition, the total liabilities of the financial institution would exceed 10 percent of the total liabilities of all financial institutions in the U.S. At December 31, 2014, our liabilities did not exceed 10 percent of the total liabilities of all financial institutions in the U.S.

We are also subject to various other laws and regulations, as well as supervision and examination by other regulatory agencies, all of which directly or indirectly affect our operations and management and our ability to make distributions to stockholders. Our U.S. broker-dealer subsidiaries are subject to regulation by and supervision of the SEC, the New York Stock Exchange and the Financial Industry Regulatory Authority; our commodities businesses in the U.S. are subject to regulation by and supervision of the U.S. Commodity Futures Trading Commission (CFTC); our U.S. derivatives activity is subject to regulation and supervision of the CFTC and National Futures Association or the SEC, and in the case of the Banks, certain banking regulators; and our

insurance activities are subject to licensing and regulation by state insurance regulatory agencies.

Our non-U.S. businesses are also subject to extensive regulation by various non-U.S. regulators, including governments, securities exchanges, central banks and other regulatory bodies, in the jurisdictions in which those businesses operate. For example, our financial services operations in the U.K. are subject to regulation by and supervision of the Prudential Regulatory Authority (PRA) for prudential matters, and the Financial Conduct Authority (FCA) for the conduct of business matters.

Financial Reform Act

The Financial Reform Act enacted sweeping financial regulatory reform across the financial services industry, including significant changes regarding capital adequacy and capital planning, stress testing, resolution planning, derivatives activities, prohibitions on proprietary trading and restrictions on debit interchange fees. As a result of the Financial Reform Act, we have altered and will continue to alter the way in which we conduct certain businesses. Our costs and revenues could continue to be negatively impacted as additional final rules of the Financial Reform Act are adopted.

Resolution Planning

As a BHC with greater than \$50 billion of assets, the Corporation is required by the Federal Reserve and the FDIC to annually submit a plan for a rapid and orderly resolution in the event of material financial distress or failure.

A resolution plan is intended to be a detailed roadmap for the orderly resolution of a BHC and material entities pursuant to the U.S. Bankruptcy Code and other applicable resolution regimes under one or more hypothetical scenarios assuming no extraordinary government assistance.

If both the Federal Reserve and the FDIC determine that our plan is not credible and the deficiencies are not cured in a timely manner, the Federal Reserve and the FDIC may jointly impose on us more stringent capital, leverage or liquidity requirements or restrictions on our growth, activities or operations. A description of our plan is available on the Federal Reserve and FDIC websites.

Similarly, in the U.K., the PRA has issued rules requiring the submission of significant information about certain unincorporated subsidiaries and other financial institutions, as well as branches of non-U.K. banks located in the U.K. (including information on intra-group dependencies, legal entity separation and barriers to resolution) to allow the PRA to develop resolution plans. As a result of the PRA review, we could be required to take certain actions over the next several years which could impose operating costs and potentially result in the restructuring of certain business and subsidiaries.

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The Volcker Rule

The Volcker Rule prohibits insured depository institutions and companies affiliated with insured depository institutions (collectively, banking entities) from engaging in short-term proprietary trading of certain securities, derivatives, commodity futures and options for their own account. The Volcker Rule also imposes limits on banking entities' investments in, and other relationships with, hedge funds and private equity funds, although the Federal Reserve extended the conformance period for certain existing covered investments and relationships to July 2016 (with indications that the conformance period may be further extended to July 2017). The Volcker Rule provides exemptions for certain activities, including market-making, underwriting, hedging, trading in government obligations, insurance company activities, and organizing and offering hedge funds and private equity funds. The Volcker Rule also clarifies that certain activities are not prohibited, including acting as agent, broker or custodian. A banking entity with significant trading operations, such as the Corporation, is required to establish a detailed compliance program to comply with the restrictions of the Volcker Rule. We exited our stand-alone proprietary trading business in 2011 and continue to wind down our Global Principal Investments operations.

Derivatives

Our derivatives operations are subject to extensive regulation both in the U.S. and internationally. In the U.S., the Financial Reform Act broadens the scope of derivative instruments subject to regulation by requiring clearing and exchange trading of certain derivatives; imposing new capital, margin, reporting, registration and business conduct requirements for certain market participants; and imposing position limits on certain over-the-counter (OTC) derivatives. Additionally, in Europe, the European Commission and European Securities and Markets Authority (ESMA) have been granted authority to adopt and implement the European Market Infrastructure Regulation (EMIR), which regulates OTC derivatives, central counterparties and the trade repositories, and imposes requirements for certain market participants with respect to derivatives reporting, OTC derivatives clearing, business conduct and collateral. The adoption of many of these U.S. and European Union (EU) regulations is ongoing and their ultimate impact remains uncertain.

Capital, Liquidity and Operational Requirements

As a financial services holding company, we and our bank subsidiaries are subject to the risk-based capital guidelines issued by the Federal Reserve and other U.S. banking regulators, including the FDIC and the OCC. These rules are complex and are evolving as U.S. and international regulatory authorities propose and enact enhanced capital and liquidity rules. The Corporation seeks to manage its capital position to maintain sufficient capital to meet these regulatory guidelines and to support our business activities. These evolving capital and liquidity rules are likely to influence our regulatory capital and liquidity planning processes, and require additional capital and liquidity, and may impose additional operational and compliance costs on the Corporation. In addition, the Federal Reserve and the OCC have adopted guidelines that establish minimum standards for the design, implementation and board oversight of BHCs and national banks' risk governance frameworks.

For more information on regulatory capital rules, capital composition and pending or proposed regulatory capital changes, see Capital Management - Regulatory Capital in the MD&A on page 59, and Note 16 - Regulatory Requirements and Restrictions to the Consolidated Financial Statements, which are incorporated by reference in this Item 1.

Distributions

We are subject to various regulatory policies and requirements relating to capital actions, including payment of dividends and common stock repurchases. Many of our subsidiaries, including our bank and broker-dealer subsidiaries, are subject to laws that restrict dividend payments, or authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to the parent company or other subsidiaries. Additionally, the applicable federal regulatory authority is authorized to determine, under certain circumstances relating to the financial condition of a bank or BHC, that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof. For instance, Federal Reserve regulations require major U.S. BHCs to submit a capital plan as part of an

prohibit payment thereof. For instance, Federal Reserve regulations require major U.S. BHCs to submit a capital plan as part of an annual Comprehensive Capital Analysis and Review (CCAR). The purpose of the CCAR is to assess the capital planning process of the BHC, including any planned capital actions, such as payment of dividends on common stock and common stock repurchases.

Our ability to pay dividends is also affected by the various minimum capital requirements and the capital and non-capital standards established under the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA). The right of the Corporation, our stockholders and our creditors to participate in any distribution of the assets or earnings of our subsidiaries is further subject to the prior claims of creditors of the respective subsidiaries.

For more information regarding the requirements relating to the payment of dividends, including the minimum capital requirements, see Note 13 - Shareholders' Equity and Note 16 - Regulatory Requirements and Restrictions to the Consolidated Financial Statements.

Insolvency and the Orderly Liquidation Authority

Under the Federal Deposit Insurance Act, the FDIC may be appointed receiver of an insured depository institution if it is insolvent or in certain other circumstances. In addition, under the Financial Reform Act, when a systemically important financial institution such as the Corporation is in default or danger of default, the FDIC may be appointed receiver in order to conduct an orderly liquidation of such institution. In the event of such appointment, the FDIC could invoke the orderly liquidation authority, instead of the U.S. Bankruptcy Code, if the Secretary of the Treasury makes certain financial distress and systemic risk determinations. The orderly liquidation authority is modeled in part on the Federal Deposit Insurance Act, but also adopts certain concepts from the U.S. Bankruptcy Code.

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In 2013, the FDIC issued a notice describing its preferred "single point of entry" strategy for resolving systemically important financial institutions. Under this approach, the FDIC could replace a distressed BHC with a bridge holding company, which could continue operations and result in an orderly resolution of the underlying bank, but whose equity is held solely for the benefit of creditors of the original BHC. Furthermore, the Federal Reserve Board has indicated that it will be proposing regulations regarding the minimum levels of long-term debt required for BHCs to ensure there is adequate loss absorbing capacity in the event of a resolution. The orderly liquidation authority contains certain differences from the U.S. Bankruptcy Code. For example, in certain circumstances, the FDIC could permit payment of obligations it determines to be systemically significant (e.g., short-term creditors or operating creditors) in lieu of paying other obligations (e.g., long-term creditors) without the need to obtain creditors' consent or prior court review. The insolvency and resolution process could also lead to a large reduction or total elimination of the value of a BHCs outstanding equity, as well as impairment or elimination of certain debt.

Deposit Insurance

Deposits placed at U.S. domiciled banks (U.S. banks) are insured by the FDIC, subject to limits and conditions of applicable law and the FDIC's regulations. Pursuant to the Financial Reform Act, FDIC insurance coverage limits were permanently increased to \$250,000 per customer. All insured depository institutions are required to pay assessments to the FDIC in order to fund the Deposit Insurance Fund (DIF).

The FDIC is required to maintain at least a designated minimum ratio of the DIF to insured deposits in the U.S. The Financial Reform Act requires the FDIC to assess insured depository institutions to achieve a DIF ratio of at least 1.35 percent by September 30, 2020. The FDIC has adopted new regulations that establish a long-term target DIF ratio of greater than two percent. The DIF ratio is currently below the required targets and the FDIC has adopted a restoration plan that may result in increased deposit insurance assessments. Deposit insurance assessment rates are subject to change by the FDIC and will be impacted by the overall economy and the stability of the banking industry as a whole. For more information regarding deposit insurance, see Item 1A. Risk Factors - Regulatory, Compliance and Legal Risk on page 12.

Source of Strength

According to the Financial Reform Act and Federal Reserve policy, BHCs are expected to act as a source of financial strength to each subsidiary bank and to commit resources to support each such subsidiary. Similarly, under the cross-guarantee provisions of FDICIA, in the event of a loss suffered or anticipated by the FDIC, either as a result of default of a banking subsidiary or related to FDIC assistance provided to such a subsidiary in danger of default, the affiliate banks of such a subsidiary may be assessed for the FDIC's loss, subject to certain exceptions.

Consumer Regulations

Our consumer businesses are subject to extensive regulation and oversight by federal and state regulators. Certain federal consumer finance laws to which we are subject, including, but not limited to, the Equal Credit Opportunity Act, the Home Mortgage Disclosure Act, the Electronic Fund Transfer Act, the Fair Credit Reporting Act, the Real Estate Settlement Procedures Act (RESPA), the Truth in Lending Act (TILA) and Truth in Savings Act, are enforced by the CFPB. Other federal consumer finance laws, such as the Servicemembers Civil Relief Act, are enforced by the Office of the Comptroller of the Currency.

servicemembers Civil Relief Act, are enforced by the Officer of the Comptroller of the Currency.

Transactions with Affiliates

Pursuant to Section 23A and 23B of the Federal Reserve Act, as implemented by the Federal Reserve's Regulation W, the Banks are subject to restrictions that limit certain types of transactions between the Banks and their nonbank affiliates. In general, U.S. banks are subject to quantitative and qualitative limits on extensions of credit, purchases of assets and certain other transactions involving its nonbank affiliates. Additionally, transactions between U.S. banks and their nonbank affiliates are required to be on arm's length terms and must be consistent with standards of safety and soundness.

Privacy and Information Security

We are subject to many U.S. federal, state and international laws and regulations governing requirements for maintaining policies and procedures to protect the non-public confidential information of our customers. The Gramm-Leach-Bliley Act requires the Banks to periodically disclose Bank of America's privacy policies and practices relating to sharing such information and enables retail customers to opt out of our ability to share information with unaffiliated third parties under certain circumstances. Other laws and regulations, at both the federal and state level, impact our ability to share certain information with affiliates and non-affiliates for marketing and/or non-marketing purposes, or to contact customers with marketing offers. The Gramm-Leach-Bliley Act also requires the Banks to implement a comprehensive information security program that includes administrative, technical, and physical safeguards to ensure the security and confidentiality of customer records and information. These security and privacy policies and procedures for the protection of personal and confidential information are in effect across all businesses and geographic locations.

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Item 1A. Risk Factors

In the course of conducting our business operations, we are exposed to a variety of risks, some of which are inherent in the financial services industry and others of which are more specific to our own businesses. The discussion below addresses the most significant factors, of which we are currently aware, that could affect our businesses, results of operations and financial condition. Additional factors that could affect our businesses, results of operations and financial condition are discussed in Forward-looking Statements in the MD&A on page 22. However, other factors not discussed below or elsewhere in this Annual Report on Form 10-K could also adversely affect our businesses, results of operations and financial condition. Therefore, the risk factors below should not be considered a complete list of potential risks that we may face.

Any risk factor described in this Annual Report on Form 10-K or in any of our other Securities and Exchange Commission (SEC) filings could by itself, or together with other factors, materially adversely affect our liquidity, cash flows, competitive position, business, reputation, results of operations, capital position or financial condition, including by materially increasing our expenses or decreasing our revenues, which could result in material losses.

General Economic and Market Conditions Risk

Our businesses and results of operations may be adversely affected by the U.S. and international financial markets, U.S. and non-U.S. fiscal and monetary policy, and economic conditions generally.

Our businesses and results of operations are affected by the financial markets and general economic conditions in the U.S. and abroad, including factors such as the level and volatility of short-term and long-term interest rates, inflation, home prices, unemployment and under-employment levels, bankruptcies, household income, consumer spending, fluctuations in both debt and equity capital markets and currencies, liquidity of the global financial markets, the availability and cost of capital and credit, investor sentiment and confidence in the financial markets, the sustainability of economic growth in the U.S., Europe, China and Japan, and economic, market, political and social conditions in several larger emerging market countries. The deterioration of any of these conditions could adversely affect our consumer and commercial businesses, our securities and derivatives portfolios, our level of charge-offs and provision for credit losses, the carrying value of our deferred tax assets, our capital levels and liquidity, and our results of operations.

Despite improving labor markets in the past year and recent sharp declines in energy costs, an elevated level of underemployment and household debt, the prolonged low interest rate environment and a strengthening U.S. Dollar, along with a continued sluggish recovery in the consumer real estate market and certain commercial real estate markets in the U.S., pose challenges for domestic economic performance and the financial services industry. The elevated level of under-employment and modest wage growth have directly impaired consumer finances and pose risks to the financial services industry.

Continued uncertainty in a number of housing markets and still elevated levels of distressed and delinquent mortgages remain risks to the housing market. The current environment of heightened scrutiny of financial institutions has resulted in increased public awareness of and sensitivity to banking fees and practices. Mortgage and housing market-related risks may be accentuated by attempts to forestall foreclosure proceedings, as well as state

and federal investigations into foreclosure practices by mortgage servicers. Each of these factors may adversely affect our fees and costs.

The recent sharp drop in oil prices, while likely a net positive for the U.S. economy, may also add distress to select regional markets that are energy industry-dependent and may negatively impact certain commercial and consumer loan portfolios.

Our businesses and results of operations are also affected by domestic and international fiscal and monetary policy. The actions of the Federal Reserve in the U.S. and central banks internationally regulate the supply of money and credit in the global financial system. Their policies affect our cost of funds for lending, investing and capital raising activities and the return we earn on those loans and investments, both of which affect our net interest margin. The actions of the Federal Reserve in the U.S. and central banks internationally also can affect the value of financial instruments and other assets, such as debt securities and mortgage servicing rights (MSRs), and its policies also can affect our borrowers, potentially increasing the risk that they may fail to repay their loans. Our businesses and earnings are also affected by the fiscal or other policies that are adopted by the U.S. government, various U.S. regulatory authorities, and non-U.S. governments and regulatory authorities. Changes in domestic and international fiscal and monetary policies are beyond our control and difficult to predict but could have an adverse impact on our capital requirements and the costs of running our business.

For more information about economic conditions and challenges discussed above, see Executive Summary - 2014 Economic and Business Environment in the MD&A on page 23.

Liquidity Risk

Liquidity Risk is the Potential Inability to Meet Our Contractual and Contingent Financial Obligations, On-or Off-balance Sheet, as they Become Due.

Adverse changes to our credit ratings from the major credit rating agencies could significantly limit our access to funding or the capital markets, increase our borrowing costs, or trigger additional collateral or funding requirements.

Our borrowing costs and ability to raise funds are directly impacted by our credit ratings. In addition, credit ratings may be important to customers or counterparties when we compete in certain markets and when we seek to engage in certain transactions, including OTC derivatives. 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. Our credit ratings are subject to ongoing review by the rating agencies, which consider a number of factors, including our own financial strength, performance, prospects and operations as well as factors not under our control.

Currently, the Corporation's long-term/short-term senior debt ratings and outlooks expressed by the rating agencies are as follows: Baa2/P-2 (Stable) by Moody's Investors Service, Inc. (Moody's); A-/A-2 (Negative) by Standard & Poor's Ratings Services (S&P); and A/FI (Negative) by Fitch Ratings (Fitch). The rating agencies could make adjustments to our credit ratings at any time, including as a result of a determination to no longer incorporate an uplift for U.S. government support. There can be no assurance that downgrades will not occur.

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A reduction in certain of our credit ratings could negatively affect our liquidity, access to credit markets, the related cost of funds, our businesses and certain trading revenues, particularly in those businesses where counterparty creditworthiness is critical. If the short-term credit ratings of our parent company, bank or broker-dealer subsidiaries were downgraded by one or more levels, we may suffer the potential loss of access to short-term funding sources such as repo financing, and/or increased cost of funds.

In addition, under the terms of certain OTC derivative contracts and other trading agreements, in the event of a downgrade of our credit ratings or certain subsidiaries' credit ratings, counterparties to those agreements may require us or certain subsidiaries to provide additional collateral, terminate these contracts or agreements, or provide other remedies. At December 31, 2014, if the rating agencies had downgraded their long-term senior debt ratings for us or certain subsidiaries by one incremental notch, the amount of additional collateral contractually required by derivative contracts and other trading agreements would have been approximately \$1.4 billion, including \$1.1 billion for Bank of America, N.A. (BANA). If the rating agencies had downgraded their long-term senior debt ratings for these entities by an additional incremental notch, approximately \$2.8 billion in additional incremental collateral, including \$1.9 billion for BANA would have been required.

Also, if the rating agencies had downgraded their long-term senior debt ratings for us or certain subsidiaries by one incremental notch, the derivative liability that would be subject to unilateral termination by counterparties as of December 31, 2014 was \$1.8 billion against which \$1.5 billion of collateral has been posted. If the rating agencies had downgraded their long-term senior debt ratings for us and certain subsidiaries by a second incremental notch, the derivative liability that would be subject to unilateral termination by counterparties as of December 31, 2014 was an incremental \$3.9 billion, against which \$3.0 billion of collateral has been posted.

While certain potential impacts are contractual and quantifiable, the full consequences of a credit ratings downgrade to a financial institution are inherently uncertain, as they depend upon numerous dynamic, complex and inter-related factors and assumptions, including whether any downgrade of a firm's long-term credit ratings precipitates downgrades to its short-term credit ratings, and assumptions about the potential behaviors of various customers, investors and counterparties.

For more information about our credit ratings and their potential effects to our liquidity, see Liquidity Risk - Credit Ratings in the MD&A on page 68 and Note 2 - Derivatives to the Consolidated Financial Statements.

If we are unable to access the capital markets, continue to maintain deposits, or our borrowing costs increase, our liquidity and competitive position will be negatively affected.

Liquidity is essential to our businesses. We fund our assets primarily with globally sourced deposits in our bank entities, as well as secured and unsecured liabilities transacted in the capital markets. We rely on certain secured funding sources, such as repo markets, which are typically short-term and credit-sensitive in nature. We also engage in asset securitization transactions, including with the government-sponsored enterprises (GSEs), to fund consumer lending activities. Our liquidity could be adversely affected by any inability to access the capital markets; illiquidity or volatility in the capital markets; unforeseen outflows of cash, including customer deposits, funding for commitments and contingencies; increased liquidity requirements on our banking and nonbank subsidiaries imposed by their home countries; or negative perceptions about our short- or long-term business prospects, including downgrades of our credit ratings. Several of these factors may arise due to circumstances beyond our control, such as a general market disruption, negative views about the financial services industry generally, changes in the regulatory environment, actions by credit rating agencies or an operational problem that affects third parties or us.

Our cost of obtaining funding is directly related to prevailing market interest rates and to our credit spreads. Credit spreads are the amount in excess of the interest rate of U.S. Treasury securities, or other benchmark securities, of a similar maturity that we need to pay to our funding providers. Increases in interest rates and our credit spreads can increase the cost of our funding. Changes in our credit spreads are market-driven and may be influenced by market perceptions of our creditworthiness. Changes to interest rates and our credit spreads occur continuously and may be unpredictable and highly volatile.

For more information about our liquidity position and other liquidity matters, including credit ratings and outlooks and the policies and procedures we use to manage our liquidity risks, see Liquidity Risk in the MD&A on page 65.

Bank of America Corporation is a holding company and we depend upon our subsidiaries for liquidity, including our ability to pay dividends to shareholders. Applicable laws and regulations, including capital and liquidity requirements, may restrict our ability to transfer funds from our subsidiaries to Bank of America Corporation or other subsidiaries.

Bank of America Corporation, as the parent company, is a separate and distinct legal entity from our banking and nonbank subsidiaries. We evaluate and manage liquidity on a legal entity basis. Legal entity liquidity is an important consideration as there are legal and other limitations on our ability to utilize liquidity from one legal entity to satisfy the liquidity requirements of another, including the parent company. For instance, the parent company depends on dividends, distributions and other payments from our banking and nonbank subsidiaries to fund dividend payments on our common stock and preferred stock and to fund all payments on our other obligations, including debt obligations. Many of our subsidiaries, including our bank and broker-dealer subsidiaries, are subject to laws that restrict dividend payments, or authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to the parent company or other subsidiaries. In addition, our bank and broker-dealer subsidiaries are subject to restrictions on their ability to lend or transact with affiliates and to minimum regulatory capital and liquidity requirements, as well as restrictions on their ability to use funds deposited with them in bank or brokerage accounts to fund their businesses.

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Additional restrictions on related party transactions, increased capital and liquidity requirements and additional limitations on the use of funds on deposit in bank or brokerage accounts, as well as lower earnings, can reduce the amount of funds available to meet the obligations of the parent company and even require the parent company to provide additional funding to such subsidiaries. Also, additional liquidity may be required at each subsidiary entity. Regulatory action of that kind could impede access to funds we need to make payments on our obligations or dividend payments. In addition, our right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of the subsidiary's creditors. For more information regarding our ability to pay dividends, see Capital Management in the MD&A on page 59 and Note 13 - Shareholders' Equity to the Consolidated Financial Statements.

Credit Risk

Credit Risk is the Risk of Loss Arising from the Inability or Failure of a Borrower or Counterparty to Meet its Obligations.

Economic or market disruptions, insufficient credit loss reserves or concentration of credit risk may result in an increase in the provision for credit losses, which could have an adverse effect on our financial condition and results of operations.

A number of our products expose us to credit risk, including loans, letters of credit, derivatives, trading account assets and assets held-for-sale. The financial condition of our consumer and commercial borrowers and counterparties could adversely affect our earnings.

Global and U.S. economic conditions may impact our credit portfolios. To the extent economic or market disruptions occur, such disruptions would likely increase the risk that borrowers or counterparties would default or become delinquent on their obligations to us. Increases in delinquencies and default rates could adversely affect our consumer credit card, home equity, residential mortgage and purchased credit-impaired (PCI) portfolios through increased charge-offs and provision for credit losses. Additionally, increased credit risk could also adversely affect our commercial loan portfolios with weakened customer and collateral positions.

We estimate and establish an allowance for credit losses for losses inherent in our lending activities (including unfunded lending commitments), excluding those measured at fair value, through a charge to earnings. The amount of allowance is determined based on our evaluation of the potential credit losses included within our loan portfolios. The process for determining the amount of the allowance requires difficult and complex judgments,

including forecasts of economic conditions and how borrowers will react to those conditions. The ability of our borrowers or counterparties to repay their obligations will likely be impacted by changes in economic conditions, which in turn could impact the accuracy of our forecasts. There is also the chance that we will fail to accurately identify the appropriate economic indicators or that we will fail to accurately estimate their impacts.

We may suffer unexpected losses if the models and assumptions we use to establish reserves and make judgments in extending credit to our borrowers or counterparties become less predictive of future events. Although we believe that our allowance for credit losses was in compliance with applicable accounting standards at December 31, 2014, there is no guarantee that it will be sufficient to address future credit losses, particularly if economic conditions deteriorate. In such an event, we may increase the size of our allowance, which reduces our earnings.

In the ordinary course of our business, we also may be subject to a concentration of credit risk in a particular industry, country, counterparty, borrower or issuer. A deterioration in the financial condition or prospects of a particular industry or a failure or downgrade of, or default by, any particular entity or group of entities could negatively affect our businesses and the processes by which we set limits and monitor the level of our credit exposure to individual entities, industries and countries may not function as we have anticipated. While our activities expose us to many different industries and counterparties, we routinely execute a high volume of transactions with counterparties in the financial services industry, including brokers-dealers, commercial banks, investment banks, insurers, mutual and hedge funds, and other institutional clients. This has resulted in significant credit concentration with respect to this industry. Financial services institutions and other counterparties are inter-related because of trading, funding, clearing or other relationships. As a result, defaults by, or even rumors or questions about the financial stability of one or more financial services institutions, or the financial services industry generally, could lead to market-wide liquidity disruptions, losses and defaults. Many of these transactions expose us to credit risk in the event of default of a counterparty. In addition, our credit risk may be heightened by market risk when the collateral held by us cannot be realized or is liquidated at prices not sufficient to recover the full amount of the loan or derivatives exposure due to us.

In the ordinary course of business, we also enter into transactions with sovereign nations, U.S. states and U.S. municipalities. Unfavorable economic or political conditions, disruptions to capital markets, currency fluctuations, changes in energy prices, social instability and changes in government policies could impact the operating budgets or credit ratings of sovereign nations, U.S. states and U.S. municipalities and expose us to credit risk.

We also have a concentration of credit risk with respect to our consumer real estate, consumer credit card and commercial real estate portfolios, which represent a large percentage of our overall credit portfolio. Economic downturns have adversely affected these portfolios. Continued economic weakness or deterioration in real estate values or household incomes could result in higher credit losses.

For more information about our credit risk and credit risk management policies and procedures, see Credit Risk Management in the MD&A on page 70 and Note 1 - Summary of Significant Accounting Principles to the Consolidated Financial Statements.

Our derivatives businesses may expose us to unexpected risks and potential losses.

We are party to a large number of derivatives transactions, including credit derivatives. Our derivatives businesses may expose us to unexpected market, credit and operational risks that could cause us to suffer unexpected losses. Severe declines in asset values, unanticipated credit events or unforeseen circumstances that may cause previously uncorrelated factors to become correlated (and vice versa) may create losses resulting from risks not appropriately taken into account in the development, structuring or pricing of a derivative instrument. The terms of certain of our OTC derivative contracts and other trading agreements provide that upon the occurrence of certain specified events, such as a change in our credit ratings, we may be required

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to provide additional collateral or to provide other remedies, or our counterparties may have the right to terminate or otherwise diminish our rights under these contracts or agreements.

Many derivative instruments are individually negotiated and non-standardized, which can make exiting, transferring or settling some positions difficult. Many derivatives require that we deliver to the counterparty the underlying security, loan or other obligation in order to receive payment. In a number of cases, we do not hold, and may not be able to obtain, the underlying security, loan or other obligation.

In the event of a downgrade of the Corporation's credit ratings, certain derivative and other counterparties may request we substitute BANA (which has generally had equal or higher credit ratings than the Corporation's) as counterparty for certain derivative contracts and other trading agreements. The Corporation's ability to substitute or make changes to these agreements to meet counterparties' requests may be subject to certain limitations, including counterparty willingness, regulatory limitations on naming BANA as the new counterparty and the type or amount of collateral required. It is possible that such limitations on our ability to substitute or make changes to these agreements, including naming BANA as the new counterparty, could adversely affect our results of operations.

Derivatives contracts, including new and more complex derivatives products, and other transactions entered into with third parties are not always confirmed by the counterparties or settled on a timely basis. While a transaction remains unconfirmed, or during any delay in settlement, we are subject to heightened credit, market and operational risk and, in the event of default, may find it more difficult to enforce the contract. In addition, disputes may arise with counterparties, including government entities, about the terms, enforceability and/or suitability of the underlying contracts. These factors could negatively impact our ability to effectively manage our risk exposures from these products and subject us to increased credit and operating costs and reputational risk. For more information on our derivatives exposure, see Note 2 - Derivatives to the Consolidated Financial Statements.

Market Risk

Market Risk is the Risk that Market Conditions May Adversely Impact the Value of Assets or Liabilities or Otherwise Negatively Impact Earnings. Market Risk is Inherent in the Financial Instruments Associated with our Operations, Including Loans, Deposits, Securities, Short-term Borrowings, Long-term Debt, Trading Account Assets and Liabilities, and Derivatives.

Increased market volatility and adverse changes in other financial or capital market conditions may increase our market risk.

Our liquidity, cash flows, competitive position, business, results of operations and financial condition are affected by market risk factors such as changes in interest and currency exchange rates, equity and futures prices, the implied volatility of interest rates, credit spreads and other economic and business factors. These market risks may adversely affect, among other things, (i) the value of our on- and off-balance sheet securities, trading assets, other financial instruments, and MSRs, (ii) the cost of debt capital and our access to credit markets, (iii) the value of assets under management (AUM), (iv) fee income relating to AUM, (v) customer allocation of capital among investment alternatives, (vi) the volume of client activity in our trading operations, (vii) investment banking fees, and (viii) the general profitability and risk level of the transactions in which we engage. For example, the value of certain of our assets is sensitive to changes in market interest rates. If the Federal Reserve, or central banks internationally, change or signal a change in monetary policy, market interest rates could be affected, which could adversely impact the value of such assets. In addition, the existence of a prolonged low interest rate environment could negatively impact our cash flows, financial condition or results of operations, including future revenue and earnings growth.

We use various models and strategies to assess and control our market risk exposures but those are subject to inherent limitations. Our models, which rely on historical trends and assumptions, may not be sufficiently predictive of future results due to limited historical patterns, extreme or unanticipated market movements and illiquidity, especially during severe market downturns or stress events. The models that we use to assess and control our market risk exposures also reflect assumptions about the degree of correlation among prices of various asset classes or other market indicators. In addition, market conditions in recent years have involved unprecedented dislocations and highlight the limitations inherent in using historical data to manage risk.

In times of market stress or other unforeseen circumstances, such as the market conditions experienced in 2008 and 2009, previously uncorrelated indicators may become correlated, or previously correlated indicators may move in different directions. These types of market movements have at times limited the effectiveness of our hedging strategies and have caused us to incur significant losses, and they may do so in the future. These changes in correlation can be exacerbated where other market participants are using risk or trading models with assumptions or algorithms that are similar to ours. In these and other cases, it may be difficult to reduce our risk positions due to the activity of other market participants or widespread market dislocations, including circumstances where asset values are declining significantly or no market exists for certain assets. To the extent that we own securities that do not have an established liquid trading market or are otherwise subject to restrictions on sale or hedging, we may not be able to reduce our positions and therefore reduce our risk associated with such positions. In addition, challenging market conditions may also adversely affect our investment banking fees.

For more information about market risk and our market risk management policies and procedures, see Market Risk Management in the MD&A on page 99.

A downgrade in the U.S. government's sovereign credit rating, or in the credit ratings of instruments issued, insured or guaranteed by related institutions, agencies or instrumentalities, could result in risks to the Corporation and its credit ratings and general economic conditions that we are not able to predict.

On June 6, 2014, S&P affirmed its AA+ long-term and A-1+ short-term sovereign credit rating on the U.S. government with a stable outlook. On March 21, 2014, Fitch affirmed its AAA long-term and F1+ short-term sovereign credit rating on the U.S. government with a stable outlook. This resolved the rating watch negative that was placed on the ratings on October 15, 2013. On July 18, 2013, Moody's revised its outlook on the U.S. government to stable from negative and affirmed its Aaa long-term sovereign credit rating on the U.S. government.

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The ratings and perceived creditworthiness of instruments issued, insured or guaranteed by institutions, agencies or instrumentalities directly linked to the U.S. government could also be correspondingly affected by any downgrade. Instruments of this nature are often held as trading, investment or excess liquidity positions on the balance sheets of financial institutions, including the Corporation, and are widely used as collateral by financial institutions to raise cash in the secured financing markets. A downgrade of the sovereign credit ratings of the U.S. government and perceived creditworthiness of U.S. government-related obligations could impact our ability to obtain funding that is collateralized by affected instruments, as well as affecting the pricing of that funding when it is available. A downgrade may also adversely affect the market value of such instruments.

We cannot predict if, when or how any changes to the credit ratings or perceived creditworthiness of these organizations will affect economic conditions. The credit rating agencies' ratings for the Corporation or its subsidiaries could be directly or indirectly impacted by a downgrade of the U.S. government's sovereign rating because credit ratings of large systemically important financial institutions issued by S&P and Fitch, including those of the Corporation or its subsidiaries, currently include a degree of uplift due to rating agencies' assumptions concerning potential government support. In addition, the Corporation presently delivers a portion of the residential mortgage loans it originates into GSEs, agencies or instrumentalities (or instruments insured or guaranteed thereby). We cannot predict if, when or how any changes to the credit ratings of these organizations will affect their ability to finance residential mortgage loans.

A downgrade of the sovereign credit ratings of the U.S. government or the credit ratings of related institutions, agencies or instrumentalities would exacerbate the other risks to which the Corporation is subject and any related adverse effects on our business, financial condition and results of operations.

Our businesses may be affected by uncertainty 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.

Risks and ongoing concerns about the financial stability of several non-U.S. jurisdictions could impact our operations and have a detrimental impact on the global economic recovery. For instance, sovereign and non-sovereign debt levels remain elevated. Market and economic disruptions have affected, and may continue to affect, consumer confidence levels and spending, corporate investment and job creation, bankruptcy rates, levels of incurrence and default on consumer debt and corporate debt, economic growth rates and asset values, among other factors.

A number of non-U.S. jurisdictions in which we do business have been negatively impacted by slowing growth rates or recessionary conditions, market volatility and/or political unrest. Additionally, there can be no assurance that market stabilization in Europe, which has recently experienced a renewed slowdown and increased volatility, is sustainable, nor can there be any assurance that future assistance packages, if required, will be available

or, even if provided, will be sufficient to stabilize the affected countries and markets in Europe or elsewhere. To the extent European economic recovery uncertainty continues to negatively impact consumer and business confidence and credit factors, or should the EU enter a deep recession, both the U.S. economy and our business and results of operations could be adversely affected.

Global economic and political uncertainty, regulatory initiatives and reform have impacted, and will likely continue to impact, non-U.S. credit and trading portfolios. There can be no assurance our risk mitigation efforts in this respect will be sufficient or successful.

For more information on our exposures in the top 20 non-U.S. countries, see Non-U.S. Portfolio in the MD&A on page 93.

We may incur losses if the values of certain assets decline, including due to changes in interest rates and prepayment speeds.

We have a large portfolio of financial instruments, including, among others, certain loans and loan commitments, loans held-for-sale, securities financing agreements, asset-backed secured financings, long-term deposits, long-term debt, trading account assets and liabilities, derivative assets and liabilities, available-for-sale (AFS) debt and equity securities, other debt securities, certain MSRs and certain other assets and liabilities that we measure at fair value. We determine the fair values of these instruments based on the fair value hierarchy under applicable accounting guidance. The fair values of these financial instruments include adjustments for market liquidity, credit quality, funding impact on certain derivatives and other transaction-specific factors, where appropriate.

Gains or losses on these instruments can have a direct impact on our results of operations, including higher or lower mortgage banking income and earnings, unless we have effectively hedged our exposures. For example, decreases in interest rates and increases in mortgage prepayment speeds, which are influenced by interest rates and other factors such as reductions in mortgage insurance premiums and origination costs, could adversely impact the value of our MSR asset, cause a significant acceleration of purchase premium amortization on our mortgage portfolio, because a decline in long-term interest rates shortens the expected lives of the securities, and adversely affect our net interest margin. Conversely, increases in interest rates may result in a decrease in residential mortgage loan originations. In addition, increases in interest rates may adversely impact the fair value of debt securities and, accordingly, for debt securities classified as AFS, may adversely affect accumulated other comprehensive income and, thus, capital levels.

Fair values may be impacted by declining values of the underlying assets or the prices at which observable market transactions occur and the continued availability of these transactions. The financial strength of counterparties, with whom we have economically hedged some of our exposure to these assets, also will affect the fair value of these assets. Sudden declines and volatility in the prices of assets may curtail or eliminate the trading activity for these assets, which may make it difficult to sell, hedge or value such assets. The inability to sell or effectively hedge assets reduces our ability to limit losses in such positions and the difficulty in valuing assets may increase our risk-weighted assets, which requires us to maintain additional capital and increases our funding costs.

Asset values also directly impact revenues in our asset management businesses. We receive asset-based management fees based on the value of our clients' portfolios or investments in funds managed by us and, in some cases, we also receive performance fees based on increases in the value of such investments. Declines in asset values can reduce the value of our clients' portfolios or fund assets, which in turn can result in lower fees earned for managing such assets.

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For more information about fair value measurements, see Note 20 - Fair Value Measurements to the Consolidated Financial Statements. For more information about our asset management businesses, see GWIM in the MD&A on page 42. For more information about interest rate risk management, see Interest Rate Risk Management for Non-trading Activities in the MD&A on page 105.

Changes in the method of determining the London Interbank Offered Rate (LIBOR) or other reference rates may adversely impact the value of debt securities and other financial instruments we hold or issue that are linked to LIBOR or other reference rates in ways that are difficult to predict and could adversely impact our financial condition or results of operations.

In recent years, concerns have been raised about the accuracy of the calculation of LIBOR. Aspects of the method for determining how LIBOR is formulated and its use in the market have changed and may continue to change. Effective February 1, 2014, the transfer of LIBOR administration to the ICE Benchmark Administration, Ltd. was completed following authorization by the U.K. Financial Conduct Authority. On July 22, 2014, the Financial Stability Board published its report recommending reforms to the administration of major benchmarks, including LIBOR. Changes to LIBOR administration include, but are not limited to, the introduction of statutory regulation of LIBOR by U.K. regulatory authorities; reducing the currencies for which LIBOR is calculated to five; reducing the tenors for which LIBOR is calculated to seven; delay in the publication of individual banks' LIBOR submissions for three months from submission; and requiring banks to provide LIBOR submissions based on an effective methodology on the basis of relevant criteria and information, including observable market transactions where possible. Each such change and any future changes could impact the availability and volatility of LIBOR. Similar changes have occurred or may occur with respect to other reference rates. Accordingly, it is not currently possible to determine whether, or to what extent, any such changes would impact the value of any debt securities we hold or issue that are linked to LIBOR or other reference rates, or any loans, derivatives and other financial obligations or extensions of credit we hold or are due to us, or for which we are an obligor, that are linked to LIBOR or other reference rates, or whether, or to what extent, such changes would impact our financial condition or results of operations.

Mortgage and Housing Market-Related Risk

Our mortgage loan repurchase obligations or claims from third parties could result in additional losses.

We and our legacy companies have sold significant amounts of residential mortgage loans. In connection with these sales, we or certain of our subsidiaries or legacy companies make or have made various representations and warranties, breaches of which may result in a requirement that we repurchase the mortgage loans, or otherwise make whole or provide other remedies to counterparties (collectively, repurchases). At December 31, 2014, we had approximately \$22.4 billion of unresolved repurchase claims, net of duplicate claims. These repurchase claims relate primarily to private-label securitizations and include claims in the amount of \$4.7 billion, net of duplicate claims, where we believe the statute of limitations has expired under current law. Private-label securitization unresolved repurchase claims have increased in recent periods, and such claims may continue to

increase. In

addition to unresolved repurchase claims, we have received notifications pertaining to loans for which we have not received a repurchase request from sponsors of third-party securitizations with whom the Corporation engaged in whole-loan transactions and for which we may owe indemnity obligations. We also from time to time receive correspondence purporting to raise representations and warranties breach issues from entities that do not have contractual standing or ability to bring such claims. We believe such communications to be procedurally and/or substantially invalid, and generally do not respond to such correspondence. In addition to repurchase claims, we receive notices from mortgage insurance companies of claim denials, cancellations or coverage rescission (collectively, MI rescission notices). Although they declined during 2014, the number of open MI rescission notices remains elevated.

We have recorded a liability of \$12.1 billion for obligations under representations and warranties exposures (which includes exposures related to MI rescission notices). We have also established an estimated range of possible loss of up to \$4 billion over our recorded liability. The liability for representations and warranties exposures and the corresponding estimated range of possible loss do not consider losses related to servicing (except as such losses are included as potential costs of the BNY Mellon Settlement), including foreclosure and related costs, fraud, indemnity, or claims (including for residential mortgage-backed securities (RMBS)) related to securities law or monoline litigations. Losses with respect to one or more of these matters could be material to the Corporation's results of operations or cash flows for any particular reporting period.

Our recorded liability and estimated range of possible loss for representations and warranties exposures are based on currently available information and are necessarily dependent on, and limited by, a number of factors, including our historical claims and settlement experiences as well as significant judgment and a number of assumptions that are subject to change. As a result, our liability and estimated range of possible loss related to our representations and warranties exposures may materially change in the future. Additionally, if final court approval of the settlement with the Bank of New York Mellon, as trustee (BNY Mellon Settlement) is not obtained, or if the Corporation and legacy Countrywide Financial Corporation determine to withdraw from the BNY Mellon Settlement agreement in accordance with its terms, the Corporation's future representations and warranties losses could be substantially different from existing accruals and the existing estimated range of possible loss. If future representations and warranties losses occur in excess of our recorded liability and estimated range of possible loss, such losses could have an adverse effect on our cash flows, financial condition and results of operations.

For more information about our representations and warranties exposure, including the estimated range of possible loss, see Off-Balance Sheet Arrangements and Contractual Obligations -Representations and Warranties in the MD&A on page 50, Consumer Portfolio Credit Risk Management in the MD&A on page 70 and Note 7 - Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements.

For more information regarding the BNY Mellon Settlement, see Note 7 - Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements.

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Failure to satisfy our obligations as servicer for residential mortgage securitizations, along with other losses we could incur in our capacity as servicer, and continued foreclosure delays and/or investigations into our residential mortgage foreclosure practices could cause losses.

We and our legacy companies have securitized a significant portion of the residential mortgage loans that we originated or acquired. We service a large portion of the loans we have securitized and also service loans on behalf of third-party securitization vehicles and other investors. At December 31, 2014, we serviced approximately 5.3 million loans with an aggregate unpaid principal balance of \$693 billion, including loans owned by us and by others. Of the 3.2 million loans serviced for others, approximately 67 percent are held in GSE securitization vehicles and 33 percent are held in non-GSE securitization vehicles or by other investors. If we commit a material breach of our obligations as servicer or master servicer, we may be subject to termination if the breach is not cured within a specified period of time following notice, which could cause us to lose servicing income. In addition, for loans held in non-GSE securitization vehicles, we may have liability for any failure by us, as a servicer or master servicer, for any act or omission on our part that involves willful misfeasance, bad faith, gross negligence or reckless disregard of our duties. If any such breach were found to have occurred, it may harm our reputation, increase our servicing costs or adversely impact our results of operations. Additionally, with respect to foreclosures, we may incur costs or losses due to irregularities in the underlying documentation, or if the validity of a foreclosure action is challenged by a borrower or overturned by a court because of errors or deficiencies in the foreclosure process. We may also incur costs or losses relating to delays or alleged deficiencies in processing documents necessary to comply with state law governing foreclosures.

We are subject to certain legal and contractual requirements for how we hold, transfer, use or enforce promissory notes, security instruments and other documents for residential mortgage loans that we service. In recent years, challenges have been raised to whether we have adhered to these requirements, and whether, as a result in some instances, the loans can be enforced as local law otherwise would permit. Additionally, we currently use the Mortgage Electronic Registration Systems, Inc. (MERS) system for approximately half of the residential mortgage loans that remain in our servicing portfolio. Individual borrowers and certain local governments have contended that the use of MERS is improper or otherwise adversely affects the security interest. If documentation requirements were not met, or if the use of MERS or the MERS system is found not valid or effective, we could be obligated to, or choose to, take remedial actions and may be subject to additional costs or losses.

For additional information, Off-Balance Sheet Arrangements and Contractual Obligations in the MD&A on page 50.

If the U.S. housing market weakens, or home prices decline, our consumer loan portfolios, credit quality, credit losses, representations and warranties exposures, and earnings may be adversely affected.

Although U.S. home prices continued to improve during 2014, the declines in prior years have negatively impacted the demand for many of our products. Additionally, our mortgage loan production volume is generally influenced by the rate of growth in residential mortgage debt outstanding and the size of the residential mortgage market.

Conditions in the U.S. housing market in prior years have also resulted in significant write-downs of asset values in several asset classes, notably mortgage-backed securities, and increased exposure to monolines. If the U.S. housing market were to weaken, the value of real estate could decline, which could negatively affect our exposure to representations and warranties. While there were continued indications in 2014 that the U.S. economy is

improving, the performance of our overall consumer portfolios may not significantly improve in the near future. A protracted continuation or worsening of difficult housing market conditions may exacerbate the adverse effects outlined above and could have an adverse effect on our financial condition and results of operations.

In addition, our home equity portfolio, which makes up approximately 28 percent of our total home loans portfolio, contains a significant percentage of loans in second-lien or more junior-lien positions, and such loans have elevated risk characteristics. Our home equity portfolio had an outstanding balance of \$85.7 billion as of December 31, 2014, including \$74.2 billion of home equity lines of credit (HELOC), \$9.8 billion of home equity loans and \$1.7 billion of reverse mortgages. Of the total home equity portfolio at December 31, 2014, \$20.6 billion, or 24 percent, were in first-lien positions (26 percent excluding the PCI home equity portfolio) and \$65.1 billion, or 76 percent (74 percent excluding the PCI home equity portfolio) were in second-lien or more junior-lien positions. 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. Loans in our HELOC portfolio generally have an initial draw period of 10 years and more than 75 percent of these loans will not enter their amortization period until 2016 or later. As a result, delinquencies and defaults may increase in future periods. For additional information, see Off-Balance Sheet Arrangements and Contractual Obligations in the MD&A on page 50 and Consumer Portfolio Credit Risk Management on page 70.

Regulatory, Compliance and Legal Risk

U.S. federal banking agencies may require us to hold higher levels of regulatory capital, increase our regulatory capital ratios or increase liquidity, which could result in the need to issue additional securities that qualify as regulatory capital or to take other actions, such as to sell company assets.

We are subject to the Federal Reserve's risk-based capital rules. These rules establish regulatory capital requirements for banking institutions to meet minimum requirements as well as to qualify as a "well-capitalized" institution. If any of our subsidiary insured depository institutions fail to maintain its status as "well-capitalized" under the applicable regulatory capital rules, the Federal Reserve will require us to agree to bring the insured depository institution or institutions back to "well-capitalized" status. For the duration of such an agreement, the Federal Reserve may impose restrictions on our activities. If we were to fail to enter into such an agreement, or fail to comply with the terms of such agreement, the Federal Reserve may impose more severe restrictions on our activities, including requiring us to cease and desist activities permitted under the Bank Holding Company Act of 1956.

The current regulatory environment is fluid, with requirements frequently being introduced and amended. It is possible that increases in regulatory capital requirements, changes in how regulatory capital is calculated or increases to liquidity

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requirements could cause us to increase our capital levels by issuing additional common stock, thus diluting our existing shareholders, or by taking other actions, such as selling company assets, in order to maintain our "well-capitalized" status.

In October 2013, the Federal Reserve, the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) (the Agencies, or U.S. banking regulators) published the final Basel 3 regulatory capital rules (Basel 3). Basel 3 materially changes Tier 1 and Total capital calculations and formally establishes a Common equity tier 1 capital ratio, notably phasing out trust preferred securities. Additionally, Basel 3 introduces new minimum capital ratios and buffer requirements and a supplementary leverage ratio (SLR), changes the composition of regulatory capital, revises the adequately capitalized minimum requirements under the Prompt Corrective Action (PCA) framework, expands and modifies the risk-sensitive calculation of risk weighted-assets for credit and market risk (the Advanced approaches) and introduces a Standardized approach for the calculation of risk-weighted assets, which serves as a minimum. Changes to the composition of regulatory capital under Basel 3, as compared to the Basel 1 - 2013 Rules, are subject to a transition period. The new minimum capital ratio requirements and related buffers will be phased in from January 1, 2014 through January 1, 2019. When presented on a fully phased-in basis, capital, risk-weighted assets and the capital ratios assume all regulatory capital adjustments and deductions are fully recognized. The Advanced approaches require approval by the Agencies of our internal analytical models used to calculate risk-weighted assets. As an advanced approaches bank, under Basel 3, we are required to complete a qualification period (parallel run) to demonstrate compliance with the final Basel 3 rules to the satisfaction of U.S. banking regulators. Our estimates under the Basel 3 Advanced approaches may be refined overtime as a result of further rulemaking or clarification by U.S. banking regulators or as our understanding and interpretation of the rules evolve. We are currently working with the U.S. banking regulators to obtain approval of certain internal analytical models including the wholesale (e.g., commercial) and other credit models in order to exit parallel run. The U.S. banking regulators have indicated that they will require modifications to these models which would likely result in a material increase in our risk-weighted assets resulting in a decrease in our capital ratios.

In April 2014, the Agencies adopted a final rule to strengthen the SLR standards for the largest U.S. banking organizations by requiring such institutions to maintain a leverage buffer greater than 2.0 percentage points above the minimum SLR requirement of 3.0 percent, for a total of greater than 5.0 percent, to avoid restrictions on capital distributions and variable compensation payments. Banking subsidiaries of such organizations are required to maintain at least a six percent SLR to be considered "well capitalized" under the PCA framework. In addition, in September 2014, the Agencies adopted a final rule modifying the definition of the denominator of the SLR in a manner consistent with changes adopted by the Basel Committee on Banking Supervision (Basel Committee) to better capture on- and off-balance sheet exposures, including credit derivatives, repo-style transactions, and lines of credit.

In September 2014, the Agencies issued a final Liquidity Coverage Ratio (LCR) rule. This rule creates a standardized minimum liquidity requirement for the largest U.S. financial institutions. The rule will require an institution to hold high quality liquid assets (HQLA), such as central bank reserves and government debt that can be converted easily and quickly into cash, in an amount equal to or greater than prescribed net cash outflows during a 30-day stress period. In October 2014, the Basel Committee issued its final standard for the Net Stable Funding Ratio (NSFR) regulation. The NSFR requires banks to maintain a stable funding profile in relation to their on- and off-balance sheet activities. Although the timing is uncertain, the Agencies are expected to propose similar regulation for the NSFR in the near future.

In November 2014, the Financial Stability Board, in consultation with the Basel Committee, issued for public consultation a proposal for a common international standard on total loss-absorbing capacity (TLAC) for global systemically important banks (GSIBs). Although the timing is uncertain, the

Agencies are expected to propose TLAC regulation in the near future.

In December 2014, a U.S. banking regulator proposed a regulation that would implement GSIB surcharge requirements for the largest U.S. BHCs. The proposed rule would require such organizations to calculate a GSIB capital buffer that is the higher of the GSIB's capital buffer proposed by the Basel Committee in 2012 and a modified capital buffer with a short-term wholesale funding component. As proposed, the Federal Reserve estimates that the GSIB surcharge requirements, which currently ranges from 1.0 percent to 4.5 percent, would require us to hold Common equity tier 1 capital in excess of regulatory minimums and the capital conservation-buffer. Consequences of falling below this level are expected to include limitations on capital distributions and variable compensation payments.

Compliance with the regulatory capital and liquidity requirements may impact our ability to return capital to shareholders and may impact our operations by requiring us to liquidate assets, increase borrowings, issue additional equity or other securities, cease or alter certain operations, or hold highly liquid assets, which may adversely affect our results of operations.

For additional information, see Capital Management and Liquidity Risk - Basel 3 Liquidity Standards on pages 59 and 67.

We are subject to extensive government legislation and regulations, both domestically and internationally, which impact our operating costs and could require us to make changes to our operations, which could result in an adverse impact on our results of operations. Additionally, these regulations, and certain consent orders and settlements we have entered into, have increased and will continue to increase our compliance and operational costs.

We are subject to extensive laws and regulations promulgated by U.S. state, U.S. federal and non-U.S. laws in the jurisdictions in which we operate. In response to the financial crisis, the U.S. adopted the Financial Reform Act, which has resulted in significant rulemaking and proposed rulemaking by the U.S. Department of the Treasury, the Federal Reserve, the OCC, the CFPB, FSOC, the FDIC, the SEC and CFTC. In addition, non-U.S. regulators, such as the U.K. financial regulators and the European Parliament and Commission, have adopted or have proposed laws and regulations regarding financial institutions located in their jurisdictions.

The ultimate impact of these laws and regulations remains uncertain. For example, we are required to annually submit a resolution plan to the FDIC and the Federal Reserve. If the FDIC and Federal Reserve jointly determine that our resolution plan is not credible and we fail to cure the deficiencies in a timely manner, they could impose more stringent capital, leverage or liquidity requirements or restrictions on growth, activities or operations of the Corporation, and we could be required to take certain actions that could impose operating costs and could potentially result in

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the divestiture or restructuring of certain businesses and subsidiaries. In August 2014, the Federal Reserve and the FDIC completed their reviews of the resolution plans submitted in 2013 by 11 large, complex banking organizations, including Bank of America, and issued letters to each of these banking organizations. Separately, in August 2014, the Federal Reserve and the FDIC issued a joint press release stating that the Board of Directors of the FDIC had determined that the plans submitted by each of the 11 banks were not credible and do not facilitate an orderly resolution under the U.S. Bankruptcy Code. However, the Federal Reserve did not join the FDIC in its determination that the submitted plans were not credible. Many rules are still being finalized, and upon finalization could require additional regulatory guidance and interpretation. Additionally, laws proposed by different jurisdictions could create competing or conflicting requirements.

We are also subject to other significant regulations, such as OFAC, FCPA, and U.S. and international anti-money laundering regulations. Laws proposed by different jurisdictions could create competing or conflicting requirements. We could become subject to regulatory requirements beyond those currently proposed, adopted or contemplated. We are currently subject to the terms of settlements and consent orders that we have entered into with government agencies, such as the 2011 OCC Consent Order and the National Mortgage Settlement, and may become subject to additional settlements or orders in the future.

While we believe that we have adopted appropriate risk management and compliance programs, compliance risks will continue to exist, particularly as we adapt to new rules and regulations. Our regulators have assumed an increasingly active oversight, inspection and investigatory role over our operations and the financial services industry generally. In addition, legal and regulatory proceedings and other contingencies will arise from time to time that may result in fines, penalties, equitable relief and changes to our business practices. As a result, we are and will continue to be subject to heightened compliance and operating costs that could adversely affect our results of operations.

Changes in the structure of the GSEs and the relationship among the GSEs, the government and the private markets, or the conversion of the current conservatorship of the GSEs into receivership, could result in significant changes to our business operations and may adversely impact our business.

During 2013 and 2014, we sold approximately \$65 billion of loans to the GSEs. Each GSE is currently in a conservatorship, with its primary regulator, the Federal Housing Finance Agency, acting as conservator. We cannot predict if, when or how the conservatorships will end, or any associated changes to the GSEs' business structure that could result. We also cannot predict whether the conservatorships will end in receivership. There are several proposed approaches to reform the GSEs that, if enacted, could change the structure of the GSEs and the relationship among the GSEs, the government and the private markets, including the trading markets for agency conforming mortgage loans and markets for mortgage-related securities in which we participate. We cannot predict the prospects for the enactment, timing or content of legislative or rulemaking proposals regarding the future status of the GSEs. Accordingly, there continues to be uncertainty regarding the future of the GSEs, including whether they will continue to exist in their current form.

We are subject to significant financial and reputational risks from potential liability arising from lawsuits, regulatory and government action.

We face significant legal risks in our business, and the volume of claims and amount of damages, penalties and fines claimed in litigation, and regulatory and government proceedings against us and other financial institutions remain high. Increased litigation and investigation costs, substantial legal liability or significant regulatory or government action against us could have adverse effects on our financial condition and results of operations or cause significant reputational harm to us, which in turn could adversely impact our business prospects. We continue to experience increased litigation and other disputes, including claims for contractual indemnification, with counterparties regarding relative rights and responsibilities. Consumers, clients and other counterparties have grown more litigious. Our experience with certain regulatory authorities suggests an increasing supervisory focus

on enforcement, including in connection with alleged violations of law and customer harm. Recent actions by regulators and government agencies indicate that they may, on an industry basis, increasingly pursue claims under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) and the False Claims Act. FIRREA contemplates civil monetary penalties as high as \$1.1 million per violation or, if permitted by the court, based on pecuniary gain derived or pecuniary loss suffered as a result of the violation. Treble damages are potentially available for False Claims Act claims. The ongoing environment of additional regulation, increased regulatory compliance burdens, and enhanced regulatory enforcement, combined with ongoing uncertainty related to the continuing evolution of the regulatory environment, has resulted in operational and compliance costs and may limit our ability to continue providing certain products and services.

For more information on litigation risks, see Note 12 -Commitments and Contingencies to the Consolidated Financial Statements.

We may be adversely affected by changes in U.S. and non-U.S. tax and other laws and regulations.

The U.S. Congress and the Administration have indicated an interest in reforming the U.S. corporate income tax code. Possible approaches include lowering the 35 percent corporate tax rate, modifying the taxation of income earned outside the U.S. and limiting or eliminating various other deductions, tax credits and/or other tax preferences. Also, it is possible that New York City will enact corporate tax reform that may conform to New York state's tax reform enacted during 2014. It is not possible at this time to quantify either the one-time impacts from the remeasurement of deferred tax assets and liabilities that might result upon tax reform enactment or the ongoing impacts reform proposals might have on income tax expense.

In addition, income from certain non-U.S. subsidiaries has not been subject to U.S. income tax as a result of long-standing deferral provisions applicable to income that is derived in the active conduct of a banking and financing business abroad. These deferral provisions have expired for taxable years beginning on or after January 1, 2015. However, the U.S. Congress has extended these provisions several times, most recently in December 2014, when it reinstated the provisions retroactively to January 2014. Congress this year may similarly consider reinstating these provisions to apply to the 2015 taxable year. Absent an extension, active financing income earned by certain non-U.S. subsidiaries will generally be subject to a tax provision that considers

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incremental U.S. income tax. The impact of the expiration of these provisions would depend upon the amount, composition and geographic mix of our future earnings.

The Corporation has \$7.7 billion of U.K. net deferred tax assets which consist primarily of net operating losses (NOLs) that are expected to be realized by certain subsidiaries over an extended number of years. Pretax income for these subsidiaries for 2014, 2013 and 2012 on a cumulative basis totaled \$1.7 billion, excluding the impact of debit valuation adjustments (DVA) and the adoption impact of a funding valuation adjustment (FVA). In December 2014, the U.K. Treasury announced that its 2015 Finance Bill, to be introduced soon, will include a proposal that, if enacted, would limit the amount of a bank's taxable profits that can be reduced by the bank's existing NOLs to 50 percent of such profits. This proposal would significantly increase the number of years over which our U.K. NOLs, which may be carried forward indefinitely, could be utilized, effectively accelerating U.K. tax that would otherwise have been paid further out in the future. The acceleration of tax and deferral of NOL utilization would not impact our results of operations, but would result in a slower improvement in the amount of our DTAs disallowed for Basel 3 regulatory capital. We are unable to predict whether this proposal will be enacted or, if enacted, what the final provisions will be. Adverse developments with respect to tax laws or to other material factors, such as a prolonged worsening of Europe's capital markets, could lead management to reassess and/or change its current conclusion that no valuation allowance is necessary with respect to our U.K. net deferred tax assets.

Other countries have also proposed and adopted certain regulatory changes targeted at financial institutions or that otherwise affect us. The EU has adopted increased capital requirements and the U.K. has (i) increased liquidity requirements for local financial institutions, including regulated U.K. subsidiaries of non-U.K. BHCs and other financial institutions as well as branches of non-U.K. banks located in the U.K.; (ii) adopted a Bank Levy, which applies to the aggregate balance sheet of branches and subsidiaries of non-U.K. banks and banking groups operating in the U.K.; and (iii) proposed the creation and production of recovery and resolution plans by U.K.-regulated entities.

Risk of the Competitive Environment in which We Operate

We face significant and increasing competition in the financial services industry.

We operate in a highly competitive environment. Over time, there has been substantial consolidation among companies in the financial services industry. This trend has also hastened the globalization of the securities and financial services markets. We will continue to experience intensified competition as consolidation in and globalization of the financial services industry may result in larger, better-capitalized and more geographically diverse companies that are capable of offering a wider array of financial products and services at more competitive prices. To the extent we expand into new business areas and new geographic regions, we may face competitors with more experience and more established relationships with clients, regulators and industry participants in the relevant market, which could adversely affect our ability to compete. In addition, technological advances and the growth of e-commerce have made it possible for non-depository institutions to offer products and services that traditionally were banking products, and for financial institutions to compete with

technology companies in providing electronic and internet-based financial solutions. Increased competition may negatively affect our earnings by creating pressure to lower prices on our products and services and/or reducing market share.

Damage to our reputation could harm our businesses, including our competitive position and business prospects.

Our ability to attract and retain customers, clients, investors and employees is impacted by our reputation. We continue to face increased public and regulatory scrutiny resulting from the financial crisis and economic downturn as well as alleged irregularities in servicing, foreclosure, consumer collections, mortgage loan modifications and other practices, compensation practices, and the suitability or reasonableness of recommending particular trading or investment strategies.

Harm to our reputation can also arise from other sources, including employee misconduct, unethical behavior, litigation or regulatory outcomes, failing to deliver minimum or required standards of service and quality, compliance failures, unintended disclosure of confidential information, and the activities of our clients, customers and counterparties, including vendors. Actions by the financial services industry generally or by certain members or

individuals in the industry also can adversely affect our reputation.

We are subject to complex and evolving laws and regulations regarding privacy, data protections and other matters. Principles concerning the appropriate scope of consumer and commercial privacy vary considerably in different jurisdictions, and regulatory and public expectations regarding the definition and scope of consumer and commercial privacy may remain fluid in the future. It is possible that these laws may be interpreted and applied by various jurisdictions in a manner inconsistent with our current or future practices, or that is inconsistent with one another. We face regulatory, reputational and operational risks if personal, confidential or proprietary information of customers or clients in our possession is mishandled or misused.

We could suffer reputational harm if we fail to properly identify and manage potential conflicts of interest. Management of potential conflicts of interests has become increasingly complex as we expand our business activities through more numerous transactions, obligations and interests with and among our clients. The failure to adequately address, or the perceived failure to adequately address, conflicts of interest could affect the willingness of clients to deal with us, or give rise to litigation or enforcement actions, which could adversely affect our businesses.

Our actual or perceived failure to address these and other issues gives rise to reputational risk that could cause harm to us and our business prospects, including failure to properly address operational risks. Failure to appropriately address any of these issues could also give rise to additional regulatory restrictions, legal risks and reputational harm, which could, among other consequences, increase the size and number of litigation claims and damages asserted or subject us to enforcement actions, fines and penalties and cause us to incur related costs and expenses.

Our ability to attract and retain qualified employees is critical to the success of our business and failure to do so could hurt our business prospects and competitive position.

Our performance is heavily dependent on the talents and efforts of highly skilled individuals. Competition for qualified personnel within the financial services industry and from businesses outside the financial services industry has been, and is expected to continue to be, intense. Our competitors include non-U.S. based institutions and institutions subject to different compensation and

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hiring regulations than those imposed on U.S. institutions and financial institutions. The difficulty we face in competing for key personnel is exacerbated in emerging markets, where we are often competing for qualified employees with entities that may have a significantly greater presence or more extensive experience in the region.

In order to attract and retain qualified personnel, we must provide market-level compensation. As a large financial and banking institution, we may be subject to limitations on compensation practices (which may or may not affect our competitors) by the Federal Reserve, the FDIC or other regulators around the world. For instance, recent EU rules limit and subject to clawback certain forms of variable compensation for senior employees. Current and potential future limitations on executive compensation imposed by legislation or regulation could adversely affect our ability to attract and maintain qualified employees. Furthermore, a substantial portion of our annual incentive compensation paid to our senior employees has in recent years taken the form of long-term equity awards. Therefore, the ultimate value of this compensation depends on the price of our common stock when the awards vest. If we are unable to continue to attract and retain qualified individuals, our business prospects and competitive position could be adversely affected.

In addition, if we fail to retain the wealth advisors that we employ in Global Wealth & Investment Management, particularly those with significant client relationships, such failure could result in a loss of clients or the withdrawal of significant client assets.

Our inability to adapt our products and services to evolving industry standards and consumer preferences could harm our business.

Our business model is based on a diversified mix of business that provides a broad range of financial products and services, delivered through multiple distribution channels. Our success depends on our ability to adapt our products and services to evolving industry standards. There is increasing pressure by competitors to provide products and services at lower prices. This can reduce our net interest margin and revenues from our fee-based products and services. In addition, the widespread adoption of new technologies, including internet services and payment systems, could require us to incur substantial expenditures to modify or adapt our existing products and services. We might not be successful in developing or introducing new products and services, responding or adapting to changes in consumer spending and saving habits, achieving market acceptance of our products and services, or sufficiently developing and maintaining loyal customers.

We may not be able to achieve expected cost savings from cost-saving initiatives or in accordance with currently anticipated time frames.

We are currently engaged in efforts to achieve cost savings. For example, we currently expect our Legacy Assets and Servicing costs, excluding litigation costs, to decrease to approximately \$800 million per quarter by the end of 2015. We may be unable to fully realize the cost savings and other anticipated benefits from our cost saving initiatives or in accordance with currently anticipated timeframes. In addition, our litigation expense may vary from period to period and may cause our noninterest expense to increase for any particular period even if we otherwise achieve cost savings as the result of our cost savings initiatives or otherwise.

Risks Related to Risk Management

Our risk management framework may not be effective in mitigating risk and reducing the potential for losses.

Our risk management framework is designed to minimize risk and loss to us. We seek to identify, measure, monitor, report and control our exposure to the types of risk to which we are subject, including strategic, credit, market, liquidity, compliance, operational and reputational risks, among others. While we employ a broad and diversified set of risk monitoring and mitigation techniques, including hedging strategies and techniques that seek to balance our ability to profit from trading positions with our exposure to potential losses, those techniques are inherently limited because they cannot anticipate the existence or future development of currently unanticipated or unknown risks. The Volcker Rule may impact our ability to engage in certain hedging strategies. Recent economic conditions, heightened legislative and regulatory scrutiny of the financial services industry and increases in the overall complexity of our operations, among other developments, have resulted in a heightened level of risk for us. Accordingly, we could suffer losses as a result of our failure to properly anticipate and manage these risks.

For more information about our risk management policies and procedures, see Managing Risk in the MD&A on page 55.

A failure in or breach of our operational or security systems or infrastructure, or those of third parties, could disrupt our businesses, and adversely impact our results of operations, cash flows, liquidity and financial condition, as well as cause reputational harm.

The potential for operational risk exposure exists throughout our organization and as a result of our interactions with third parties, and is not limited to our operational functions. Our operational and security systems, infrastructure, including our computer systems, data management, and internal

processes, as well as those of third parties, are integral to our performance. In addition, we rely on our employees and third parties in our day-today and ongoing operations, who may, as a result of human error or malfeasance or failure or breach of third-party systems or infrastructure, expose us to risk. We have taken measures to implement backup systems and other safeguards to support our operations, but our ability to conduct business may be adversely affected by any significant disruptions to us or to third parties with whom we interact. In addition, our ability to implement backup systems and other safeguards with respect to third-party systems is more limited than with respect to our own systems. Our financial, accounting, data processing, backup or other operating or security systems and infrastructure may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control which could adversely affect our ability to process these transactions or provide these services. There could be sudden increases in customer transaction volume; electrical, telecommunications or other major physical infrastructure outages; natural disasters such as earthquakes, tornadoes, hurricanes and floods; disease pandemics; and events arising from local or larger scale political or social matters, including terrorist acts. We continuously update these systems to support our operations and growth. This updating entails significant costs and creates risks associated with implementing new systems and integrating them with existing ones. Operational risk exposures could adversely impact our results of operations, cash flows, liquidity and financial condition, as well as cause reputational harm.

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A cyber attack, information or security breach, or a technology failure of ours or of a third party could adversely affect our ability to conduct our business, manage our exposure to risk or expand our businesses, result in the disclosure or misuse of confidential or proprietary information, increase our costs to maintain and update our operational and security systems and Infrastructure, and adversely impact our results of operations, cash flows, liquidity and financial condition, as well as cause reputational harm.

Our businesses are highly dependent on the security and efficacy of our infrastructure, computer and data management systems, as well as those of third parties with whom we interact. Cyber security risks for financial institutions have significantly increased in recent years in part because of the proliferation of new technologies, the use of the Internet and telecommunications technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties, including foreign state actors. Our businesses rely on the secure processing, transmission, storage and retrieval of confidential, proprietary and other information in our computer and data management systems and networks, and in the computer and data management systems and networks of third parties. We rely on digital technologies, computer, database and email systems, software, and networks to conduct our operations. In addition, to access our network, products and services, our customers and other third parties may use personal mobile devices or computing devices that are outside of our network environment. We, our customers, regulators and other third parties have been subject to, and are likely to continue to be the target of, cyber attacks, including computer viruses, malicious or destructive code, phishing attacks, denial of service or information or other security breaches, that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of the Corporation, our employees, our customers or of third parties, or otherwise materially disrupt our or our customers' or other third parties' network access or business operations. For example, in recent years, we have been subject to malicious activity, including distributed denial of service attacks. Additionally, several large retailers have disclosed substantial cyber security breaches affecting debit and credit card accounts of their customers, some of whom were our cardholders. Although these incidents have not, to date, had a material impact on us, we believe that such incidents will continue, and we are unable to predict the severity of such future attacks on us. Our counterparties, regulators, customers and clients, and other third parties with whom we or our customers and clients interact are exposed to similar incidents, and incidents affecting those third parties could impact us.

Although to date we have not experienced any material losses or other material consequences relating to technology failure, cyber attacks or other information or other security breaches, there can be no assurance that we will not suffer such losses or other consequences in the future. Our risk and exposure to these matters remains heightened because of, among other things, the evolving nature of these threats, our prominent size and scale, and our role in the financial services industry and the broader economy, our plans to continue to implement our internet banking and mobile banking channel strategies and develop additional remote connectivity solutions to serve our customers when and how they want to be served, our continuous transmission of sensitive information to, and storage of such information by, third parties, including our vendors and regulators, our expanded geographic footprint and international presence, the outsourcing of some of our business operations, the continued uncertain global economic environment, threats of cyber terrorism, external extremist parties, including foreign state actors, in some circumstances as a means to promote political ends, and system and customer account updates and conversions. As a result, cyber security and the continued development and enhancement of our controls, processes and practices designed to protect our systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority for us. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities or incidents.

We also face indirect technology, cyber security and operational risks relating to the third parties with whom we do business or upon whom we rely to facilitate or enable our business activities. In addition to customers and clients, the third parties with whom we interact and upon whom we rely include financial counterparties; financial intermediaries such as clearing agents, exchanges and clearing houses; vendors; regulators; providers of critical infrastructure such as internet access and electrical power, and retailers for whom we process transactions. Each of these third parties faces the risk of cyber attack, information breach or loss, or technology failure. Any such cyber attack, information breach or loss, or technology failure of a third party could, among other things, adversely affect our ability to effect transactions, service our clients, manage our exposure to risk or expand our businesses. As a result of financial entities and technology systems becoming more interdependent and complex, a cyber incident, information breach or loss, or technology failure that significantly degrades, deletes or compromises the systems or data of one or more financial entities could have a material impact on counterparties or other market participants, including the Corporation. For example, in recent years, there has been significant consolidation among clearing agents, exchanges and clearing houses and increased interconnectivity of multiple financial institutions with central agents, exchanges and clearing houses. This consolidation and interconnectivity increases the risk of operational failure, on both individual and industry-wide bases, as disparate complex systems need to be integrated, often on an accelerated basis. Any such cyber attack, information breach or loss, failure, termination or constraint could, among other things, adversely affect our ability to effect transactions, service our clients, manage our exposure

to risk or expand our businesses.

Any of the matters discussed above could result in our loss of customers and business opportunities, significant business disruption to our operations and business, misappropriation or destruction of our confidential information and/or that of our customers, or damage to our customers' and/or third parties' computers or systems, and could result in a violation of applicable privacy laws and other laws, litigation exposure, regulatory fines, penalties or intervention, loss of confidence in our security measures, reputational damage, reimbursement or other compensatory costs, and additional compliance costs. In addition, any of the matters described above could adversely impact our results of operations, cash flows, liquidity and financial condition.

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Risk of Being an International Business

We are subject to numerous political, economic, market, reputational, operational, legal, regulatory and other risks in the non-U.S. jurisdictions in which we operate.

We do business throughout the world, including in developing regions of the world commonly known as emerging markets. Our businesses and revenues derived from non-U.S. jurisdictions are subject to risk of loss from currency fluctuations, social or judicial instability, changes in governmental policies or policies of central banks, expropriation, nationalization and/or confiscation of assets, price controls, capital controls, exchange controls, other restrictive actions, unfavorable political and diplomatic developments, oil price fluctuation and changes in legislation. These risks are especially elevated in emerging markets. A number of non-U.S. jurisdictions in which we do business have been negatively impacted by slowing growth rates or recessionary conditions, market volatility and/or political unrest. Several emerging market economies are particularly vulnerable to the impact of rising interest rates, inflationary pressures, weaker oil and other commodity prices, large external deficits, and political uncertainty. While some of these jurisdictions are showing signs of stabilization or recovery, others, such as Russia and Greece, continue to experience increasing levels of stress and volatility. In addition, the potential risk of default on sovereign debt in some non-U.S. jurisdictions could expose us to substantial losses. Risks in one country can limit our opportunities for portfolio growth and negatively affect our operations in another country or countries, including our operations in the U.S. As a result, any such unfavorable conditions or developments could have an adverse impact on our company.

Our non-U.S. businesses are also subject to extensive regulation by various regulators, including governments, securities exchanges, central banks and other regulatory bodies, in the jurisdictions in which those businesses operate. In many countries, the laws and regulations applicable to the financial services and securities industries are uncertain and evolving, and it may be difficult for us to determine the exact requirements of local laws in every market or manage our relationships with multiple regulators in various jurisdictions. Our potential inability to remain in compliance with local laws in a particular market and manage our relationships with regulators could have an adverse effect not only on our businesses in that market but also on our reputation generally.

We also invest or trade in the securities of corporations and governments located in non-U.S. jurisdictions, including emerging markets. Revenues from the trading of non-U.S. securities may be subject to negative fluctuations as a result of the above factors. Furthermore, the impact of these fluctuations could be magnified, because non-U.S. trading markets, particularly in emerging market countries, are generally smaller, less liquid and more volatile than U.S. trading markets.

In addition to non-U.S. legislation, our international operations are also subject to U.S. legal requirements. For example, our international operations are subject to U.S. laws on foreign corrupt practices, the Office of Foreign Assets Control, and anti-money laundering regulations.

We are subject to geopolitical risks, including acts or threats of terrorism, and actions taken by the U.S. or other governments in response thereto and/or military conflicts, which could adversely affect business and economic conditions abroad as well as in the U.S.

For more information on our non-U.S. credit and trading portfolios, see Non-U.S. Portfolio in the MD&A on page 93.

Risk from Accounting Changes

Changes in accounting standards or inaccurate estimates or assumptions in applying accounting policies could adversely affect us.

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Some of these policies require use of estimates and assumptions that may affect the reported value of our assets or liabilities and results of operations and are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain. If those assumptions, estimates or judgments were incorrectly made, we could be required to correct and restate prior-period financial statements. Accounting standard-setters and those who interpret the accounting standards (such as the Financial Accounting Standards Board (FASB), the SEC, banking regulators and our independent registered public accounting firm) may also amend or even reverse their previous interpretations or positions on how various standards should be applied. These changes may be difficult to predict and could impact how we prepare and report our financial statements. In some cases, we could be required to apply a new or revised standard retroactively, resulting in the Corporation needing to revise and republish prior-period financial statements.

The FASB issued in 2012 a proposed standard on accounting for credit losses. The standard would replace multiple existing impairment models, including replacing an "incurred loss" model for loans with an "expected loss" model. The FASB has not yet established a proposed effective date but a final standard is expected to be issued in the second half of 2015. The final standard may materially reduce retained earnings in the period of adoption.

For more information on some of our critical accounting policies and standards and recent accounting changes, see Complex Accounting Estimates in the MD&A on page 109 and Note 1 - Summary of Significant Accounting Principles to the Consolidated Financial Statements.

Item IB. Unresolved Staff Comments

None

Item 2. Properties

As of December 31, 2014, our principal offices and other materially important properties consisted of the following:

Facility Name	Location	General Character of the Physical Property	Property Status	Square Feet
Bank of America Corporate Center	Charlotte, NC	60 Story Building	Owned	1,200,392
Bank of America Tower at One Bryant Park	New York, NY	55 Story Building	Owned	
Bank of America Merrill Lynch Financial Centre	London, UK	4 Building Campus	Owned	
Cheung Kong Center	Hong Kong	62 Story Building	Leased	568,032
		Global Banking and Global Markets		149,790

We own or lease approximately 90.5 million square feet in 22,530 facility and ATM locations globally, including approximately 84.3 million square feet in the U.S. (all 50 states and the District of Columbia, the U.S. Virgin Islands and Puerto Rico) and approximately 6.2 million square feet in more than 35 countries.

We believe our owned and leased properties are adequate for our business needs and are well maintained. We continue to evaluate our owned and leased real estate and may determine from time to time that certain of our premises and facilities, or ownership structures, are no longer necessary for our operations. In connection therewith, we are evaluating the sale or sale/ leaseback of certain properties and we may incur costs in connection with any such transactions.

Item 3. Legal Proceedings

See Litigation and Regulatory Matters in Note 12 - Commitments and Contingencies to the Consolidated Financial Statements, which is incorporated herein by reference.

Item 4. Mine Safety Disclosures

None

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Part II

Bank of America Corporation and Subsidiaries

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The principal market on which our common stock is traded is the New York Stock Exchange. Our common stock is also listed on the London Stock Exchange, and certain shares are listed on the Tokyo Stock Exchange. As of February 24, 2015, there were 203,715 registered shareholders of common stock. The table below sets forth the high and low closing sales prices of the common stock on the New York Stock Exchange for the periods indicated during 2013 and 2014, as well as the dividends we paid on a quarterly basis:

	<u>Quarter</u>	<u>High</u>	<u>Low</u>	<u>Dividend</u>
2013	first	\$ 12.78	\$ 11.03	\$ 0.01
	second	13.83	11.44	0.01
	third	14.95	12.83	0.01
	fourth	15.88	13.69	0.01
2014	first	17.92	16.10	0.01
	second	17.34	14.51	0.01
	third	17.18	14.98	0.05
	fourth	18.13	15.76	0.05

For more information regarding our ability to pay dividends, see Note 13 - Shareholders' Equity and Note 16 - Regulatory Requirements and Restrictions to the Consolidated Financial Statements, which are incorporated herein by reference.

For information on our equity compensation plans, see Note 18 - Stock-based Compensation Plans to the Consolidated Financial Statements and Item 12 on page 270 of this report, which are incorporated herein by reference.

The table below presents share repurchase activity for the three months ended December 31, 2014. We did not have any unregistered sales of our equity securities in 2014.

(Dollars in millions, except per share information, shares in thousands) October 1 - 31, 2014 November 1 - 30, 2014 December 1 - 31, 2014

Three months ended December 31, 2014

Common Weighted-

Shares	Average Per
Repurchased up>	Share Price
339 73 32	
444	
17.29 17.15 16.97 17.24	

Shares Purchased as Part of Publicly Announced Programs

Remaining Buyback Authority
Amounts <2>

3,767 3,767 3,767

⁽¹⁾ Includes 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 under equity incentive plans

⁽²⁾ On March 26, 2014, the Corporation announced that the Federal Reserve had informed the Corporation that it completed its 2014 Comprehensive Capital Analysis and Review and did not object to the Corporation's 2014 capital plan, which included a request to repurchase up to \$4.0 billion of common stock over four quarters beginning in the second quarter of 2014. On March 26, 2014, the Corporation's Board of Directors authorized the repurchase of up to \$4.0 billion of the Corporation's common stock through open market purchases or privately negotiated transactions, including Rule 10b5-1 plans, over four quarters beginning with the second quarter of 2014. On April 28, 2014, the Corporation announced the suspension of the repurchase authorization previously announced on March 26, 2014. On May 27, 2014, the Corporation submitted a revised 2014 capital plan to the Federal Reserve that included no additional repurchases of common stock through the end of the first quarter of 2015 (excluding approximately \$233 million of repurchases prior to April 27, 2014). On August 6, 2014, the Federal Reserve notified the Corporation that it did not object to the revised 2014 capital plan. Amounts shown in the column reflect remaining buyback authority under the March 26, 2014 authorization, however, the Corporation will not repurchase any shares of common stock pursuant to such authorization without prior approval by the Federal Reserve.

Item 6. Selected Financial Data

See Table 7 in the MD&A on page 30 and Statistical Table XII in the MD&A on page 129, which are incorporated herein by reference.

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Item 7. Bank of America Corporation and Subsidiaries Management's Discussion and Analysis of Financial Condition and Results of Operation

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Management's Discussion and Analysis of Financial Condition and Results of Operations

This report, the documents that it incorporates by reference and the documents into which it may be incorporated by reference may contain, and from time to time Bank of America Corporation (collectively with its subsidiaries, 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," "goal," "believes," "continue" and other similar expressions or future or conditional verbs such as "will," "may," "might," "should," "would" and "could." The forward-looking statements made represent the Corporation's current expectations, plans or forecasts of its future results and revenues, 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 elsewhere in this report, including under Item 1A. Risk Factors of this Annual Report on Form 10-K and in any of the Corporation's subsequent Securities and Exchange Commission filings for further information about factors that could affect such forward-looking statements: the Corporation's ability to resolve representations and warranties repurchase claims and the chance that the Corporation could face related servicing, securities, fraud, indemnity or other claims from one or more counterparties, including monolines or private-label and other investors;

the possibility that final court approval or negotiated settlements is not obtained, including the possibility that the court decision with respect to the BNY Mellon Settlement is overturned on appeal in whole or in part; the possibility that future representations and warranties losses may occur in excess of the Corporation's recorded liability and estimated range of possible loss for its representations and warranties exposures; the possibility that the Corporation may not collect mortgage insurance claims; potential claims, damages, penalties, fines and reputational damage resulting from pending or future litigation and regulatory proceedings, including the possibility that amounts may be in excess of the Corporation's recorded liability and estimated range of possible losses for litigation exposures; the possibility that the European Commission will impose remedial measures in relation to its investigation of the Corporation's competitive practices; the possible outcome of LIBOR, other reference rate and foreign exchange inquiries and investigations; 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, currency exchange rates and economic conditions; the negative impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act on the Corporation's business and earnings, including as a result of additional regulatory interpretations and rulemaking and the success of the Corporation's actions to mitigate such impacts; the potential impact of a prolonged low interest rate environment on the Corporation's business, financial condition and results of operations; adverse changes to the Corporation's credit ratings from the major credit rating agencies; estimates of the fair value of certain of the Corporation's assets and liabilities; uncertainty regarding the content, timing and impact of regulatory capital and liquidity requirements, including, but not limited to, any GSIB surcharge or as a result of changes to our Basel 3 Advanced approaches estimates; the Corporation's ability to fully realize the cost savings and other anticipated benefits from cost-saving initiatives, including in accordance with currently anticipated timeframes, the impact of implementation and compliance with new and evolving U.S. and international regulations, including, but not limited to, recovery and resolution planning requirements, the Volcker Rule, and derivatives regulations; the potential impact of the U.K. tax authorities' proposal to limit how much NOLs can offset annual profit; a failure in or breach of the Corporation's operational or security systems or infrastructure, or those of third parties with whom we do business, including as a result of cyber attacks; and other similar 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 the Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) are incorporated by reference into the MD&A. Certain prior-year amounts have been reclassified to conform to current-year presentation. Throughout the MD&A, the Corporation uses certain acronyms and abbreviations which are defined in the Glossary.

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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" 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 banking and various nonbank subsidiaries throughout the U.S. and in international markets, we provide a diversified range of banking and nonbank financial services and products through five business segments: Consumer & Business Banking (CBB), Consumer Real Estate Services (CRES), Global Wealth & Investment Management (GWIM), Global Banking and Global Markets, with the remaining operations recorded in All Other. Effective January 1, 2015, to align the segments with how we manage the businesses in 2015, we changed our basis of segment presentation as follows: the Home Loans subsegment within CRES was moved to CBB, and Legacy Assets & Servicing became a separate segment. Also, a portion of the Business Banking business, based on the size of the client relationship, was moved from CBS to Global Banking. Prior periods will be restated to conform to the new segment alignment. Prior to October 1, 2014, we operated our banking activities primarily under two charters: Bank of America, National Association (Bank of America, N.A. or BANA) and, to a lesser extent, FIA Card Services, National Association (FIA Card Services, N.A. or FIA). On October 1, 2014, FIA was merged into BANA. At December 31, 2014, the Corporation had approximately \$2.1 trillion in assets and approximately 224,000 full-time equivalent employees.

As of December 31, 2014, we operated in all 50 states, the District of Columbia, the U.S. Virgin Islands, Puerto Rico and more than 35 countries. Our retail banking footprint covers approximately 80 percent of the U.S. population and we serve approximately 48 million consumer and small business relationships with approximately 4,800 banking centers, 15,800 ATMs, nationwide call centers, and leading online and mobile banking platforms (www.bankofamerica.com <<http://www.bankofamerica.com>>). We offer industry-leading support to approximately three million small business owners. Our industry leading wealth management and trust businesses, with client balances of \$2.5 trillion, provide tailored solutions to meet client needs through a full set of 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.

2014 Economic and Business Environment

In the U.S., economic growth continued in 2014, ending the year in the midst of its sixth consecutive year of recovery. After a tentative and generally soft trajectory for five years where annualized GDP growth averaged 2.3 percent, there were clear

signs of accelerated growth in the final three quarters of 2014 following a first quarter impacted by adverse weather conditions. Employment gains picked up during the year, and the unemployment rate fell to 5.6 percent at year end. Consumption grew slowly early in the year, before picking up steadily and ending with a robust pace in the final quarter. Core inflation remained relatively unchanged in 2014, rising modestly in the first half and falling thereafter, and ended the year more than half a percentage point below the Board of Governors of the Federal Reserve System's (Federal Reserve) longer-term annual target of two percent.

U.S. household net worth continued to rise in 2014 but at a substantially slower pace than 2013. Home price appreciation was less in 2014 than 2013 but prices still rose approximately five percent in 2014 while equity markets gained approximately 11 percent. However, consumer spending was more significantly enhanced by sharply lower oil prices late in the year, reflecting foreign economic weakness amid an ample and growing energy supply.

U.S. Treasury yields fell over the course of the year, reversing much of the previous year's increase. Declining world inflation and interest rates helped push U.S. Treasury yields lower even as the Federal Reserve steadily reduced and finally ended its purchases of agency mortgage-backed securities (MBS) and long-term U.S. Treasury securities. The Federal Reserve ended the year amid indications that it can be patient with regard to normalizing monetary policy.

Internationally, the eurozone grew modestly for much of the year, with growth restrained by continued deleveraging of the financial sector, high unemployment and political uncertainty. Inflation in the eurozone also fell significantly to near zero by year end. European bond yields continued to decline, especially as the European Central Bank eased monetary policy and expectations grew late in the year for outright purchases of sovereign and/or corporate securities in 2015, and were subsequently confirmed to begin in March 2015. The Euro/U.S. Dollar exchange rate also fell significantly, boosting European competitiveness, particularly in the second half of 2014, in direct reaction to the differing directions of U.S. and eurozone monetary policies. Contentious negotiations between parties to Greek sovereign and bank support programs added to uncertainty and market volatility in the first quarter of 2015.

In Russia, the combination of the U.S. and European Union sanctions and sharply lower oil prices weakened growth. Select emerging nations that are net energy suppliers also saw growth diminish sharply, although other nations, including some emerging economies in Asia received some benefits from declining energy prices.

Following a quarter of strong economic growth ahead of a consumption tax increase, Japan contracted through the middle of the year and the Bank of Japan responded with stepped up quantitative easing. Amid gradual economic moderation, China also eased monetary policy late in the year.

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Selected Financial Data

Table 1 provides selected consolidated financial data for 2014 and 2013.

Table 1 Selected Financial Data

(Dollars in millions, except per share information)	2014	2013
Income statement		
Revenue, net of interest expense (FTE basis) <u>	\$ 85,116	\$ 89,801
Net income	4,833	11,431
Diluted earnings per common share	0.36	0.90
<u>Dividends paid per common share</u> [^]	<u>0.12</u>	<u>0.04</u>
Performance ratios		
Return on average assets	0.23%	0.53%
Return on average tangible common shareholders' equity ⁱ¹¹	2.52	6.97
<u>Efficiency ratio (FTE basis) <v></u>	<u>88.25</u>	<u>77.07</u>
Asset quality		
Allowance for loan and lease losses at December 31	\$ 14,419	\$ 17,428
Allowance for loan and lease losses as a percentage of total loans and leases outstanding at December 31 <?>	1.65%	1.90%
Nonperforming loans, leases and foreclosed properties at December 31	\$ 12,629	\$ 17,772
Net charge-offs ^{si}	4,383	7,897
Net charge-offs as a percentage of average loans and leases outstanding	0.49%	0.87%

Net charge-offs as a percentage of average loans and leases outstanding, excluding the purchased credit-impaired loan portfolio ²		0.50	0.90
Net charge-offs and purchased credit-impaired write-offs as a percentage of average loans and leases outstanding ¹		0.58	1.13
Ratio of the allowance for loan and lease losses at December 31 to net charge-offs ³		3.29	2.21
Ratio of the allowance for loan and lease losses at December 31 to net charge-offs, excluding the purchased credit-impaired loan portfolio		2.91	1.89
Ratio of the allowance for loan and lease losses at December 31 to net charge-offs and purchased credit-impaired write-offs		<u>2.78</u>	<u>1.70</u>
Balance sheet at year end			
Total loans and leases		\$ 881,391	\$ 928,233
Total assets		2,104,534	2,102,273
Total deposits		1,118,936	1,119,271
Total common shareholders' equity		224,162	219,333
Total shareholders' equity		<u>243,471</u>	<u>232,685</u>
Capital ratios at year end ⁴			
Common equity tier 1 capital	12.3%	n/a	
Tier 1 common capital	n/a	10.9%	
Tier 1 capital	13.4	12.2	
Total capital	16.5	15.1	
Tier 1 leverage			8 ² 7.7

¹ Fully taxable-equivalent (FTE) basis, return on average tangible common shareholders' equity and the efficiency ratio are non-GAAP financial measures. Other companies may define or calculate these measures differently. For more information, see Supplemental Financial Data on page 32, and for corresponding reconciliations to GAAP financial measures, see Statistical Table XV.

² 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 82 and corresponding Table 39, and Commercial Portfolio Credit Risk Management - Nonperforming Commercial Loans, Leases and Foreclosed Properties Activity on page 89 and corresponding Table 48.

³ Net charge-offs exclude \$810 million of write-offs in the purchased credit-impaired loan portfolio for 2014 compared to \$2.3 billion for 2013. These write-offs decreased the purchased credit-impaired valuation allowance included as part of the allowance for loan and lease losses. For more information on purchased credit-impaired write-offs, see Consumer Portfolio Credit Risk Management - Purchased Credit-impaired Loan Portfolio on page 78.

On January 1, 2014, the Basel 3 rules became effective, subject to transition provisions primarily related to regulatory deductions and adjustments impacting Common equity tier 1 capital and Tier 1 capital. We reported under Basel 1 (which included the Market Risk Final Rules) at December 31, 2013. n/a = not applicable.

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Financial Highlights

Net income was \$4.8 billion, or \$0.36 per diluted share in 2014 compared to \$11.4 billion, or \$0.90 per diluted share in 2013. The results for 2014 included an increase of \$10.3 billion in litigation expense primarily as a result of charges related to the settlements with the U.S. Department of Justice (DoJ) and the Federal Housing Finance Agency (FHFA).

Table 2 Summary Income Statement

(Dollars in millions)		2014	2013	
Net interest income (FTE basis) m		\$ 40,821	\$ 43,124	
Noninterest income	44,295	46,677		
				Total revenue, net of interest expense (FTE basis) ¹ !
				85,116 89,801
7,724 2,891				
17,031 5,600				
Provision for credit losses		2,275	3,556	
Noninterest expense		75,117	69,214	
4,833 1,044				
11,431 1,349				
Income before Income taxes (FTE basis) w/ Income tax expense (FTE basis)				
3,789		\$ 10,082		
Net income Preferred stock dividends				

0.36 0.36

0.94 0.90

Net income applicable to common shareholders

Per common share information

Earnings Diluted earnings

i¹⁾ FTE basis is a non-GAAP financial measure For more information on this measure, see Supplemental Financial Data on page 32, and for a corresponding reconciliation to GAAP financial measures, see Statistical Table XV.

Net Interest Income

Net interest income on a fully taxable-equivalent (FTE) basis decreased \$2.3 billion to \$40.8 billion for 2014 compared to 2013. The net interest yield on an FTE basis decreased 12 basis points (bps) to 2.25 percent for 2014. These declines were primarily due to the acceleration of market-related premium amortization on debt securities as the decline in long-term interest rates shortened the expected lives of the securities. Also contributing to these declines were lower loan yields and consumer loan balances, lower net interest income from the asset and liability management (ALM) portfolio and a decrease in trading-related net interest income. Market-related premium amortization was an expense of \$1.2 billion in 2014 compared to a benefit of \$784 million in 2013. Partially offsetting these declines were reductions in funding yields, lower long-term debt balances and commercial loan growth.

Noninterest Income

5,944 7,443 13,284 6,065 1,130 6,309 1,563 1,354 1,203

5,826 7,390 12,282 6.126 2,901 7,056 3,874 1.271 (49)

Table 3 Noninterest Income

2014

2013

(Dollars in millions) Card income Service charges

Investment and brokerage services Investment banking income Equity investment income Trading account profits Mortgage banking income Gains on sales of debt securities

Other income (loss)

Noninterest income decreased \$2.4 billion to \$44.3 billion for 2014 compared to 2013. The following highlights the significant changes.

- Investment and brokerage services income increased \$1.0 billion primarily driven by increased asset management fees driven by the impact of long-term assets under management (AUM) inflows and higher market levels.
- Equity investment income decreased \$1.8 billion to \$1.1 billion primarily due to a lower level of gains compared to 2013 and the continued wind-down of Global Principal Investments (GPI).
- Trading account profits decreased \$747 million, which included a charge of \$497 million in 2014 related to the adoption of a funding valuation adjustment (FVA) in Global Markets, partially offset by a \$359 million change in net debit valuation adjustments (DVA) on derivatives. Excluding the FVA/DVA charges, trading account profits decreased \$609 million due to both lower market volumes and volatility.
- Mortgage banking income decreased \$2.3 billion primarily driven by lower servicing income and core production revenue, partially offset by lower representations and warranties provision.
- Other income (loss) improved \$1.3 billion due to an increase of \$1.1 billion in net DVA gains on structured liabilities as our spreads widened, and gains associated with the sales of residential mortgage loans, partially offset by increases in U.K. consumer payment protection insurance (PPI) costs. The prior year also included the write-down of \$450 million on a monoline receivable.

Provision for Credit Losses

The provision for credit losses decreased \$1.3 billion to \$2.3 billion for 2014 compared to 2013. The provision for credit losses was \$2.1 billion lower than net charge-offs for 2014, resulting in a reduction in the allowance for credit losses. The decrease from the prior year was driven by portfolio improvement, including increased home prices in the home loans portfolio and lower unemployment levels driving improvement in the credit card portfolios, and improved asset quality in the commercial portfolio. Partially offsetting this decline was \$400 million of additional costs in 2014 associated with the consumer relief portion of the settlement with the DoJ. We expect reserve releases in 2015 to moderate when compared to 2014.

Net charge-offs totaled \$4.4 billion, or 0.49 percent of average loans and leases for 2014 compared to \$7.9 billion, or 0.87 percent for 2013. The decrease in net charge-offs was due to credit quality improvement across all major portfolios and the impact of increased recoveries primarily from nonperforming and delinquent loan sales. For more information on the provision for credit losses, see Provision for Credit Losses on page 95.

\$ 44,295 \$ 46,677

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Income Tax Expense

Table 5 Income Tax Expense

2014

2013

\$ 33,787 4,260 2,125 1,829 2,472 936 3,144 1,259 25,305

34,719 4,475 2,146 1,834 2,884 1,086 3,170 1,593
17,307

(Dollars in millions)
Personnel
Occupancy
Equipment
Marketing
Professional fees
Amortization of intangibles
Data processing
Telecommunications
Total noninterest expense
Other general operating

\$ 75,117 \$ 69,214

Noninterest expense increased \$5.9 billion to \$75.1 billion for 2014 compared to 2013 primarily driven by higher litigation expense in other general operating expense: Litigation expense increased \$10.3 billion primarily as a result of charges related to the settlements with the DoJ and FHFA. The increase in litigation expense was partially offset by a decrease of \$3.3 billion in default-related staffing and other default-related servicing expenses in Legacy Assets & Servicing. Also, personnel expense decreased \$932 million in 2014 as we continued to streamline processes and achieve cost savings.

In connection with Project New BAC, which we first announced in the third quarter of 2011, we expected to achieve cost savings in certain noninterest expense categories as we streamlined workflows, simplified processes and aligned expenses with our overall strategic plan and operating principles. We expected total cost savings from Project New BAC to reach \$8 billion on an annualized basis, or \$2 billion per quarter, by mid-2015. We successfully completed our Project New BAC expense program ahead of schedule by reaching our target of \$2 billion in cost savings per quarter, in the third quarter of 2014.

2014
2013
\$ 16,172 4,741 29.3%
6,855 2,022 29.5%

(Dollars in millions) Income before income taxes Income tax expense Effective tax rate

The effective tax rate for 2014 was driven by our recurring tax preference items, the resolution of several tax examinations and tax benefits from non-U.S. restructurings, partially offset by the non-deductible treatment of certain litigation charges. We expect an effective tax rate in the low 30 percent range, absent unusual items, for 2015.

The effective tax rate for 2013 was driven by our recurring tax preference items and by certain tax benefits related to non-U.S. operations, partially offset by the \$1.1 billion negative impact from the U.K. 2013 Finance Act, enacted in July 2013, which reduced the U.K. corporate income tax rate by three percent. The \$1.1 billion charge resulted from remeasuring our U.K. net deferred tax assets, in the period of enactment, using the lower rates.

Balance Sheet Overview

Table 6 Selected Balance Sheet Data

(Dollars in millions) Assets

Cash and cash equivalents
 Federal funds sold and securities borrowed or purchased under agreements
 to resell Trading account assets Debt securities Loans and leases
 Allowance for loan and lease losses All other assets
 Total assets

Liabilities

Deposits
 Federal funds purchased and securities loaned or sold under agreements
 to repurchase Trading account liabilities Short-term borrowings Long-term debt All other liabilities
 Total liabilities Shareholders' equity
 Total liabilities and shareholders' equity

2014

December 31

2013

191,823 191,785 380,461 881,391 (14,419) 334,904

\$ 138,589 \$ 131,322

190,328 200,993 323,945 928,233 (17,428) 344,880

\$2,104,534 \$2,102,273

201,277 74,192 31,172 243,139 192,347

\$1,118,936 \$1,119,271

1,861,063 243,471

198,106 83,469 45,999 249,674 173,069

1,869,588 232,685

\$2,104,534 \$2,102,273

Average Balance

6% 1

(5) 17 (5) (17) (3)

29%

(i)

(7)

4

(2) (25) (10)

(1)

% Change 2014 2013 % Change

222,483 202,416 351,702 903,901 (15,973) 339,983

\$ 141,078 \$ 109,014

224,331 217,865 337,953 918,641 (21,188) 376,897

3

(16)

(1) (4) (4) (1) (1) 2

(1)

\$2,145,590 \$2,163,513

2

(11) (32) (3) 11

- \$1,124,207 \$1,089,735

215,792 257,600

87,151 88,323

41,886 43,816

1,907,114 238,476

253,607 263,417

184,471 186,675

1,929,566 233,947

- \$2,145,590 \$2,163,513

Year-end balance sheet amounts may vary from average balance sheet amounts due to liquidity and balance sheet management activities, primarily involving our portfolios of highly liquid assets. These portfolios are designed to ensure the adequacy of capital while enhancing our ability to manage liquidity requirements for the Corporation and our customers, and to position the balance sheet in accordance with the Corporation's risk appetite. The execution of these activities requires the use of balance sheet and capital-related limits including spot, average and risk-weighted asset limits, particularly within the market-making activities of our trading businesses. One of our key regulatory metrics, Tier 1 leverage ratio, is calculated based on adjusted quarterly average total assets.

Balance Sheet Management Actions in 2014

The Corporation took certain actions during 2014 to further optimize its balance sheet. While the overall size of the balance sheet remained relatively unchanged compared to December 31, 2013, the composition has improved in terms of liquidity in response to the new Basel 3 Liquidity Coverage Ratio (LCR) requirements. We shifted the mix of certain discretionary assets out of less liquid loans to more liquid debt securities. This included the sale of \$10.7 billion of residential mortgage loans with standby insurance agreements and purchase of agency securities, and the sale of \$6.7 billion of nonperforming and other delinquent loans. Though the Global Markets balance sheet was relatively stable, there was a decrease of \$11.8 billion in low-margin prime brokerage loans. Ending deposits remained relatively unchanged as we took actions to optimize the LCR liquidity value of deposits while growing retail deposits. Additionally, from a capital standpoint, \$6.0 billion of preferred stock was issued during the year and amendments to our outstanding Series T preferred stock also improved Basel 3 Tier 1 regulatory capital.

Assets

Year-end total assets remained relatively unchanged from December 31, 2013, though the asset mix changed in connection with preparing for the new Basel 3 LCR requirements as discussed above. The key drivers were increased debt securities due to purchases of U.S. Treasury securities, and higher cash and cash equivalents from higher interest-bearing deposits with the Federal Reserve and non-U.S. central banks. These increases were largely offset by a decline in consumer loan balances due to paydowns, sales of residential loans with long-term standby agreements, nonperforming and delinquent loan sales and net charge-offs collectively outpacing new originations, and declines in all other assets and in trading account assets.

Cash and Cash Equivalents

Year-end and average cash and cash equivalents increased \$7.3 billion from December 31, 2013 and \$32.1 billion in 2014 driven by an increase in interest-bearing deposits with the Federal Reserve and non-U.S. central banks in connection with preparing for the Basel 3 LCR requirements. For more information, see Liquidity Risk - Basel 3 Liquidity Standards on page 67.

Federal Funds Sold and Securities Borrowed or Purchased Under Agreements to Resell

Federal funds transactions involve lending reserve balances on a short-term basis. Securities borrowed or purchased under agreements to resell are collateralized lending transactions utilized to accommodate customer transactions, earn interest rate spreads, and obtain securities for settlement and for collateral. Year-end federal funds sold and securities borrowed or purchased under agreements to resell increased \$1.5 billion from December 31, 2013 driven by matched-book activity, partially offset by roll-off of supranational positions and a mix shift into securities. Average federal funds sold and securities borrowed or purchased under agreements to resell decreased \$1.8 billion in 2014 compared to 2013 due to lower matched-book activity.

Trading Account Assets

Trading account assets consist primarily of long positions in equity and fixed-income securities including U.S. government and agency securities, corporate securities and non-U.S. sovereign debt. Year-end trading account assets decreased \$9.2 billion primarily due to lower equity securities inventory as a result of a decrease in client hedging activity. Average trading account assets decreased \$15.4 billion primarily due to a reduction in U.S. Treasury securities inventory.

Debt Securities

Debt securities primarily include U.S. Treasury and agency securities, MBS, principally agency MBS, foreign bonds, corporate bonds and municipal debt. We use the debt securities portfolio primarily to manage interest rate and liquidity risk and to take advantage of market conditions that create economically attractive returns on these investments. Year-end and average debt securities increased \$56.5 billion and \$13.7 billion primarily due to net purchases of U.S. Treasury securities driven by the new LCR rules, and increases in the fair value of available-for-sale (AFS) debt securities resulting from the impact of lower interest rates. For more information on debt securities, see Note 3 - Securities to the Consolidated Financial Statements.

Loans and Leases

Year-end and average loans and leases decreased \$46.8 billion and \$14.7 billion. The decreases were primarily driven by a decline in consumer loan

balances due to paydowns, loan sales and net charge-offs outpacing new originations, and a decline in commercial loan balances. For more information on the loan portfolio, see Credit Risk Management on page 70.

Allowance for Loan and Lease Losses

Year-end and average allowance for loan and lease losses decreased \$3.0 billion and \$5.2 billion primarily due to the impact of improvements in credit quality from the improving economy. For more information, see Allowance for Credit Losses on page 95.

All Other Assets

Year-end all other assets decreased \$10.0 billion driven by other earning assets and time deposits placed, partially offset by an increase in derivative assets. Average all other assets decreased \$36.9 billion primarily driven by lower customer and other receivables, time deposits placed, loans held-for-sale (LHFS) and derivative assets.

Liabilities

At December 31, 2014, total liabilities were approximately \$1.9 trillion, down \$8.5 billion from December 31, 2013, driven by planned reductions in short-term borrowings and long-term debt as well as a decrease in trading account liabilities, partially offset by increases in all other liabilities.

Deposits

Year-end deposits remained relatively unchanged from December 31, 2013 due to declines in Global Banking offset by an increase in retail deposits. Average deposits increased \$34.5 billion primarily driven by customer and client shifts into more liquid products in the low rate environment.

Federal Funds Purchased and Securities Loaned or Sold Under Agreements to Repurchase

Federal funds transactions involve borrowing reserve balances on a short-term basis. Securities loaned or sold under agreements to repurchase are collateralized borrowing transactions utilized to accommodate customer transactions, earn interest rate spreads and finance assets on the balance sheet. Year-end federal funds purchased and securities loaned or sold under agreements to repurchase increased \$3.2 billion primarily driven by matched-book activity. Average federal funds purchased and securities loaned or sold under agreements to repurchase decreased \$41.8 billion primarily due to targeted reductions in the balance sheet.

Trading Account Liabilities

Trading account liabilities consist primarily of short positions in equity and fixed-income securities including U.S. Treasury and agency securities, corporate securities, and non-U.S. sovereign debt. Year-end and average trading account liabilities decreased \$9.3 billion and \$1.2 billion primarily due to lower levels of short U.S. Treasury positions.

Short-term Borrowings

Short-term borrowings provide an additional funding source and primarily consist of Federal Home Loan Bank (FHLB) short-term borrowings, notes payable and various other borrowings that generally have maturities of one year or less. Year-end and average short-term borrowings decreased \$14.8 billion and \$1.9 billion due to planned reductions in FHLB borrowings. For more information on short-term borrowings, see Note 10 - Federal Funds Sold or Purchased, Securities Financing Agreements and Short-term Borrowings to the Consolidated Financial Statements.

Long-term Debt

Year-end and average long-term debt decreased \$6.5 billion and \$9.8 billion. The decreases were a result of maturities outpacing new issuances. For more information on long-term debt, see Note 11 - Long-term Debt to the Consolidated Financial Statements.

All Other Liabilities

Year-end all other liabilities increased \$19.3 billion driven by increases in derivative liabilities and payables. Average all other liabilities decreased \$2.2 billion driven by decreases in payables and derivative liabilities.

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Shareholders' Equity

Year-end shareholders' equity increased \$10.8 billion driven by issuances of preferred stock, an increase in accumulated other comprehensive income (OCI) due to a positive net change in the fair value of AFS debt securities, and earnings, partially offset by common stock repurchases and dividends. Average shareholders' equity increased \$4.5 billion driven by earnings and accumulated OCI, partially offset by common stock repurchases and dividends.

Cash Flows Overview

The Corporation's operating assets and liabilities support our global markets and lending activities. We believe that cash flows from operations, available cash balances and our ability to generate cash through short- and long-term debt are sufficient to fund our operating liquidity needs. Our investing activities primarily include the debt securities portfolio and other short-term investments. Our financing activities reflect cash flows primarily related to increased customer deposits and net long-term debt reductions.

Cash and cash equivalents increased \$7.3 billion during 2014 due to net cash provided by operating activities, partially offset by net cash used in financing and investing activities. This reflects actions taken in preparation for the Basel 3 LCR requirements. These changes were primarily due to

higher interest-bearing deposits with the Federal Reserve and non-U.S. central banks as well as the sale of residential mortgage loans with standby insurance agreements and the purchase of agency securities, and the sale of nonperforming and other delinquent loans to further optimize the balance sheet. Cash and cash equivalents increased \$20.6 billion during 2013 due to net cash provided by operating and investing activities, partially offset by net cash used in financing activities.

During 2014, net cash provided by operating activities was \$26.7 billion. The more significant drivers included net decreases in trading and derivative instruments, as well as a net increase in accrued expenses and other liabilities. During 2013, net cash provided by operating activities was \$92.8 billion. The more significant drivers included net decreases in other assets, and trading and derivative instruments, as well as net proceeds from sales, securitizations and paydowns of LHFS.

During 2014, net cash used in investing activities was \$4.2 billion, primarily driven by net purchases of debt securities, partially offset by net decreases in loans and leases. During 2013, net cash provided by investing activities was \$25.1 billion, primarily driven by a decrease in federal funds sold and securities borrowed or purchased under agreements to resell and net sales of debt securities, partially offset by a net increase in loans and leases.

During 2014, net cash used in financing activities of \$12.2 billion primarily reflected a reduction in short-term borrowings, partially offset by the issuance of preferred stock. During 2013, the net cash used in financing activities of \$95.4 billion primarily reflected a decrease in federal funds purchased and securities loaned or sold under agreements to repurchase and net reductions in long-term debt, partially offset by growth in short-term borrowings and deposits.

Table 7 Five-year Summary of Selected Financial Data

(In millions, except per share information) Income statement

Net interest income
Noninterest income
Total revenue, net of interest expense
Provision for credit losses
Goodwill impairment
Merger and restructuring charges
All other noninterest expense
Income (loss) before income taxes
Income tax expense (benefit)

Table 7 Five-year Summary of Selected Financial Data (continued)

(Dollars in millions)	2014	2013	2012	2011	2010
Average balance sheet					
Total loans and leases	\$ 903,901	\$ 918,641	\$ 898,768	\$ 938,096	\$ 958,331
Total assets	2,145,590	2,163,513	2,191,356	2,296,322	2,439,606
Total deposits	1,124,207	1,089,735	1,047,782	1,035,802	988,586
Long-term debt	253,607	263,417	316,393	421,229	490,497
Common shareholders' equity	223,066	218,468	216,996	211,709	212,686
<u>Total shareholders' equity</u>	<u>238,476</u>	<u>233,947</u>	<u>235,677</u>	<u>229,095</u>	<u>233,235</u>
Asset quality > ³ >					
Allowance for credit losses TM	\$ 14,947	\$ 17,912	\$ 24,692	\$ 34,497	\$ 43,073
Nonperforming loans, leases and foreclosed properties ⁽⁶⁾	12,629	17,772	23,555	27,708	32,664
Allowance for loan and lease losses as a percentage of total loans and leases outstanding ¹⁵	1.65%	1.90%	2.69%	3.68%	4.47%
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases ¹⁵	121	102	107	135	136
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases, excluding the PCI loan portfolio < ⁵ >	107	87	82	101	116
Amounts included in allowance for loan and lease losses for loans and leases that are excluded from nonperforming loans and leases <<>	\$ 5,944	\$ 7,680	\$ 12,021	\$ 17,490	\$ 22,908
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 ¹⁵ < ⁵ >	71%	57%	54%	65%	62%
Net charge-offs ⁱ	\$ 4,383	\$ 7,897	\$ 14,908	\$ 20,833	\$ 34,334
Net charge-offs as a percentage of average loans and leases outstanding ¹⁵	0.49%	0.87%	1.67%	2.24%	3.60%
Net charge-offs as a percentage of average loans and leases outstanding, excluding the PCI loan portfolio < ⁵ >	0.50	0.90	1.73	2.32	3.73
Net charge-offs and PCI write-offs as a percentage of average loans and leases outstanding ¹⁵⁽⁶⁾	0.58	1.13	1.99	2.24	3.60
Nonperforming loans and leases as a percentage of total loans and leases outstanding ⁽⁷⁾	1.37	1.87	2.52	2.74	3.27
Nonperforming loans, leases and foreclosed properties as a percentage of total loans, leases and foreclosed properties < ⁵ >	1.45	1.93	2.62	3.01	3.48
Ratio of the allowance for loan and lease losses at December 31 to net charge-offs ¹⁷ >	3.29	2.21	1.62	1.62	1.22
Ratio of the allowance for loan and lease losses at December 31 to net charge-offs, excluding the PCI loan portfolio	2.91	1.89	1.25	1.22	1.04
Ratio of the allowance for loan and lease losses at December 31 to net charge-offs and PCI write-offs ⁱ <	2.78	1.701.36	1.62	1.22	
Capital ratios at year end > ⁸ >					
Risk-based capital:					
Common equity tier 1 capital	12.3%	n/a	n/a	n/a	n/a
Tier 1 common capital	n/a	10.9%	10.8%	9.7%	8.5%
Tier 1 capital	13.4	12.2	12.7	12.2	11.1
Total capital	16.5	15.1	16.1	16.6	15.7
Tier 1 leverage	8.2	7.7	7.2	7.4	7.1
Tangible equity ¹⁹ >	8.4	7.9	7.6	7.5	6.8
<u>Tangible common equity <²¹></u>	<u>7J></u>	<u>1J2</u>	<u>6J</u>	<u>6fi</u>	<u>6.0</u>

For footnotes see page 30

Supplemental Financial Data

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. We believe managing the business with net interest income on an FTE basis provides a more accurate picture of the interest margin for comparative purposes. 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 35 percent. This measure ensures comparability of net interest income arising from taxable and tax-exempt sources.

Certain performance measures including the efficiency ratio and net interest yield utilize net interest income (and thus total revenue) on an FTE basis. The efficiency ratio measures the costs expended to generate a dollar of revenue, and net interest yield measures the bps we earn over the cost of funds.

We also evaluate our business based on certain ratios that utilize tangible equity, a non-GAAP financial measure. Tangible equity represents an adjusted shareholders' equity or common shareholders' equity amount which has been reduced by goodwill and intangible assets (excluding mortgage servicing rights (MSRs)), net of related deferred tax liabilities. 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 goals. These ratios are as follows:

- Return on average tangible common shareholders' equity measures our earnings contribution as a percentage of adjusted common shareholders' equity. The tangible common equity ratio represents adjusted ending common shareholders' equity divided by total assets less goodwill and intangible assets (excluding MSRs), net of related deferred tax liabilities.
- Return on average tangible shareholders' equity measures our earnings contribution as a percentage of adjusted average total shareholders' equity. The tangible equity ratio represents adjusted ending shareholders' equity divided by total assets less goodwill and intangible assets (excluding MSRs), net of related deferred tax liabilities.
- Tangible book value per common share represents adjusted ending common shareholders' equity divided by ending common shares outstanding.

The aforementioned supplemental data and performance measures are presented in Table 7 and Statistical Table XII. In addition, in Table 8, we have excluded the impact of goodwill impairment charges of \$3.2 billion and \$12.4 billion recorded in 2011 and 2010 when presenting certain of these metrics. Accordingly, these are non-GAAP financial measures.

We evaluate our business segment results based on measures that utilize average allocated capital. Return on average allocated capital is calculated as net income adjusted for cost of funds and earnings credits and certain expenses related to intangibles, divided by average allocated capital. Allocated capital and the related return both represent non-GAAP financial measures. In addition, for purposes of goodwill impairment testing, the Corporation utilizes allocated equity as a proxy for the carrying value of its reporting units. 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 additional information, see Business Segment Operations on page 34 and Note 8 - Goodwill and Intangible Assets to the Consolidated Financial Statements.

Statistical Tables XV, XVI and XVII on pages 134, 135 and 136 provide reconciliations of these non-GAAP financial measures to GAAP financial measures. We believe the use of these non-GAAP financial measures provides additional clarity in assessing the results of the Corporation and our segments. Other companies may define or calculate these measures and ratios differently.

Table 8 Five-year Supplemental Financial Data

(Dollars in millions, except per share information) Fully taxable-equivalent basis data

Net interest income					
Total revenue, net of interest expense					
Net interest yield ^u					
Efficiency ratio					
Performance ratios, excluding goodwill impairment charges ⁱ²					
Earnings					
Diluted earnings	Efficiency ratio (RE basis)	Return on average assets	Return on average common shareholders' equity	Return on average tangible common shareholders' equity	Return on average tangible shareholders' equity

2014
40,821 85,116 2.25% 88.25

2013
 43,124 89,801 2.37% 77.07

2012
 41,557 84,235 2.24% 85.59

45,588 94,426 2.38% 85.01

0.32 0.32 81.64% 0.20 1.54 2.46 3.08

2010

52,693 111,390 2.59% 74.61

0.87 0.86 63.48% 0.42 4.14 7.03 7.11

^{a>} Beginning in 2034, interest-bearing deposits placed with the federal Reserve and certain non-U S central banks are included in earning assets. In prior periods, these balances were included with cash and due from banks in the cash and cash equivalents line, consistent with the Consolidated Balance Sheet presentation. Prior periods have been reclassified to conform to current period presentation.

^{<2>} Performance ratios are calculated excluding the impact of goodwill impairment charges of \$3.2 billion and \$12.4 billion recorded in 2011 and 2010.

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Net Interest Income Excluding Trading-related Net Interest Income

We manage net interest income on an FTE basis and excluding the impact of trading-related activities. As discussed in Global Markets on page 46, we evaluate our sales and trading results and strategies on a total market-based revenue approach by combining net interest income and noninterest income for Global Markets. An analysis of net interest income, average earning assets and net interest yield on earning assets, all of which adjust for the impact of trading-related net interest income from reported net interest income on an FTE basis, is shown below. We believe the use of this non-GAAP presentation in Table 9 provides additional clarity in assessing our results.

2014

Table 9 Net Interest Income Excluding Trading-related Net Interest Income

2013

40,821 (3,615)

43,124 (3,852)

{Dollars in millions}

Net interest income (FTE basis)

As reported

\$ 37,206 \$ 39,272

Impact of trading-related net interest income

Net interest income excluding trading-related net interest income ^(b)

Net interest income excluding trading-related net interest income decreased \$2.1 billion to \$37.2 billion for 2014 compared to 2013. The decline was primarily due to the impact of market-related premium amortization as lower long-term interest rates shortened the expected lives of the securities, lower loan yields and consumer loan balances, and lower net interest income from the ALM portfolio. Market-related premium amortization was an expense of \$1.2 billion in 2014 compared to a benefit of \$784 million in 2013. Partially offsetting the decline were reductions in funding yields, lower long-term debt balances and commercial loan growth. For more information on the impact of interest rates, see Interest Rate Risk Management for Non-trading Activities on page 105. For more information on market-related premium amortization, see Note 1 - Summary of Significant Accounting Principles to the Consolidated Financial Statements.

Average earning assets excluding trading-related earning assets increased \$18.6 billion to \$1,369.2 billion for 2014 compared to 2013. The increase was primarily in interest-bearing deposits with the Federal Reserve and commercial loans, partially offset by declines in consumer loans and other earning assets.

Net interest yield on earning assets excluding trading-related activities decreased 19 bps to 2.72 percent for 2014 compared to 2013 due to the same factors as described above.

Average earning assets ^{<3>} As reported

Impact of trading-related earning assets

\$1,814,930 \$1,819,548 (445,760) (468,999)

Average earning assets excluding trading-related earning assets ⁱ¹⁾

Net interest yield contribution (FTE basis) [<] As reported

Impact of trading-related activities

2.25% 0.47

2.37% 0.54

Net interest yield on earning assets excluding trading-related activities i¹¹

¹¹¹ Represents a non-GAAP financial measure

(2> Beginning in 2014, interest-bearing deposits placed with the Federal Reserve and certain non-U.S. central banks are included in earning assets in prior periods, these balances were included with cash and due from banks in the cash and cash equivalents line, consistent with the Consolidated Cash Balance Sheet presentation. Prior periods have been reclassified to conform to current period presentation.

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Business Segment Operations

Segment Description and Basis of Presentation

We report the results of our operations through five business segments: CBS, CRES, GWIM, Global Banking and Global Markets, with the remaining operations recorded in All Other. The primary activities, products or businesses of the business segments and All Other as of December 31, 2014 are shown below. For additional detailed information, see the business segment and All Other discussions which follow.

±

Consumer & Business Banking

Consumer Real Estate Services

Bank of America Corporation

Global Banking

j " "-

Global Wealth & Investment Management

Global Markets

All Other

Deposits

- Consumer Deposits
- Business Banking
- Merrill Edge
 - Consumer Lending
- Consumer and small Business Credit Card
- Debitcard
- Consumer Auto Lending
- Other consumer Lending
 - Home Loans
 - Mortgage Loan Production
 - Owned Home Equity Loan Portfolio
- Legacy Assets & Servicing
 - Mortgage

- Owned, Legacy Home Equity Loan Portfolio

- Variable Mortgage Exposures
- Merrill Lynch
Global Wealth
Management:

U.S. Trust; Bank of America Private Wealth Management
Investment Banking

Global
Corporate
Banking

Global
Commercial
Banking

- Fixed Income Markets
- Equity Markets
- ALM Activities

« Equity Investments

« International Consumer Card

- Liquidating Businesses
- Other

Effective January 1, 2015, to align the segments with how we manage the businesses in 2015, the Corporation changed its basis of segment presentation as follows: the Home Loans subsegment within CRES was moved to CSS, and Legacy Assets & Servicing became a separate segment. Also, a portion of the Business Banking business, based on the size of the client relationship, was moved from CBS to Global Banking. Prior periods will be restated to conform to the new segment alignment.

business segments is referred to as allocated capital, which represents a non-GAAP financial measure. For purposes of goodwill impairment testing, the Corporation utilizes allocated equity as a proxy for the carrying value of its reporting units. 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 additional information, see Note 8- Goodwill and Intangible Assets to the Consolidated Financial Statements.

During 2014, we made refinements to the amount of capital allocated to each of our businesses based on multiple considerations that included, but were not limited to, Basel 3 Standardized and Advanced risk-weighted assets, business segment exposures and risk profile, and strategic plans. As a result of this process, in 2014, we adjusted the amount of capital being allocated to our business segments. This change resulted in a reduction of unallocated capital, which is included in All Other, and an aggregate increase in the amount of capital being allocated to the business segments, primarily Global Banking and Global Markets.

For more information on the business segments and reconciliations to consolidated total revenue, net income and year-end total assets, see Note 24 - Business Segment Information to the Consolidated Financial Statements.

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Consumer & Business Banking

(Dollars in millions)

Net interest income (RE basis)

Noninterest income:

Card income

Service charges

All other income

Total noninterest income

Total revenue, net of interest expense (RE basis)

Consumer Lending

Deposits

2014

2014

2014

2013

2013

Total Consumer & Business Banking

2013

68	4,364	552
4,902	4,365	910
4,804	4,207	803
	4,834	1
		358
	4,744	1
		294

\$ 10,259 \$ 9,807 \$ 9,426 \$ 10,243 \$ 19,685 \$ 20,050
10,177 29,862

60 4,206 509

4,984
 5,193
 4,775
 5,039
15,243
14,619
14,582
 15,282
 9,814 29,864

% Change
 (2) %

2 4 13

Provision for credit losses							254 299		2,379 2,808 2,633
3,107 (15)									
Noninterest expense		10,448	10,930		5,463	5,330		15,911	16,260 (2)
Income before income taxes (RE basis)		4,541			3,353	6,777		7,144	11,318 10,497 8
Income tax expense (RE basis)		1,694					1,230	2,528	2,620 4,222 3,850
10									
Net Income		\$ 2,847	\$ 2,123	\$ 4,249	\$ 4,524		\$ 7,096	\$ 6,647	7
Net interest yield (RE basis)		1.87%			1.88%	6.77%		7.18%	3.48%
3.72%									
Return on average allocated capital		17			14	33 31	24		22
Efficiency ratio (RE basis)		68.54			74.95	37.38	34.88		53.28
54.44									

Balance Sheet

Average									
Total loans and leases	\$ 22,388		\$ 22,445	\$ 138,721	\$ 142,129	\$ 161,109	\$ 164,574	(2)	
Total earning assets ID	548,096		522,938	139,145	142,721	565,700	539,2415		
Total assets id	580,857		555,687	148,579	151,434	607,895	580,703' 5		
Total deposits	542,589		518,407	n/m	n/m	543,441	518,9045		
Allocated capital	16,500		15,400	13,000	14,600	29,500	30,000(2)		
Year end									
Total loans and leases	\$ 22,284		\$ 22,578	\$ 141,132	\$ 142,516	\$ 163,416	\$ 165,094	(1)	
Total earning assets u)	560,130		535,061	141,216	143,917	579,283	550,6985		
Total assets*)	593,485		567,918	150,956	153,376	622,378	593,0145		
Total deposits	<	555,539	530,860	n/m	n/m	556,568	531,608	5_	

⁽¹⁾ In segments and businesses where the total of liabilities and equity exceeds assets, we allocate assets from Alt 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 CBB equity.
 n/m = not meaningful

CBB, which is comprised of Deposits and Consumer Lending, offers a diversified range of credit, banking and investment products and services to consumers and businesses. Our customers and clients have access to a franchise network that stretches coast to coast through 32 states and the District of Columbia. The franchise network includes approximately 4,800 banking centers, 15,800 ATMs, nationwide call centers, and online and mobile platforms.

quality. Noninterest expense decreased \$349 million to \$15.9 billion primarily driven by lower operating, litigation and Federal Deposit Insurance Corporation (FDIC) expenses.

The return on average allocated capital was 24 percent, up from 22 percent, reflecting an increase in net income combined with a small decrease in allocated capital. For more information on capital allocated to the business segments, see Business Segment Operations on page 34.

CBB Results

Net income for CBB increased \$449 million to \$7.1 billion in 2014 compared to 2013 primarily driven by lower provision for credit losses, higher noninterest income and lower noninterest expense, partially offset by lower net interest income. Net interest income decreased \$365 million to \$19.7 billion due to lower average loan balances and card yields, partially offset by the beneficial impact of an increase in investable assets as a result of higher deposit balances. Noninterest income increased \$363 million to \$10.2 billion primarily due to portfolio divestiture gains, higher service charges and higher card income, partially offset by lower revenue from consumer protection products.

The provision for credit losses decreased \$474 million to \$2.6 billion in 2014 primarily as a result of improvements in credit

Deposits

Deposits includes the results of consumer deposit activities which consist of a comprehensive range of products provided to consumers and small businesses. Our deposit products include traditional savings accounts, money market savings accounts, CDs and IRAs, noninterest- and interest-bearing checking accounts, as well as investment accounts and products. The revenue is allocated to the deposit products using our funds transfer pricing process that matches assets and liabilities with similar interest rate sensitivity and maturity characteristics. Deposits generates fees such as account service fees, non-sufficient funds fees, overdraft charges and ATM fees, as well as investment and brokerage fees from Merrill Edge accounts. Merrill Edge is an integrated investing and banking service targeted at customers

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with less than \$250,000 in investable assets. Merrill Edge provides investment advice and guidance, client brokerage asset services, a self-directed online investing platform and key banking capabilities including access to the Corporation's network of banking centers and ATMs.

Business Banking within Deposits provides a wide range of lending-related products and services, integrated working capital management and treasury solutions to clients through our network of offices and client relationship teams along with various product partners. Our clients include U.S.-based companies generally with annual sales of \$1 million to \$50 million. Our lending products and services include commercial loans, lines of credit and real estate lending. Our capital management and treasury solutions include treasury management, foreign exchange and short-term investing options. Deposits also includes the results of our merchant services joint venture.

Deposits includes the net impact of migrating customers and their related deposit balances between Deposits and GWIM as well as other client-managed businesses. For more information on the migration of customer balances to or from GWIM, see GWIM on page 42.

Net income for Deposits increased \$724 million to \$2.8 billion in 2014 driven by higher revenue and a decrease in noninterest expense. Net interest income increased \$452 million to \$10.3 billion primarily driven by a combination of pricing discipline and the beneficial impact of an increase in investable assets as a result of higher deposit balances. Noninterest income increased \$209 million to \$5.0 billion primarily due to higher deposit service charges.

The provision for credit losses decreased \$45 million to \$254 million as a result of improvement in credit quality. Noninterest expense decreased \$482 million to \$10.4 billion due to lower operating expenses, driven in part by a reduction in banking centers as customers migrate to self-service touchpoints, in addition to lower FDIC and litigation expense.

Average deposits increased \$24.2 billion to \$542.6 billion in 2014 driven by a continuing customer shift to more liquid products in the low rate environment. Growth in checking, traditional savings and money market savings of \$34.7 billion was partially offset by a decline in time deposits of \$10.5 billion. As a result of our continued pricing discipline and the shift in the mix of deposits, the rate paid on average deposits declined by five bps to six bps.

Key Statistics - Deposits

Consumer Lending

Consumer Lending is one of the leading issuers of credit and debit cards to consumers and small businesses in the U.S. Our lending products and services also include direct and indirect consumer loans such as automotive, marine, aircraft, recreational vehicle and consumer personal loans. In addition to earning net interest spread revenue on its lending activities, Consumer Lending generates interchange revenue from credit and debit card transactions as well as annual credit card fees and other miscellaneous fees.

Consumer Lending includes the net impact of migrating customers and their related credit card loan balances between Consumer Lending and GWIM. For more information on the migration of customer balances to or from GWIM, see GWIM on page 42.

Net income for Consumer Lending decreased \$275 million to \$4.2 billion in 2014 primarily due to lower net interest income and higher noninterest expense, partially offset by lower provision for credit losses and higher noninterest income. Net interest income decreased \$817 million to \$9.4 billion driven by the impact of lower average loan balances and card yields. Noninterest income increased \$154 million to \$5.2 billion driven by portfolio divestiture gains and higher card income, partially offset by lower revenue from consumer protection products.

The provision for credit losses decreased \$429 million to \$2.4 billion in 2014 as a result of continued improvement in credit quality, due in part to lower delinquencies. Noninterest expense increased \$133 million to \$5.5 billion driven by higher operating expenses, partially offset by lower litigation expense.

Average loans decreased \$3.4 billion to \$138.7 billion in 2014 primarily driven by the net migration of credit card loan balances to GWIM as described above, continued run-off of non-core portfolios and portfolio divestitures, partially offset by an increase in small business lending and consumer auto loans.

Key Statistics - Consumer Lending

(Dollars in millions)	2014	2013
Total U.S. credit card <<		
Gross interest yield	9.34%	9.73%
Risk-adjusted margin	9.44	8.68
New accounts (in thousands)	4,541	3,911
Purchase volumes	\$212,088	\$205,914
Debit card purchase volumes		\$272,576 \$267,087
<i>total U S credit card includes portfolios in CBB and GWIM</i>		

Total deposit spreads (excludes noninterest costs) Year end
Client brokerage assets (in millions)

Online banking active accounts (units in thousands)
 Mobile banking active accounts (units in thousands)
 Banking centers
 ATMs
 2014

\$ 113,763 30,904 16,539 4,855 15,838

2013
 1.52%

96,048 29,950 14,395 5,151 16,259

During 2014, the total U.S. credit card risk-adjusted margin increased 76 bps due to an improvement in credit quality and portfolio divestiture gains. Total U.S. credit card purchase volumes increased \$6.2 billion to \$212.1 billion and debit card purchase volumes increased \$5.5 billion to \$272.6 billion, reflecting higher levels of consumer spending.

Client accounts, banking our 296 network and improve our cost-to-serve. Client brokerage active customers' and ATMs increased account banking declined assets account banking declined increased flows increased preferences. 421 as \$17.7 billion and higher 2.1 million The we continue to billion in 2014 reflecting of banking our market continuing banking centers consumer driven by valuations. changes in Mobile declined new banking

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Consumer Real Estate Services

(Dollars in millions)

Net interest income (FTE basis)

Noninterest income: Mortgage banking income All other income (loss)

Total noninterest income

Total revenue, net of interest expense (FTE basis)

Legacy Assets & Servicing

Home Loans

2014
 2014
 2014
 2013
 2013

Total Consumer Real Estate Services

2013
 813 40

1,053 111
 1,866 151
 4,585 240
 2,669 246

\$ 1,315 \$ 1,349 \$ 1,516 \$ 1,541 \$ 2,831 \$ 2,890

1,916

853
 1,164
 2,017
 4,825
 2,915

(6)

2,168
 2,680
 7,715
 4,456
 4,848
 1,910
 3,259

% Change
 (2) %

(59) (37) (58) (37)

Provision for credit losses Noninterest expense

Loss before income taxes (FTE basis)	Income tax benefit (FTE basis)
Net loss	
33 2,587	
127 3,334	
(452) (169)	
(18,086) (4,974)	
(7,944) (2,913)	
(202) (74)	
(7,742) (2,839)	
(283) 12,481	
(18,538) (5,143)	
\$ (283) \$ (128) \$ (13,112) \$ (4,903) \$ (13,395) \$ (5,031)	
n/m 47 133 77 n/m	

Net interest yield (FTE basis) Balance Sheet

Average

Total loans and leases Total earning assets Total assets Allocated capital

\$ 52,336	\$ 47,675				
54,778	53,148				
54,751	53,426				
					6,000
					6,000
\$ 35,941	\$ 42,603	\$ 88,277	\$ 90,278	(2)	
37,593	48,272	92,371	101,420	(9)	
52,134	67,130	106,885	120,556	(11)	
17,000	18,000	23,000	24,000	(4)	

Year end

Total loans and leases Total earning assets Total assets

n/m - not meaningful

54,917 \$ 51,021 57,881 54,071 57,772 53,933

33,055 \$ 38,732 \$ 87,972 \$ 89,753

33,922 43,092 91,803 97,163

45,958 59,458 103,730 113,391

(2) (6) O)

CRES operations include Home Loans and Legacy Assets & Servicing. Home Loans is responsible for ongoing residential first mortgage and home equity loan production activities and the CRES home equity loan portfolio not selected for inclusion in the Legacy Assets & Servicing owned portfolio. Legacy Assets & Servicing is responsible for our mortgage servicing activities related to loans serviced for others and loans held by the Corporation, including loans that have been designated as the Legacy Assets & Servicing Portfolios. The Legacy Assets & Servicing Portfolios (both owned and serviced), herein referred to as the Legacy Owned and Legacy Serviced Portfolios, respectively (together, the Legacy Portfolios), and as further defined below, include those loans originated prior to January 1, 2011 that would not have been originated under our established underwriting standards as of December 31, 2010. For more information on our Legacy Portfolios, see page 39. In addition, Legacy Assets & Servicing is responsible for managing legacy exposures related to CRES (e.g., litigation, representations and warranties). This alignment allows CRES management to lead the ongoing Home Loans business while also providing focus on legacy mortgage issues and servicing activities.

CRES, primarily through its Home Loans operations, generates revenue by providing an extensive line of consumer real estate products and services to customers nationwide. CRES products offered by Home Loans include fixed- and adjustable-rate first-lien mortgage loans for home purchase and refinancing needs, home equity lines of credit (HELOCs) and home equity loans. First mortgage products are generally either sold into the secondary mortgage market to investors, while we retain MSR's (which are on the balance sheet of Legacy Assets & Servicing) and the Bank of America customer relationships, or are held on the balance sheet in Home Loans or in All Other for ALM purposes. Home Loans is compensated for loans held for ALM purposes on a management accounting basis with the corresponding offset in All Other. Newly originated HELOCs and home equity loans are retained on the CRES balance sheet in Home Loans.

CRES includes the impact of migrating certain customers and their related loan balances from GWIM to CRES. For more information on the migration of customer balances to or from GWIM, see GWIM on page 42.

CRES Results

The net loss for CRES increased \$8.4 billion to a net loss of \$13.4 billion for 2014 compared to 2013 primarily driven by higher litigation expense, which

is included in noninterest expense, as a result of the settlements with the DoJ and FHFA, a lower tax benefit rate resulting from the non-deductible treatment of a portion of the settlement with the DoJ, lower mortgage banking income and higher provision for credit losses.

Mortgage banking income decreased \$2.7 billion due to both lower servicing income and core production revenue, partially offset by a lower representations and warranties provision. The provision for credit losses increased \$316 million to \$160 million driven by additional costs associated with the consumer relief portion of the settlement with the DoJ, partially offset by the continued improvement in portfolio trends including increased home prices. Noninterest expense increased \$7.4 billion primarily due to a \$11.4 billion increase in litigation expense as a result of the settlements with the DoJ and FHFA. Excluding litigation,

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noninterest expense decreased \$4.0 billion to \$8.0 billion driven by a decline in default-related servicing expenses, including mortgage-related assessments, waivers and similar costs related to foreclosure delays in Legacy Assets & Servicing and a decline in personnel expense resulting from lower loan originations in Home Loans.

Home Loans

Home Loans products are available to our customers through our retail network, direct telephone and online access delivered by a sales force of nearly 2,500 mortgage loan officers, including 1,500 banking center mortgage loan officers covering 2,600 banking centers, and a nearly 700-person centralized sales force based in five call centers.

The net loss for Home Loans increased \$155 million to a net loss of \$283 million driven by lower mortgage banking income, partially offset by lower noninterest expense and lower provision for credit losses. Mortgage banking income decreased \$1.1 billion due to a decline in core production revenue as a result of lower first mortgage origination volumes, and to a lesser extent, industrywide margin compression. The provision for credit losses decreased \$94 million reflecting continued improvement in portfolio trends including increased home prices. Noninterest expense decreased \$747 million primarily due to lower personnel expense resulting from lower loan originations.

Legacy Assets & Servicing

Legacy Assets & Servicing is responsible for all of our in-house servicing activities related to the residential mortgage and home equity loan portfolios, including owned loans and loans serviced for others (collectively, the mortgage serviced portfolio). A portion of this portfolio has been designated as the Legacy Serviced Portfolio, which represented 26 percent, 30 percent and 39 percent of the total mortgage serviced portfolio, as measured by unpaid principal balance, at December 31, 2014, 2013 and 2012, respectively. In addition, Legacy Assets & Servicing is responsible for managing subservicing agreements.

Legacy Assets & Servicing results reflect the net cost of legacy exposures that are included in the results of CRES, including representations and warranties provision, litigation expense, financial results of the CRES home equity portfolio selected as part of the Legacy Owned Portfolio, the financial results of the servicing operations and the results of MSR activities, including net hedge results. The financial results of the servicing operations reflect certain revenues and expenses on loans serviced for others, including owned loans serviced for Home Loans, GWIM and All Other.

Servicing activities include collecting cash for principal, interest and escrow payments from borrowers, disbursing customer draws for lines of credit, accounting for and remitting principal and interest payments to investors and escrow payments to third parties, and responding to customer inquiries. Our home retention efforts, including single point of contact resources, are also part of our servicing activities, along with supervision of foreclosures and property dispositions. Prior to foreclosure, Legacy Assets & Servicing evaluates various workout options in an effort to help our customers avoid foreclosure. For more information on our servicing activities, including the impact of foreclosure delays, see Off-Balance Sheet Arrangements and Contractual Obligations - Servicing, Foreclosure and Other Mortgage Matters on page 53.

The net loss for Legacy Assets & Servicing increased \$8.2 billion to a net loss of \$13.1 billion driven by higher litigation expense, which is included in noninterest expense, a lower tax benefit rate resulting from the non-deductible treatment of a portion of the settlement with the DoJ, lower mortgage banking income and higher provision for credit losses.

Mortgage banking income decreased \$1.6 billion primarily driven by a decline in servicing income due to a smaller servicing portfolio combined with less favorable MSR net-of-hedge performance. The provision for credit losses increased \$410 million primarily due to additional costs associated with the consumer relief portion of the settlement with the DoJ.

Noninterest expense increased \$8.2 billion due to higher litigation expense as a result of the settlements with the DoJ and FHFA. Excluding litigation, noninterest expense decreased \$3.3 billion to \$5.4 billion driven by a decrease in default-related servicing expenses, including mortgage-related assessments, waivers and similar costs related to foreclosure delays. We expect that noninterest expense in Legacy Assets & Servicing, excluding litigation expense, will decline to approximately \$800 million per quarter by the end of 2015.

Legacy Portfolios

The Legacy Portfolios (both owned and serviced) include those loans originated prior to January 1, 2011 that would not have been originated under our established underwriting standards in place as of December 31, 2010. The purchased credit-impaired (PCI) portfolio, as well as certain loans that met a pre-defined delinquency status or probability of default threshold as of January 1, 2011, are also included in the Legacy Portfolios. Since determining the pool of loans to be included in the Legacy Portfolios as of January 1, 2011, the criteria have not changed for these portfolios, but will continue to be evaluated over time.

Legacy Owned Portfolio

The Legacy Owned Portfolio includes those loans that met the criteria as described above and are on the balance sheet of the Corporation. The home equity loan portfolio is held on the balance sheet of Legacy Assets & Servicing, and the residential mortgage loan portfolio is held on the balance sheet

of All Other. The financial results of the on-balance sheet loans are reported in the segment that owns the loans or in All Other. Total loans in the Legacy Owned Portfolio decreased \$22.2 billion in 2014 to \$89.9 billion at December 31, 2014, of which \$33.1 billion were held on the Legacy Assets & Servicing balance sheet and the remainder was held on the balance sheet of All Other. The decrease was primarily related to paydowns, loan sales, PCI write-offs and charge-offs.

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Legacy Serviced Portfolio

The Legacy Serviced Portfolio includes loans serviced by Legacy Assets & Servicing in both the Legacy Owned Portfolio and those loans serviced for outside investors that met the criteria as described above. The table below summarizes the balances of the residential mortgage loans included in the Legacy Serviced Portfolio (the Legacy Residential Mortgage Serviced Portfolio) representing 24 percent, 28 percent and 38 percent of the total residential mortgage serviced portfolio of \$609 billion, \$719 billion and \$1.2 trillion, as measured by unpaid principal balance, at December 31, 2014, 2013 and 2012, respectively. The decline in the Legacy Residential Mortgage Serviced Portfolio was primarily due to MSR sales, loan sales and other servicing transfers, paydowns and payoffs.

Legacy Residential Mortgage Serviced Portfolio, a subset of the Residential Mortgage Serviced Portfolio w
Mortgage Banking Income

CRES mortgage banking income is categorized into production and servicing income. Core production income is comprised primarily of revenue from the fair value gains and losses recognized on our interest rate lock commitments (IRLCs) and LHFS, the related secondary market execution and costs related to representations and warranties in the sales transactions along with other obligations incurred in the sales of mortgage loans. Ongoing costs related to representations and warranties and other obligations that were incurred in the sales of mortgage loans in prior periods are also included in production income.

Servicing income includes income earned in connection with servicing activities and MSR valuation adjustments, net of results from risk management activities used to hedge certain market risks of the MSRs. The costs associated with our servicing activities are included in noninterest expense.

The table below summarizes the components of mortgage banking income.

2014	
2013	
2012	
148 \$ 25	
203 \$ 49	
467 137	
(Dollars in billions) Unpaid principal balance Residential mortgage loans Total	
60 days or more past due	
794 135	
	1,083 258
	2,542 649

Number of loans serviced (in thousands) Residential mortgage loans Total
 60 days or more past due

i) Excludes \$34 billion, \$39 billion and \$52 billion of home equity loans and HELOCs at December 31, 2014, 2013 and 2012, respectively.

Non-Legacy Portfolio

As previously discussed, Legacy Assets & Servicing is responsible for all of our servicing activities. The table below summarizes the balances of the residential mortgage loans that are not included in the Legacy Serviced Portfolio (the Non-Legacy Residential Mortgage Serviced Portfolio) representing 76 percent, 72 percent and 62 percent of the total residential mortgage serviced portfolio, as measured by unpaid principal balance, at December 31, 2014, 2013 and 2012, respectively. The decline in the Non-Legacy Residential Mortgage Serviced Portfolio was primarily due to MSR sales and other servicing transfers, paydowns and payoffs.

Non-Legacy Residential Mortgage Serviced Portfolio, a subset of the Residential Mortgage Serviced Portfolio w

December 31	
2013	
2014	
2012	
516 \$ 12	
	461 9

755 22

(Dollars in billions) Unpaid principal balance Residential mortgage loans Total

60 days or more past due	2,951 54
	3,267 67
	4.764 124

Number of loans serviced (in thousands) Residential mortgage loans Total

60 days or more past due

Mortgage Banking Income

2014		
2013	\$ 1,181	\$ 2,543 (683) (840)

(Dollars in millions) Production income:

Core production revenue		
498		
1,703		
Representations and warranties provision		
Total production income		
Servicing income:		
Servicing fees	1,884	3,030
Amortization of expected cash flows of	(818)	(1,043)
Fair value changes of MSRs, net of risk management		
1,368		
2,882		
1,866 (303)		
<u>4,585 (711)</u>		
activities used to hedge certain market risks <2>	294	867
<u>Other servicing-related revenue</u>	8	28
Total net servicing income		
\$ 1,563	\$ 3,874	
Total CRES mortgage banking income Eliminations <3>		
Total consolidated mortgage banking income		

¹¹¹ Represents the net change in fair value of the MSR asset due to the recognition of modeled cash flows

¹² Includes gains (losses) on sales of MSRs

¹³ Includes the effect of transfers of mortgage loans from CRES to the ALM portfolio included in All Other and intercompany allocations of servicing costs

Core production revenue decreased \$1.4 billion to \$1.2 billion in 2014 due to lower first mortgage origination volumes as described below, and to a lesser extent, industry-wide margin compression. The representations and warranties provision decreased \$157 million to \$683 million and was primarily related to non-government-sponsored enterprises exposures, partially offset by lower exposure to mortgage insurance companies as a result of settlements in 2014.

Net servicing income decreased \$1.5 billion to \$1.4 billion driven by lower servicing fees due to a smaller servicing portfolio and less favorable MSR net-of-hedge performance, partially offset by lower amortization of expected cash flows. The decline in the size of our servicing portfolio was driven by strategic sales of MSRs during 2014 and 2013 as well as loan prepayment activity, which exceeded new originations primarily due to our exit from non-retail channels.

Excludes \$50 billion, \$52 billion and \$58 billion of home equity loans and HELOCs at December 31, 2014, 2013 and 2012, respectively

Key Statistics

(Dollars in millions, except as noted) 2014 2013

\$ 43,290 11,233

\$ 32,340 10,286

\$ 83,421 6,361

\$ 66,913 5,498

Loan production ¹⁾ Total ²⁾:

First mortgage

Home equity CRES:

First mortgage

Home equity

Year end

693

810

Mortgage serviced portfolio (in billions) o.3t

Mortgage loans serviced for investors

(in billions) n> 474 550

Mortgage servicing rights:

Balance < ⁴¹	3,271 5,042	
Capitalized mortgage servicing rights		
(% of loans serviced for investors)	69 bps	92 bps

⁽⁴¹⁾ The above loan production and year-end servicing portfolio and mortgage loans serviced for investors represent the unpaid principal balance of loans. ⁽⁴²⁾ In addition to loan production in CRES, the remaining first mortgage and home equity loan production is primarily in GWIM ⁽⁴³⁾ Servicing of residential mortgage loans. HELOCs and home equity loans by Legacy Assets &

Servicing.

ii) At December 31, 2014, excludes \$259 million of certain non-U.S. residential mortgage MSR balances that are recorded in Global Markets

First mortgage loan originations in CRES and for the total Corporation declined in 2014 compared to 2013 reflecting a decline in the overall mortgage market as higher interest rates throughout most of 2014 drove a decrease in refinances.

During 2014, 60 percent of the total Corporation first mortgage production volume was for refinance originations and 40 percent was for purchase originations compared to 82 percent and 18

percent in 2013. Home Affordable Refinance Program (HARP) refinance originations were six percent of all refinance originations compared to 23 percent in 2013. Making Home Affordable non-HARP refinance originations were 17 percent of all refinance originations compared to 19 percent in 2013. The remaining 77 percent of refinance originations was conventional refinances compared to 58 percent in 2013.

Home equity production for the total Corporation was \$11.2 billion for 2014 compared to \$6.4 billion for 2013, with the increase due to a higher demand in the market based on improving housing trends, and increased market share driven by improved banking center engagement with customers and more competitive pricing.

Mortgage Servicing Rights

At December 31, 2014, the balance of consumer MSRs managed within CRES, which excludes \$259 million of certain non-U.S. residential mortgage MSRs recorded in Global Markets, was \$3.3 billion, which represented 69 bps of the related unpaid principal balance compared to \$5.0 billion, or 92 bps of the related unpaid principal balance at December 31, 2013. The consumer MSR balance managed within CRES decreased \$1.8 billion during 2014 primarily driven by a decrease in value due to lower mortgage rates at December 31, 2014 compared to December 31, 2013, which resulted in higher forecasted prepayment speeds, and the recognition of modeled cash flows, partially offset by additions to the portfolio. For more information on our servicing activities, see Off-Balance Sheet Arrangements and Contractual Obligations -Servicing, Foreclosure and Other Mortgage Matters on page 53. For more information on MSRs, see Note 23 - Mortgage Servicing Rights to the Consolidated Financial Statements.

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Global Wealth & Investment Management

(Dollars in millions)

Net interest income (RE basis)

Noninterest income:

Investment and brokerage services
 All other income
 Total noninterest income

Total revenue, net of interest expense (RE basis)

Provision for credit losses

Noninterest expense

Income before income taxes (RE basis) Income tax expense (RE basis)

2014
 5,836
 10,722 1,846
 12,568

14 13,647
 4,743 1,769
 2013
 6,064

9,709 2,017
 11,726
 17,790

56 13,033
 4,701 1,724

% Change
 (4)%

10
 (8) 7 3

(75) 5 1 3

Net income

Net interest yield (RE basis) Return on average allocated capital Efficiency ratio (RE basis)

Balance Sheet
 2.33% 25 74.15
 2.41% 30 73.26

Average

Total loans and leases Total earning assets Total assets Total deposits Allocated capital

250,747 269,279 240,242 12,000

\$ 119,775 \$ 111,023

251,395 270,789 242,161 10,000

(1) (1) 20

Year end

Total loans and leases Total earning assets Total assets Total deposits

\$ 125,431 258,219 276,587 245,391

115.846 254,031 274,113 244,901

GWIM consists of two primary businesses: Merrill Lynch Global Wealth Management (MLGWM) and U.S. Trust, Bank of America Private Wealth Management (U.S. Trust).

MLGWM's advisory business provides a high-touch client experience through a network of financial advisors focused on clients with over \$250,000 in total investable assets. MLGWM provides tailored solutions to meet our clients' needs through a full set of brokerage, banking and retirement products.

U.S. Trust, together with MLGWM's Private Banking & Investments Group, provides comprehensive wealth management solutions targeted to high

net worth and ultra high net worth clients, as well as customized solutions to meet clients' wealth structuring, investment management, trust and banking needs, including specialty asset management services.

Net income remained relatively unchanged in 2014 compared to 2013 as an increase in noninterest income and lower credit costs were offset by lower net interest income and higher noninterest expense.-

Net interest income decreased \$228 million to \$5.8 billion as a result of the low rate environment, partially offset by the impact of loan growth. Noninterest income, primarily investment and brokerage services, increased \$842 million to \$12.6 billion driven by increased asset management fees due to the impact of long-term AUM flows and higher market levels, partially offset by lower transactional revenue. Noninterest expense increased \$614 million to \$13.6 billion primarily due to higher revenue-related incentive compensation and support expenses, partially offset by lower other expenses.

Return on average allocated capital was 25 percent, down from 30 percent due to an increase in capital allocations. For more information on capital allocated to the business segments, see Business Segment Operations on page 34.

Revenue by Business

The table below summarizes revenue for MLGWM, U.S. Trust and other GWIM businesses.

Revenue by Business

(Dollars in millions)	2014	2013
Merrill Lynch Global Wealth Management	\$ 15,256	\$ 14,771
U.S. Trust	3,084	2,953
<u>Other</u>	<u>64</u>	<u>66</u>
Total revenue, net of interest expense (RE basis)	\$ 18,404	\$ 17,790

ⁱ¹ Other includes the results of BofA Global Capital Management and other administrative items

In 2014, revenue from MLGWM was \$15.3 billion, up three percent, driven by increased asset management fees due to the impact of long-term AUM flows and higher market levels, partially offset by the impact of the low rate environment on net interest income and lower transactional revenue. In 2014, revenue from U.S. Trust was \$3.1 billion, up four percent, driven by increased asset management fees due to the impact of higher market levels and long-term AUM flows.

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Client Balances

The table below presents client balances which consist of AUM, brokerage assets, assets in custody, deposits, and loans and leases.

Client Balances by Type

(Dollars in millions)	December 31	
	2014	2013
Assets under management	\$ 902,872	\$ 821,449
Brokerage assets	1,081,434	1,045,122
Assets in custody	139,555	136,190
Deposits	245,391	244,901
<u>Loans and leases ¹⁾</u>	<u>128,745</u>	<u>118,776</u>
<u>Total client balances</u>	<u>\$ 2,497,997</u>	<u>\$ 2,366,438</u>

ⁱ¹ Includes margin receivables which are classified in customer and other receivables on the Consolidated Balance Sheet.

The increase of \$131.6 billion, or six percent, in client balances was driven by higher market levels and long-term AUM flows.

Net Migration Summary

GWIM results are impacted by the net migration of clients and their corresponding deposit, loan and brokerage balances to or from CBS, Global Banking and CRES, as presented in the table below. Migrations result from the movement of clients between business segments to better align with client needs. In addition to business-as-usual migration during 2013, GWIM identified and transferred a client population with deposit balances of \$23.3 billion to CBB and home equity loan balances of \$4.5 billion to CRES, while CSS transferred credit card loan balances of \$3.2 billion to GWIM.

Net Migration Summary

(Dollars in millions)	2014	2013
Total deposits, net - GWIM from (to) CBB and Global Banking	\$ 1,350	\$ (20,974)
Total loans, net - GWIM from (to) C88 and CRES	(61)	(1,356)
Total brokerage, net - GWIM from (to) CBB and Global Banking	(2,710)	(1,251)

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Global Banking

(Dollars in millions)

Net interest income (FTE basis)

Noninterest income:

Service charges

Investment banking fees

All other income

2014

8,999

2,717 3,213 1,669

2013

8,914

2,787 3,234 1,544

% Change

1%

(3) (1) 8

Total noninterest income

Provision for credit losses

Noninterest expense

Income before income taxes (RE basis) Income tax expense (RE basis)
 Net income
 336 7,681
 16,479
 8,581 3,146

1,075 7,551
 7,853 2,880
 5,435 \$ 4,973

(69) 2 9 9 9

Net interest yield (RE basis) Return on average allocated capital Efficiency ratio (RE basis)

Balance Sheet
 2.57% 18 46.28
 2.97% 22 45.82

Average

Total loans and leases Total earning assets Total assets Total deposits Allocated capital

\$ 270,164 350,668 393,721 261,312 31,000

\$ 257,249 300,511 342,772 236,765 23,000

5 17 15 10 35

Year end

Total loans and leases Total earning assets Total assets Total deposits

\$ 272,572 336,776 379,513 251,344

\$ 269,469 336,606 378,659 265,171

Global Banking, which includes Global Corporate and Global Commercial Banking, and Investment Banking, provides a wide range of lending-related products and services, integrated working capital management and treasury solutions to clients, and underwriting and advisory services through our network of offices and client relationship teams. Our lending products and services include commercial loans, leases, commitment facilities, trade finance, real estate lending and asset-based lending. Our treasury solutions business includes treasury management, foreign exchange and short-term investing options. We also provide investment banking product's to our clients such as debt and equity underwriting and distribution, and merger-related and other advisory services. Underwriting debt and equity issuances, fixed-income and equity research, and certain market-based activities are executed through our global broker-dealer affiliates which are our primary dealers in several countries. Within Global Banking, Global Commercial Banking clients generally include middle-market companies, commercial real estate firms, auto dealerships and not-for-profit companies. Global Corporate Banking includes large global corporations, financial institutions and leasing clients.

Net income for Global Banking increased \$462 million to \$5.4 billion in 2014 compared to 2013 primarily driven by a reduction in the provision for credit losses and, to a lesser degree, an increase in revenue, partially offset by higher noninterest expense. Revenue increased \$119 million to \$16.6 billion in 2014 primarily from higher net interest income.

The provision for credit losses decreased \$739 million to \$336 million in 2014 driven by improved credit quality in the current year, and the prior year included increased reserves from loan growth. Noninterest expense increased \$130 million to \$7.7 billion in 2014 primarily from additional client-facing personnel expense and higher litigation expense.

Return on average allocated capital was 18 percent in 2014, down from 22 percent in 2013 as growth in earnings was more than offset by increased capital allocations. For more information on capital allocated to the business segments, see Business Segment Operations on page 34.

Global Corporate and Global Commercial Banking

Global Corporate and Global Commercial Banking each include Business Lending and Global Transaction Services (formerly Global Treasury Services) activities. Business Lending includes various lending-related products and services and related hedging activities including commercial loans, leases, commitment facilities, trade finance, real estate lending and asset-based lending. Global Transaction Services includes deposits, treasury management, credit card, foreign exchange, and short-term investment and custody solutions to corporate and commercial banking clients.

The table below presents a summary of Global Corporate and Global Commercial Banking results, which exclude certain capital markets activity in Global Banking.

Global Corporate and Global Commercial Banking

(Dollars in millions)	Global Corporate Banking		Global Commercial Banking Total			
	2014	2013	2014	2013	2014	2013
Revenue						
Business Lending	\$ 3,421	\$ 3,432	\$ 3,936	\$ 3,967	\$ 7,357	\$ 7,399
Global Transaction Services	3,027	2,804	2,893	2,939	5,920	5,743
Total revenue, net of interest expense			\$ 6,448	\$ 6,236	\$ 6,829	\$ 6,906
					\$ 13,277	\$ 13,142
Balance Sheet						
Average						
Total loans and leases	\$ 129,610		\$ 126,630	\$ 140,539	\$ 130,606	\$ 270,149
Total deposits	143,649		128,198	117,664	108,532	261,313
					236,730	
Year end						
Total loans and leases	\$ 131,019		\$ 130,066	\$ 141,555	\$ 139,401	\$ 272,574
Total deposits		130,557	144,312	120,787	120,860	251,344
					265,172	

Business Lending revenue in Global Corporate Banking and Global Commercial Banking remained relatively unchanged in 2014 compared to 2013 as the impact of growth in average loan balances was offset by spread compression.

Global Transaction Services revenue in Global Corporate Banking increased \$223 million in 2014 driven by the impact of growth in U.S. and non-U.S. deposit balances. Global Transaction Services revenue in Global Commercial Banking remained relatively unchanged as the impact of higher deposit balances was more than offset by spread compression.

Average loans and leases in Global Corporate and Global Commercial Banking increased five percent in 2014 driven by growth in the commercial and industrial and commercial real estate portfolios. Average deposits in Global Corporate and Global Commercial Banking increased 10 percent in 2014 due to client liquidity and international growth.

our consolidated investment banking fees, the table below presents total Corporation investment banking fees including the portion attributable to Global Banking.

Global Banking

(Dollars in millions)

Products Advisory Debt issuance Equity issuance

Investment Banking Fees

2014

2014

2013

	2014	2014	2013	2013
Total Corporation				
2013				
			1,098	\$ 1,019
			\$ 1,207	\$ 1,125
			1,532	1,620
			3,583	3,804
Total investment banking fees			583	595
Gross investment banking fees	3,213	3,234	6,280	6,401
Self-led deals	(91)	(92)	(215)	(275)
\$ 3,122	\$ 3,142	\$ 6,065	\$ 6,126	

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 most investment banking and underwriting activities are shared primarily between Global Banking and Global Markets based on the activities performed by each segment. To provide a complete discussion of

Total trading-related assets' Total loans and leases Total earning assets ui Total assets Allocated capital

449,814 62,064 461,179 607,538 34,000
 468,934 60,057 481,433 632,681 30,000

(4) 3
 (4) (4) 13

Year end

Total trading-related assets' Total loans and leases Total earning assets Total assets

\$ 418,860 59,388 421,799 579,514
 411,080 67.381 432,807 575,472

(12) (3) 1

(1) Trading-related assets include derivative assets, which are considered non-earning assets n/m = not meaningful

2

Global Markets offers sales and trading services, including research, 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. Global Markets provides market-making, financing, securities clearing, settlement and custody services globally to our institutional investor clients in support of their investing and trading activities. We also work with our commercial and corporate clients to provide risk management products using interest rate, equity, credit, currency and commodity derivatives, foreign exchange, fixed-income and mortgage-related products. As a result of our market-making activities in these products, we may be required to manage risk in a broad range of financial products including government securities, equity and equity-linked securities, high-grade and high-yield corporate debt securities, syndicated loans, MBS, commodities and asset-backed securities (ABS). In addition, the economics of most investment banking and underwriting activities are shared primarily between Global Markets and Global Banking based on the activities performed by each segment. Global Banking originates certain deal-related transactions with our corporate and commercial clients that are executed and distributed by Global Markets. For more information on investment banking fees on a consolidated basis, see page 45.

Net income for Global Markets increased \$1.6 billion to \$2.7 billion in 2014 compared to 2013. In 2014, we adopted a funding valuation adjustment into our valuation estimates primarily to include funding costs on uncollateralized derivatives and derivatives where we are not permitted to use the collateral we receive. This change in estimate resulted in a net FVA pretax charge of \$497 million. Excluding net DVA/FVA and charges in 2013 related to the U.K. corporate income tax rate reduction, net income decreased \$140 million to \$2.9 billion primarily driven by lower trading account profits and net interest income, partially offset by a decrease in noninterest expense, a \$240 million gain in 2014 related to the initial public offering (IPO) of an equity investment and higher investment and brokerage services income. Results for 2013 included a \$450 million write-down of a monoline receivable due to the settlement of a legacy matter. Net DVA/FVA losses were \$240 million compared to losses of \$1.2 billion in 2013. Noninterest expense decreased \$225 million to \$11.8 billion due to lower litigation expense and revenue-related incentives, partially offset by higher technology costs and investments in infrastructure.

Average earning assets decreased \$20.3 billion to \$461.2 billion in 2014 largely driven by a decrease in trading assets to further optimize the balance sheet.

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Year-end loans and leases decreased \$8.0 billion in 2014 due to a decrease in low-margin prime brokerage loans.

The return on average allocated capital was eight percent, up from four percent, largely driven by higher net income, partially offset by an increase in allocated capital. Excluding net DVA/FVA and charges in 2013 related to the U.K. corporate income tax rate reduction, the return on average allocated capital was eight percent, a decrease from 10 percent, driven by lower net income, excluding net DVA/FVA and the tax change, and an increase in allocated capital.

Sales and Trading Revenue

Sales and trading revenue includes unrealized and realized gains and losses on trading and other assets, net interest income, and fees primarily from commissions on equity securities. Sales and trading revenue is segregated into fixed income (government debt obligations, investment and non-investment grade corporate debt obligations, commercial mortgage-backed securities, residential mortgage-backed securities (RMBS), collateralized loan obligations (CLOs), interest rate and credit derivative contracts), currencies (interest rate and foreign exchange contracts), commodities (primarily futures, forwards, swaps and options) and equities (equity-linked derivatives and cash equity activity). The following table and related discussion present sales and trading revenue, substantially all of which is in Global Markets, with the remainder in Global Banking. In addition, the following table and related discussion present sales and trading revenue excluding the impact of net DVA/FVA, which is a non-GAAP financial measure. We believe the use of this non-GAAP financial measure provides clarity in assessing the underlying performance of these businesses.

Sales and Trading Revenue ¹ ²

(Dollars in millions)	2014	2013		
Sales and trading revenue				
Fixed income, currencies and commodities	\$ 8,706	\$ 8,231		
Equities	4,215	4,180		
			Total sales and trading revenue	\$ 12,921 \$ 12,411
Sales and trading revenue, excluding net DVA/FVA ³				
Fixed income, currencies and commodities	\$ 9,013	\$ 9,345		
Equities	4,148	4,224		
Total sales and trading revenue, excluding			net DVA/FVA	\$ 13,161 \$ 13,569

n> Includes FTE adjustments of \$181 million and \$180 million for 2014 and 2013. For more information on sales and trading revenue, see Note 2 - Derivatives to the Consolidated Financial Statements.

^{13>} Includes Global Banking sales and trading revenue of \$382 million and \$385 million for 2014 and 2013.

u> FICC and Equities sales and trading revenue, excluding the impact of net DVA and FVA, is a non-GAAP financial measure FICC net DVA/FVA losses were \$307 million for 2014 compared to net DVA losses of \$1.1 billion in 2013. Equities net DVA/FVA gains were \$67 million for 2014 compared to net DVA losses of \$44 million in 2013

Fixed-income, currency and commodities (FICC) revenue, excluding net DVA/FVA, decreased \$332 million to \$9.0 billion driven by declines in the rates and credit-related businesses due to both lower market volumes and volatility, partially offset by improvement in the commodities business. The prior year included a \$450 million write-down of a monoline receivable related to the settlement of a legacy matter. Equities revenue, excluding net DVA/FVA, decreased \$76 million to \$4.1 billion due to financing additional liquid asset buffers, pursuant to current regulatory requirements, primarily in our broker-dealer entities, which also negatively impacted FICC results.

All Other

(Dollars in millions)	2014	2013	% Change
Net interest income (FTE basis) \$ (516) \$ 982			n/m
Noninterest income:			
Card income	356	328	9%
Equity investment income	601	2,610	(77)
Gains on sales of debt securities	1,311	1,230	7

All other loss			(2,467)	(2,587)	(5)
Total noninterest income			(199)	1,581	n/m
Total revenue; net of interest expense (FTE basis)	(715)	2,563			n/m
Provision (benefit) for credit losses	(978)	(666)			47
Noninterest expense			2,881	4,559	(37)
Loss before income taxes (FTE basis)	(2,618)	(1,330)			97
Income tax benefit (FTE basis)			(2,622)	(2,042)	28
Net Income			\$ 4	\$ 712	(99)
Balance Sheet					
Average					
Loans and leases:					
Residential mortgage	\$ 180,249	\$ 208,535			(14)
Non-U.S. credit card	11,511	10,861			6
Other		■	10,752	16,064	(33)
Total loans and leases			202,512	235,460	(14)
Total assets u>	160,272	216,012			(26)
Total deposits	30,255	34,919			(13)
Year end					
Loans and leases:					
Residential mortgage	\$ 155,595	\$ 197,061			(21)
Non-U.S. credit card	10,465	11,541			(9)
Other			6,552	12,088	(46)
Total loans and leases			172,612	220,690	(22)
Total assets ID	142,812	167,624			(15)
Total deposits			18,898	27,912	(32)

hi 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. Such allocated assets were \$595.2 billion and \$538.8 billion for 2014 and 2013, and \$589.9 billion and \$569.8 billion at December 31, 2014 and 2013. n/m = not meaningful

All Other consists of ALM activities, equity investments, the international consumer card business, liquidating businesses, residual expense allocations and other. ALM activities encompass the whole-loan residential mortgage portfolio and investment securities, interest rate and foreign currency risk management activities including the residual net interest income allocation, the impact of certain allocation methodologies and accounting hedge ineffectiveness. Additionally, certain residential mortgage loans that are managed by Legacy Assets & Servicing are held in All Other. The results of certain ALM activities are allocated to our business segments. For more information on our ALM activities, see Interest Rate Risk Management for Non-trading Activities on page 105. Equity investments include GPI which is comprised of a portfolio of equity, real estate and other alternative investments. These investments are made either directly in a company or held through a fund with related income recorded in equity investment income. In connection with our strategy to focus on our core businesses and to conform with the Volcker Rule, the GPI portfolio has been actively winding down over the last several years through a series of portfolio and individual asset sale transactions.

Net income for All Other decreased \$708 million to \$4 million in 2014 primarily due to the negative impact on net interest income of market-related premium amortization expense on debt securities of \$1.2 billion compared to a benefit of \$784 million in 2013 as lower long-term interest rates shortened the expected lives of the securities, a decrease of \$2.0 billion in equity investment income and a \$363 million increase in U.K. PPI costs. Partially offsetting these decreases were gains related to the sales of residential mortgage loans, a \$312 million improvement in the provision (benefit) for credit losses and a decrease of \$1.7 billion in noninterest expense. The provision (benefit) for credit losses improved \$312 million to a benefit of \$978 million in 2014 primarily driven by the impact of recoveries related to nonperforming and delinquent loan sales, partially offset by a slower pace of credit quality improvement related to the residential mortgage portfolio. Noninterest expense decreased \$1.7 billion to \$2.9 billion primarily due to a decline in litigation expense, lower net occupancy expense and a decline in professional fees. Also offsetting the decrease was a \$580 million increase in the income tax benefit. For more information on the U.K. PPI costs, see Note 12 - Commitments and Contingencies to the Consolidated Financial Statements.

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The income tax benefit was \$2.6 billion in 2014 compared to a benefit of \$2.0 billion in 2013 with the increase driven by the increase in the pretax loss in All Other and the resolution of several tax examinations, partially offset by a decrease in benefits from non-U.S. restructurings.

Equity Investment Activity

The following tables present the components of equity investments in All Other at December 31, 2014 and 2013, and also a reconciliation to the total consolidated equity investment income for 2014 and 2013.

Equity Investments

(Dollars in millions)	December 31			
	2014	2013		
Global Principal Investments	\$ 912	\$ 1,604		
<u>Strategic and other investments</u>	<u>858</u>	<u>822</u>		
			<u>Total equity investments included in All Other</u>	<u>\$ 1,770 \$ 2,426</u>

Equity Investment Income

(Dollars in millions)	2014	2013		
Global Principal Investments	\$ (46)	\$ 379		
<u>Strategic and other investments</u>	<u>647</u>	<u>2,231</u>		
<u>Total equity investment income included in All Other</u>	<u>601</u>	<u>2,610</u>		
Total equity investment income included in the business segments	529	291		
			<u>Total consolidated equity investment Income</u>	<u>\$ 1,130 \$ 2,901</u>

Equity investment income decreased \$1.8 billion primarily due to a \$753 million gain related to the sale of our remaining investment in China Construction Bank Corporation (CCB) in 2013, lower gains on sales of portions of an equity investment compared to 2013, and lower GPI results. These declines were partially offset by a gain in 2014 related to the IPO of an equity investment.

Equity investments included in All Other decreased \$656 million to sales of \$1.8 billion during 2014, with the down of \$31 million of the GPI portfolio. GPI had at \$127 million at

Off-Balance Sheet Arrangements and Contractual Obligations

We have contractual obligations to make future payments on debt and lease agreements. Additionally, in the normal course of business, we enter into contractual arrangements whereby we commit to future purchases of products or services from unaffiliated parties. Purchase obligations are defined as obligations that are legally binding agreements whereby we agree to purchase products or services with a specific minimum quantity at a fixed, minimum or variable price over a specified period of time. Included in purchase obligations are vendor contracts, the most significant of which include communication services, processing services and software contracts. Other long-term liabilities include our contractual funding obligations related to the Qualified Pension Plans, Non-U.S. Pension Plans, Nonqualified and Other Pension Plans, and Postretirement Health and Life Plans (collectively, the Plans). Obligations to the Plans are based on the current and projected obligations of the Plans, performance of the Plans' assets and any participant contributions, if applicable.

During 2014 and 2013, we contributed \$234 million and \$290 million to the Plans, and we expect to make \$244 million of contributions during 2015. The Plans are more fully discussed in Note 17 - Employee Benefit Plans to the Consolidated Financial Statements.

Debt, lease, equity and other obligations are more fully discussed in Note 11 - Long-term Debt and Note 12 - Commitments and Contingencies to the Consolidated Financial Statements.

We enter 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 our customers. For a summary of the total unfunded, or off-balance sheet, credit extension commitment amounts by expiration date, see Credit Extension Commitments in Note 12 - Commitments and Contingencies to the Consolidated Financial Statements.

Table 11 includes certain contractual obligations at December 31, 2014.

Table 11 Contractual Obligations

		December 31, 2014				
		Due in One	One Year	Due After	Due After	
		Year or Less	Through	Three Years	Through	Due After
			Three Years	Through	Five Years	Five Years Total
				Five Years		
(Dollars in millions)						
Long-term debt						\$ 30,724
80,753	\$ 49,136	\$ 82,526	\$ 243,139			\$
Operating lease					obligations	2,553
4,157	2,725	4,971	14,406			
Purchase obligations						2,077
2,864	361	242	5,544			
Time deposits						75,604
5,865	1,640	1,734	84,843			
Other long-term liabilities						1,470
928	698	1,136	4,232			
<u>Estimated interest expense on long-term debt and time deposits⁽¹⁾</u>		<u>5,036</u>	<u>10,511</u>	<u>7,665</u>	<u>12,323</u>	<u>35,535</u>
<u>Total contractual obligations</u>		<u>\$ 117,464</u>	<u>\$ 105,078</u>	<u>\$ 62,225</u>	<u>\$ 102,932</u>	<u>\$ 387,699</u>

⁽¹⁾ Represents forecasted net interest expense on long-term debt and time deposits. Forecasts are based on the contractual maturity dates of each liability, and are net of derivative hedges, where applicable.

Representations and Warranties

We securitize first-lien residential mortgage loans generally in the form of RMBS guaranteed by the government-sponsored enterprises (GSEs) or by the Government National Mortgage Association (GNMA) in the case of Federal Housing Administration (FHA)-insured, U.S. Department of Veterans Affairs (VA)-guaranteed and Rural Housing Service-guaranteed mortgage loans, and sell pools of first-lien residential mortgage loans in the form of whole loans. In addition, in prior years, legacy companies and certain subsidiaries sold pools of first-lien residential mortgage loans and home equity loans as private-label securitizations (in certain of these securitizations, monoline insurers or other financial guarantee providers insured all or some of the securities) or in the form of whole loans. In connection with these transactions, we or certain of our subsidiaries or legacy companies make or have made various representations and warranties. Breaches of these representations and warranties have resulted in and may continue to result in the requirement to repurchase mortgage loans or to otherwise make whole or provide other remedies to the GSEs, U.S. Department of Housing and Urban Development (HUD) with respect to FHA-insured loans, VA, whole-loan investors, securitization trusts, monoline insurers or other financial guarantors (collectively, repurchases). In all such cases, subsequent to repurchasing the loan, we would be exposed to any credit loss on the repurchased mortgage loans, after accounting for any mortgage insurance (MI) or mortgage guarantee payments that we may receive.

We have vigorously contested any request for repurchase when we conclude that a valid basis for repurchase does not exist and will continue to do so in the future. However, in an effort to resolve these legacy mortgage-related issues, we have reached settlements, certain of which have been for significant amounts, in lieu of a loan-by-loan review process, including with the GSEs, four monoline insurers and Bank of New York Mellon (BNY Mellon), as trustee. The settlement with BNY Mellon (BNY Mellon Settlement) remains subject to final court approval and certain other conditions. It is not currently possible to predict the ultimate outcome or timing of the court approval process, which includes appeals and could take a substantial

period of time. If final court approval is not obtained, or if we and Countrywide Financial Corporation (Countrywide) withdraw from the BNY Mellon Settlement in accordance with its terms, our future representations and warranties losses could be substantially different from existing accruals and the estimated range of possible loss over existing accruals.

For more information on accounting for representations and warranties, repurchase claims and exposures, including a summary of the larger bulk settlements, see Note 7 - Representations and Warranties Obligations and Corporate Guarantees and Note 12 - Commitments and Contingencies to the

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Consolidated Financial Statements and Item 1A. Risk Factors of this Annual Report on Form 10-K.

Unresolved Repurchase Claims

Unresolved representations and warranties repurchase claims represent the notional amount of repurchase claims made by counterparties, typically the outstanding principal balance or the unpaid principal balance at the time of default. In the case of first-lien mortgages, the claim amount is often significantly greater than the expected loss amount due to the benefit of collateral and, in some cases, MI or mortgage guarantee payments. Claims received from a counterparty remain outstanding until the underlying loan is repurchased, the claim is rescinded by the counterparty or the representations and warranties claims with respect to the applicable trust are settled, and fully and finally released. When a claim is denied and the Corporation does not receive a response from the counterparty, the claim remains in the unresolved repurchase claims balance until resolution.

At December 31, 2014, we had \$22.4 billion of unresolved repurchase claims, net of duplicate claims, compared to \$18.7 billion at December 31, 2013. These repurchase claims relate primarily to private-label securitizations and include claims in the amount of \$4.7 billion, net of duplicate claims, where we believe the statute of limitations has expired under current law. For additional information, see Note 7 - Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements.

The continued increase in the notional amount of unresolved repurchase claims during 2014 is primarily due to: (1) continued submission of claims by private-label securitization trustees, (2) the level of detail, support and analysis accompanying such claims, which impact overall claim quality and, therefore, claims resolution, (3) the lack of an established process to resolve disputes related to these claims, (4) the submission of claims where we believe the statute of limitations has expired under current law and (5) the submission of duplicate claims, often in multiple submissions, on the same loan. For example, claims submitted without individual file reviews generally lack the level of detail and analysis of individual loans found in other claims that is necessary to support a claim. Absent any settlements, the Corporation expects unresolved repurchase claims related to private-label securitizations to increase as such claims continue to be submitted and there is not an established process for the ultimate resolution of such claims on which there is a disagreement.

In addition to unresolved repurchase claims, we have received notifications pertaining to loans for which we have not received a repurchase request from sponsors of third-party securitizations with whom we engaged in whole-loan transactions and that we may owe indemnity obligations. These notifications totaled \$2.0 billion and \$737 million at December 31, 2014 and 2013.

We also from time to time receive correspondence purporting to raise representations and warranties breach issues from entities that do not have contractual standing or ability to bring such claims. We believe such communications to be procedurally and/or substantively invalid, and generally do not respond to such correspondence.

The presence of repurchase claims on a given trust, receipt of notices of indemnification obligations and other communication, as discussed above, are all factors that inform our estimated liability for obligations under representations and warranties and the corresponding estimated range of possible loss.

Representations and Warranties Liability

The liability for representations and warranties and corporate guarantees is included in accrued expenses and other liabilities on the Consolidated Balance Sheet and the related provision is included in mortgage banking income in the Consolidated Statement of Income. For more information on the representations and warranties liability and the corresponding estimated range of possible loss, see Off-Balance Sheet Arrangements and Contractual Obligations - Estimated Range of Possible Loss on page 53.

At December 31, 2014 and 2013, the liability for representations and warranties was \$12.1 billion and \$13.3 billion. For 2014, the representations and warranties provision was \$683 million compared to \$840 million for 2013.

Our estimated liability at December 31, 2014 for obligations under representations and warranties is necessarily dependent on, and limited by a number of factors including for private-label securitizations the implied repurchase experience based on the BNY Mellon Settlement, as well as certain other assumptions and judgmental factors. Accordingly, future provisions associated with obligations under representations and warranties may be materially impacted if actual experiences are different from historical experience or our understandings, interpretations or assumptions. Although we have not recorded any representations and warranties liability for certain potential private-label securitization and whole-loan exposures where we have had little to no claim activity, or where the applicable statute of limitations has expired under current law, these exposures are included in the estimated range of possible loss.

Experience with Government-sponsored Enterprises

As a result of various settlements with the GSEs, we have resolved substantially all outstanding and potential representations and warranties repurchase claims on whole loans sold by legacy Bank of America and Countrywide to Fannie Mae (FNMA) and Freddie Mac (FHLMC) through June 30, 2012 and December 31, 2009, respectively. For additional information, see Note 7 - Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements.

Experience with Investors Other than Government-sponsored Enterprises

In prior years, legacy companies and certain subsidiaries sold pools of first-lien residential mortgage loans and home equity loans as private-label securitizations or in the form of whole loans to investors other than GSEs (although the GSEs are investors in certain private-label securitizations). Such

loans originated from 2004 through 2008 had an original principal balance of \$970 billion, including \$786 billion sold to private-label and whole-loan investors without monoline insurance and \$185 billion with monoline insurance. Of the \$970 billion, \$574 billion in principal has been paid, \$201 billion in principal has defaulted, \$44 billion in principal was severely delinquent, and \$151 billion in principal was current or less than 180 days past due at December 31, 2014 as summarized in Table 12. Of the original principal balance of \$716 billion for Countrywide, \$409 billion is included in the BNY Mellon Settlement and, of this amount, \$109 billion was defaulted or severely delinquent at December 31, 2014.

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Table 12 Overview of Non-Agency Securitization and Whole-loan Balances from 2004 to 2008

Defaulted or Severely Delinquent

(Dollars in billions)

By Entity Bank of America Countrywide Merrill Lynch First Franklin
Balance

100 716 72 82

Outstanding Principal Original Balance Principal December
31, 2014

15 \$ 153 13 14

Defaulted Principal

150 18 26

7

Defaulted or Severely Delinquent

10 185 21 29

Payments

1 \$ 24 3 5

Borrower Borrower Made Made Less than 13 13 to 24

Payments

2 \$ 44 4 6

Borrower

Made 25 to 36 Payments

2 44 3 5

Borrower Made More than 36 Payments

5 73 11 13

Total

By Product Prime Alt-A * Pay option Subprime Home equity Other

Total

970 \$

302 173 150 251 88 6

970

195 \$

55 44 32 50 9 5

195

44 \$

7 \$ 10 10 15

44

201 \$

27 40 44 70 18 2

201 \$

245

34 50 54 85 18 4

245

33

2 7 5 17 2

33

56

6 12 13 20

5

56

7 11 15 16 4 1

54

102

19 20 21 32 7 3

102

⁽¹⁾ Excludes transactions sponsored by Bank of America and Merrill Lynch where no representations or warranties were made ⁽²⁾ Includes exposures on third-party sponsored transactions related to legacy entity originations

As it relates to private-label securitizations, we believe a contractual liability to repurchase mortgage loans generally arises if there is a breach of representations and warranties that materially and adversely affects the interest of the investor or all the investors in a securitization trust or of the monoline insurer or other financial guarantor (as applicable). We believe many of the loan defaults observed in these securitizations and whole-loan transactions were driven by external factors like the substantial depreciation in home prices experienced after the economic downturn, persistently high unemployment and other negative economic trends, diminishing the likelihood that any loan defect, to the extent any exists, was the cause of a loan's default.

Experience with Private-label Securitization and Whole Loan Investors

Legacy entities, and to a lesser extent Bank of America, sold loans to investors via private-label securitizations or as whole loans. The majority of the loans sold were included in private-label securitizations, including third-party sponsored transactions. We provided representations and warranties to the whole-loan investors and these investors may retain those rights even when the whole loans were aggregated with other collateral into private-label securitizations sponsored by the whole-loan investors. Loans originated between 2004 and 2008 and sold without monoline insurance had an original total principal balance of \$786 billion included in Table 12. Of the \$786 billion, \$469 billion have been paid in full and \$193 billion were defaulted or severely delinquent at December 31, 2014. At least 25 payments have been made on approximately 64 percent of the defaulted and severely delinquent loans.

We have received approximately \$33 billion of representations and warranties repurchase claims related to these vintages, including \$24 billion from private-label securitization trustees and a financial guarantee provider, \$8 billion from whole-loan investors and \$815 million from one private-label securitization counterparty. Continued high levels of new private-label claims are primarily related to repurchase requests received from trustees for private-label securitization transactions not included in the BNY Mellon Settlement. We have resolved \$9 billion of these claims with losses of \$2 billion. The majority of these resolved claims were from third-party whole-loan investors. Approximately \$4 billion of these claims were resolved through repurchase or indemnification, \$5 billion were rescinded by the investor and \$336 million were resolved through settlements. As of December 31, 2014, 15 percent of the whole-loan claims for loans originated between 2004 and 2008 that we initially denied have subsequently been resolved through repurchase or make-whole payments and 45 percent have been resolved through rescission of the claim by the counterparty or repayment in full by the borrower. At December 31, 2014, for loans originated between 2004 and 2008, the notional amount of unresolved repurchase claims submitted by private-label securitization trustees, whole-loan investors, including third-party securitization sponsors and others was \$24 billion, including \$3 billion of duplicate claims primarily submitted without a loan file review. We have performed an initial review with respect to substantially all of these claims and although we do not believe a valid basis for repurchase has been established by the claimant, we consider claims activity in the computation of our liability for representations and warranties. Until we receive a repurchase claim, we generally do not review loan files related to private-label securitizations and believe we are not required by the governing documents to do so.

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Experience with Monoline Insurers

During 2014, we had limited loan-level representations and warranties repurchase claims experience with the monoline insurers due to settlements and ongoing litigation with a single monoline insurer. For more information related to the monolines, see Note 7 - Representations and Warranties

Obligations and Corporate Guarantees and Note 12 - Commitments and Contingencies to the Consolidated Financial Statements.

Estimated Range of Possible Loss

We currently estimate that the range of possible loss for representations and warranties exposures could be up to \$4 billion over existing accruals at December 31, 2014. The estimated range of possible loss reflects principally non-GSE exposures. It represents a reasonably possible loss, but does not represent a probable loss, and is based on currently available information, significant judgment and a number of assumptions that are subject to change.

For more information on the methodology used to estimate the representations and warranties liability, the corresponding estimated range of possible loss and the types of losses not considered in such estimates, see Item 1A. Risk Factors of this Annual Report on Form 10-K and Note 7 - Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements and, for more information related to the sensitivity of the assumptions used to estimate our liability for obligations under representations and warranties, see Complex Accounting Estimates - Representations and Warranties Liability on page 113.

Department of Justice Settlement

On August 20, 2014, we reached a comprehensive settlement with the DoJ and certain federal and state agencies (DoJ Settlement). The DoJ Settlement included releases for securitization, origination, sale and other specified conduct relating to RMBS and collateralized debt obligations (CDOs), and an origination release on specified populations of residential mortgage loans sold to GSEs and private-label RMBS trusts. The DoJ Settlement resolved certain actual and potential civil claims by the DoJ, the Securities and Exchange Commission and State Attorneys General from six states, the FHA and GNMA, as well as all pending RMBS claims against Bank of America entities brought by the FDIC. For FHA-insured loans originated on or after May 1, 2009, we also received a release of origination liability for loans only if an insurance claim had been submitted to the FHA prior to January 1, 2014. If a claim had not been submitted by that date, we did not receive a release and we may be exposed to losses on such loans. For more information on FHA-insured loans originated on or before April 30, 2009, see Off-Balance Sheet Arrangements and Contractual Obligations - National Mortgage Settlement on page 54.

As part of the DoJ Settlement, we paid civil monetary penalties and compensatory remediation payments totaling \$9.65 billion in 2014 and agreed to provide \$7.0 billion worth of creditable consumer relief activities primarily in the form of mortgage modifications, including first-lien principal forgiveness and forbearance modifications and second- and junior-lien extinguishments, low- to moderate-income mortgage originations, and community reinvestment and neighborhood stabilization efforts, with initiatives focused on communities experiencing, or

at risk of, blight. In addition, we recorded \$400 million of provision for credit losses for additional costs associated with the consumer relief portion of the settlement. Also, we will support the expansion of available affordable rental housing. We have committed to complete delivery of the consumer relief by no later than August 31, 2018. The consumer relief requirements are subject to oversight by an independent monitor.

Servicing, Foreclosure and Other Mortgage Matters

We service a large portion of the loans we or our subsidiaries have securitized and also service loans on behalf of third-party securitization vehicles and other investors. Our servicing obligations are set forth in servicing agreements with the applicable counterparty. These obligations may include, but are not limited to, loan repurchase requirements in certain circumstances, indemnifications, payment of fees, advances for foreclosure costs that are not reimbursable, or responsibility for losses in excess of partial guarantees for VA loans.

Servicing agreements with the GSEs generally provide the GSEs with broader rights relative to the servicer than are found in servicing agreements with private investors. For example, the GSEs claim that they have the contractual right to demand indemnification or loan repurchase for certain servicing breaches. In addition, the GSEs' first-lien mortgage seller/servicer guides provide timelines to resolve delinquent loans through workout efforts or liquidation, if necessary, and purport to require the imposition of compensatory fees if those deadlines are not satisfied except for reasons beyond the control of the servicer. In addition, many non-agency RMBS and whole-loan servicing agreements state that the servicer may be liable for failure to perform its servicing obligations in keeping with industry standards or for acts or omissions that involve willful malfeasance, bad faith or gross negligence in the performance of, or reckless disregard of, the servicer's duties.

It is not possible to reasonably estimate our liability with respect to certain potential servicing-related claims. While we have recorded certain accruals for servicing-related claims, the amount of potential liability in excess of existing accruals could be material to the Corporation's results of operations or cash flows for any particular reporting period.

2013 IFR Acceleration Agreement

On January 7, 2013, we and other mortgage servicing institutions entered into an agreement in principle with the Office of the Comptroller of the Currency (OCC) and the Federal Reserve to cease the Independent Foreclosure Review (IFR) that had commenced pursuant to consent orders entered into by Bank of America with the Federal Reserve (2011 FRB Consent Order) and the 2011 OCC Consent Order entered into between BANA and the OCC and replaced it with an accelerated remediation process (2013 IFR Acceleration Agreement). The 2013 IFR Acceleration Agreement requires us to provide \$1.8 billion of borrower assistance in the form of loan modifications and other foreclosure prevention actions, and in addition, we made a cash payment of \$1.1 billion into a qualified settlement fund in 2013. The borrower assistance program is not expected to result in any incremental credit provision, as we believe that the existing allowance for credit losses is adequate to absorb any costs that have not already been recorded as charge-offs.

National Mortgage Settlement

In March 2012, we entered into settlement agreements (collectively, the National Mortgage Settlement) with the U.S. Department of Justice, 49 State Attorneys General and certain federal agencies. The National Mortgage Settlement provided for the establishment of certain uniform servicing standards, upfront cash payments of approximately \$1.9 billion to the state and federal governments and for borrower restitution, an upfront cash payment of \$500 million to settle certain claims related to FHA-insured loans, approximately \$7.6 billion worth of borrower assistance in the form of credits earned for, among other things, principal reduction, and approximately \$1.0 billion of credits earned for interest rate reduction modifications. The resulting interest rate reductions, which were not accounted for as troubled debt restructurings, resulted in an estimated decrease in fair value of the modified loans of approximately \$740 million and a reduction in annual interest income of approximately \$120 million.

The parties to the National Mortgage Settlement agreed to release us from further liability for certain alleged residential mortgage origination, servicing and foreclosure deficiencies. For FHA-guaranteed loans originated on or before April 30, 2009, we also received (1) a release of origination liability for loans where an insurance claim had been submitted to the FHA prior to January 1, 2012 and (2) a release of multiple damages and penalties, but not administrative indemnification claims for single damages, for loans where no insurance claim had been submitted by January 1, 2012.

The independent monitor appointed as a result of the National Mortgage Settlement to review and certify compliance with its provisions has confirmed that we have substantially fulfilled all commitments for borrower assistance, including principal reductions, and interest rate reductions.

Mortgage Electronic Registration Systems, Inc.

We are subject to certain legal and contractual requirements for how we hold, transfer, use or enforce promissory notes, security instruments and other documents for residential mortgage loans that we service. In recent years, challenges have been raised to whether we have adhered to these requirements, and whether, as a result in some instances, the loans can be enforced as local law otherwise would permit. Additionally, we currently use the MERS system for approximately half of the residential mortgage loans that remain in our servicing portfolio, but individuals and certain local governments have contended that the use of MERS is improper or otherwise adversely affects the security interest. If documentation requirements were not met, or if the use of MERS or the MERS system is found not valid or effective, we could be obligated to, or choose to, take remedial actions and may be subject to additional costs or losses.

Impact of Foreclosure Delays

Foreclosure delays that impact our default-related servicing costs, which include mortgage-related assessments, waivers and similar costs, peaked in mid-2013 and have declined throughout 2014 as delinquencies declined. However, unexpected foreclosure delays could impact the rate of decline. In 2014, we recorded \$14 million of mortgage-related assessments, waivers and similar costs related to foreclosure delays compared to \$514 million in 2013.

Other Mortgage-related Matters

We continue to be subject to additional borrower and non-borrower litigation and governmental and regulatory scrutiny related to our past and current origination, servicing, transfer of servicing and servicing rights, and foreclosure activities, including those claims not covered by the National Mortgage Settlement or the DoJ Settlement. This scrutiny may extend beyond our pending foreclosure matters to issues arising out of alleged irregularities with respect to previously completed foreclosure activities. The ongoing environment of additional regulation, increased regulatory compliance obligations, and enhanced regulatory enforcement, combined with ongoing uncertainty related to the continuing evolution of the regulatory environment, has resulted in operational and compliance costs and may limit our ability to continue providing certain products and services. For more information on management's estimate of the aggregate range of possible loss and on regulatory investigations, see Note 12 - Commitments and Contingencies to the Consolidated Financial Statements.

Mortgage-related Settlements - Servicing Matters

In connection with the BNY Mellon Settlement, BANA has agreed to implement certain servicing changes related to loss mitigation activities. BANA also agreed to transfer the servicing rights related to certain high-risk loans to qualified subservicers on a schedule that began with the signing of the BNY Mellon Settlement. This servicing transfer protocol has reduced the servicing fees payable to BANA. Upon final court approval of the BNY Mellon Settlement, failure to meet the established benchmarking standards for loans not in subservicing arrangements can trigger payment of agreed-upon fees. Additionally, we and Countrywide have agreed to work to resolve with the Trustee certain mortgage documentation issues related to the enforceability of mortgages in foreclosure and to reimburse the related Covered Trust for any loss if BANA is unable to foreclose on the mortgage and the Covered Trust is not made whole by a title policy because of these issues. These agreements will terminate if final court approval of the BNY Mellon Settlement is not obtained, although we could still have exposure under the pooling and servicing agreements related to the mortgages in the Covered Trusts for these issues.

BANA has agreed to implement uniform servicing standards established under the National Mortgage Settlement. These standards are intended to strengthen procedural safeguards and documentation requirements associated with foreclosure, bankruptcy and loss mitigation activities, as well as addressing the imposition of fees and the integrity of documentation, with a goal of ensuring greater transparency for borrowers. These uniform servicing standards also obligate us to implement compliance processes reasonably designed to provide assurance of the achievement of these objectives. Compliance with the uniform servicing standards is subject to ongoing review by the independent monitor. Implementation of these uniform servicing standards has contributed to elevated costs associated with the servicing process, but is not expected to result in material delays or dislocation in the performance of our mortgage servicing obligations, including the completion of foreclosures.

Managing Risk Overview

Risk is inherent in all our business activities. Sound risk management enables us to serve our customers and deliver for our shareholders. If not managed well, risks can result in financial loss, regulatory sanctions and penalties, and damage to our reputation, each of which may adversely impact our ability to execute our business strategies. The seven types of risk faced by Bank of America are strategic, credit, market, liquidity, compliance, operational and reputational risks.

Strategic risk is the risk resulting from incorrect assumptions about external or internal factors, inappropriate business plans, ineffective business strategy execution, or failure to respond in a timely manner to changes in the regulatory, macroeconomic or competitive environments. Credit risk is the risk of loss arising from the inability or failure of a borrower or counterparty to meet its obligations. Market risk is the risk that changes in market conditions may adversely impact the value of assets or liabilities, or otherwise negatively impact earnings. Liquidity risk is the potential inability to meet contractual or contingent financial obligations, either on- or off-balance sheet, as they come due. Compliance risk is the risk of legal or regulatory sanctions or penalties arising from the failure of the Corporation to comply with requirements of applicable laws, rules and regulations. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Reputational risk is the potential that negative perceptions of the Corporation's conduct or business practices may adversely impact its profitability or operations through an inability to establish new or maintain existing customer/client relationships. Reputational risk is evaluated along with all of the risk categories and throughout the risk management process and, as such, is not discussed separately herein. The following sections, Strategic Risk Management on page 58, Capital Management on page 59 Liquidity Risk on page 65, Credit Risk Management on page 70, Market Risk Management on page 99, Compliance Risk Management on page 108 and Operational Risk Management on page 109, address in more detail the specific procedures, measures and analyses of the major categories of risk. This discussion of managing risk focuses on the Risk Framework that, as part of its annual review process, was approved by the Corporation's Board of Directors (the Board) and its Enterprise Risk Committee (ERC) in January 2015. The key enhancements from the 2014 Risk Framework include further increasing the focus on our strong risk culture and ensuring consistency with recent regulatory guidance. It continues to recognize the same seven key risk types as discussed above, and the five components of our risk management approach as outlined below.

A strong risk culture is fundamental to our core values and operating principles. It requires us to focus on risk in all activities and encourages the necessary mindset and behavior to enable effective risk management, and promotes sound risk taking within our risk appetite. Sustaining a strong risk culture throughout the organization is critical to the success of the Corporation and is a clear expectation of our executive management team and the Board.

Our Risk Framework is the foundation for comprehensive management of the risks facing the Corporation. It outlines clear responsibilities and accountabilities for managing risk. The Risk Framework sets forth roles and responsibilities for the

management of risk by front line units (FLUs), independent risk management, control functions and Corporate Audit, each of which is described below in Managing Risk - Risk Management Governance, 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. It describes the five components of our risk management approach (risk culture, risk appetite, risk management processes, risk data aggregation and reporting, and risk governance) and the seven key types of risk we face.

Executive management assesses, with Board oversight, the risk-adjusted returns of each business. Management reviews and approves strategic and financial operating plans, and recommends a financial plan annually to the Board for approval. Our strategic plan takes into consideration return objectives and financial resources, which must align with risk capacity and risk appetite. Management sets financial objectives for each business by allocating capital and setting a target for return on capital for each business. Capital allocations and operating limits are regularly evaluated as part of our overall governance processes as the businesses and the economic environment in which we operate continue to evolve. For more information regarding capital allocations, see Business Segment Operations on page 34.

Our Risk Appetite Statement is intended to ensure that the Corporation maintains an acceptable risk profile by providing a common framework and a comparable set of measures for senior management and the Board to clearly indicate the level of risk the Corporation is willing to accept. The Risk Appetite Statement includes both quantitative limits and qualitative components. Risk appetite is set at least annually in conjunction with the strategic, capital and financial operating plans to align risk appetite with the Corporation's strategy and financial resources. Line of business strategies and risk appetite are also aligned. As part of its annual review, the Board approved the Risk Appetite Statement in January 2015.

Our overall capacity to take risk is limited; therefore, we prioritize the risks we take in order to maintain a strong and flexible financial position so we can withstand challenging economic times and take advantage of organic growth opportunities. Therefore, we set objectives and targets for capital and liquidity that are intended to permit the Corporation to continue to operate in a safe and sound manner at all times, including during periods of stress.

Each of our lines of business operates within their credit, market and operational risk appetite limits. These limits are based on analyses of risk and reward within each line of business. Executive management is responsible for tracking and reporting performance measurements as well as any exceptions to guidelines or limits. The Board, and its committees when appropriate, oversees financial performance, execution of the strategic and financial operating plans, adherence to risk appetite limits and the adequacy of internal controls.

Risk Management Governance

The Risk Framework includes delegations of authority whereby the Board and its committees may delegate authority to management-level committees or executive officers. Such delegations may authorize certain decision-making and approval functions, which may be evidenced in, for example, committee charters, job descriptions, meeting minutes and resolutions.

The chart below illustrates the inter-relationship among the Board, Board committees and management committees that have the majority of risk oversight responsibilities for the Corporation. This chart reflects the revised Risk Framework approved by the Board in January 2015.

Board of Directors ">

Board
Committees

Audit Committee

Credit Committee

Enterprise Risk Committee

T
Corporate Governance Committee

1
Compensation and Benefits Committee

Management Committees

Disclosure Committee ^{C)}
Management
Risk Committee

Insider Oversight and Monitoring Committee
Corporate Benefits Committee
Management Compensation Committee

u> This presentation does not include committees for other legal entities, is)
Reports to the CEO and CFO with oversight by the Audit Committee

Board of Directors and Board Committees

The Board, which consists of a substantial majority of independent directors, authorizes management to maintain an effective Risk Framework, and oversees compliance with safe and sound banking practices. In addition, the Board or its committees conduct appropriate inquiries of, and receive reports from management on risk-related matters to determine whether there are scope or resource limitations that impede the ability of independent risk management and/or Corporate Audit to execute its responsibilities. The following Board committees have the principal responsibility for enterprise-wide oversight of our risk management activities. These committees and other Board committees, as applicable, regularly report to the Board on risk-related matters. Through these activities, the Board and applicable committees are provided with thorough information on the Corporation's risk profile, and challenge executive management to appropriately address key risks facing the Corporation. Other Board committees as described below provide additional oversight of specific risks.

Each of the committees shown on the above chart regularly reports to the Board on risk related matters within the committee's responsibilities, which is intended to collectively provide the Board with integrated, thorough insight about our management of enterprise-wide risks.

Enterprise Risk Committee

The Enterprise Risk Committee (ERC) has primary responsibility for oversight of the Corporation's Risk Framework and material risks facing the Corporation. It approves the Risk Framework and the Risk Appetite Statement and further recommends these documents to the Board for approval. The ERC oversees senior management's responsibilities for the identification, measurement, monitoring and control of all key risks facing the Corporation. The ERC may consult with other Board committees on risk-related matters.

Audit Committee

The Audit Committee oversees the qualifications, performance and independence of the Independent Registered Public Accounting Firm, the performance of the Corporation's corporate audit function, the integrity of the Corporation's consolidated financial statements, compliance by the Corporation with legal and regulatory requirements, and makes inquiries of management or the Corporate General Auditor (CGA) to determine whether there are scope or resource limitations that impede the ability of Corporate Audit to execute its responsibilities. The Audit Committee is also responsible for overseeing compliance risk pursuant to the New York Stock Exchange listing standards.

Credit Committee

The Credit Committee provides additional oversight of senior management's responsibilities for the identification and management of corporation-wide

credit exposures. Our Credit Committee oversees, among other things, the identification and management of our credit exposures on an enterprise-wide basis, our responses to trends affecting those exposures, the adequacy of the allowance for credit losses and our credit-related policies.

Other Board Committees

Our Corporate Governance Committee oversees our Board's governance processes, identifies and reviews the qualifications of potential Board members, recommends nominees for election to our Board and recommends committee appointments for Board approval.

Our Compensation and Benefits Committee oversees establishing, maintaining and administering our compensation programs and employee benefit plans, including approving and recommending our Chief Executive Officer's (CEO) compensation to our Board for further approval by all independent directors, and reviewing and approving all of our executive officers' compensation.

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Management Committees

Management committees may receive their authority from the Board, a Board committee, another management committee or from one or more executive officers. The primary management-level risk committee for the Corporation is the Management Risk Committee (MRC). Subject to Board oversight, the MRC is responsible for management oversight of all key risks facing the Corporation. The MRC provides management oversight of the Corporation's credit portfolio, compliance and operational risk programs, balance sheet and capital management, funding activities and other liquidity activities, stress testing, trading activities, recovery and resolution planning, model risk, subsidiary governance and activities between banks and their nonbank affiliates pursuant to Federal Reserve rules and regulations. The MRC is responsible for holistic risk management, including an integrated evaluation of risk, earnings, capital and liquidity, and it reports on these matters to the Board or Board committees.

Lines of Defense

In addition to the role of Executive Officers in managing risk, we have clear ownership and accountability across the three lines of defense: FLUs, independent risk management and Corporate Audit. The Corporation also has control functions outside of FLUs and independent risk management (e.g., Legal and Global Human Resources). The three lines of defense are integrated into our management-level governance structure. Each of these is described in more detail below.

Executive Officers

Executive officers lead various functions representing the functional roles. Authority for functional roles may be delegated to executive officers from the Board, Board committees or management-level committees. Executive officers, in turn, may further delegate responsibilities, as appropriate, to management-level committees, management routines or individuals. Executive officers review the Corporation's activities for consistency with our Risk Framework, Risk Appetite Statement, and applicable strategic, capital and financial operating plans, as well as applicable policies, standards, procedures and processes. Executive officers and other employees make decisions individually on a day-to-day basis, consistent with the authority they have been delegated. Executive officers and other employees may also serve on committees and participate in committee decisions.

Front Line Units

FLUs include the lines of business and two organizational units, the Global Technology and Operations Group and Strategic Initiatives. FLUs are held accountable by the CEO and the Board for appropriately assessing and effectively managing all of the risks associated with their activities.

Two organizational units that include FLU and control function activities, but are not part of independent risk management are the Chief Financial Officer (CFO) Group and Global Marketing and Corporate Affairs (GM&CA).

Independent Risk Management

Independent risk management (IRM) is part of our control functions and includes Global Risk Management and Global Compliance. We have other control functions that are not part of IRM (other control functions may also provide oversight to FLU activities), including Legal, Global Human Resources and certain activities

within the CFO Group, and GM&CA. IRM, led by the CRO, is responsible for independently assessing and overseeing risks within FLUs and other control functions. IRM establishes written enterprise policies and procedures that include concentration risk limits where appropriate. Such policies and procedures outline how aggregate risks are identified, measured, monitored and controlled.

The CRO has the authority and independence to develop and implement a meaningful risk management framework. The CRO has unrestricted access to the Board and reports directly to both the ERC and to the CEO. Global Risk Management is organized into enterprise risk teams and FLU risk teams that work collaboratively in executing their respective duties.

Within IRM, Global Compliance independently assesses compliance risk, and evaluates adherence to applicable laws, rules and regulations, including identifying compliance issues and risks, performing monitoring and testing, and reporting on the state of compliance activities across the Corporation. Additionally, Global Compliance works with FLUs and control functions so that day-to-day activities operate in a compliant manner.

Corporate Audit

Corporate Audit and the CGA maintain their independence from the FLUs, IRM and other control functions by reporting directly to the Audit Committee. The CGA administratively reports to the CEO. Corporate Audit provides independent assessment and validation through testing of key processes and controls across the Corporation. Corporate Audit includes Credit Review which periodically tests and examines credit portfolios and processes.

Risk Management Processes

The Corporation's Risk Framework requires that strong risk management practices are integrated in key strategic, capital and financial planning processes and day-to-day business processes across the Corporation, with a goal of ensuring risks are appropriately considered, evaluated and responded to in a timely manner.

We employ a risk management process, referred to as IMMC: Identify, Measure, Monitor and Control,- as part of our daily activities.

Identify - To be effectively managed, risks must be clearly defined and proactively identified. Proper risk identification focuses on recognizing and understanding all key risks inherent in our business activities and risks that may arise from business initiatives or external factors. Risk identification is an ongoing process occurring at both the individual transaction and portfolio level. Each employee is expected to identify and escalate risks promptly.

Measure - Once a risk is identified, it must be measured. Risk is measured at various levels including, but not limited to, risk type, FLU, legal entity and on an aggregate basis. These metrics help us assess our risk profile and adherence to our risk appetite.

Monitor - We monitor risk levels regularly to track adherence to risk appetites, policies, standards, procedures and processes. Through our monitoring, we can determine our level of risk relative to limits and can take action in a timely manner. We also can determine when risk limits are breached and have processes to appropriately report and escalate exceptions. This includes immediate requests for approval to managers

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and alerts to executive management, management-level committees or the Board (directly or through an appropriate committee).

Control - We establish and communicate risk limits and controls through policies, standards, procedures and processes that define the responsibilities and authority for risk taking. The limits and controls can be adjusted by the Board or management when conditions or risk tolerances warrant. These limits may be absolute (e.g., loan amount, trading volume) or relative (e.g., percentage of loan book in higher-risk categories). Our lines of business are held accountable to perform within the established limits.

Among the key tools in the risk management process are the Risk and Control Self Assessments (RCSAs). The RCSA process, consistent with IMMC, is one of our primary methods for capturing the identification and assessment of operational risk exposures, including inherent and residual operational risk ratings, and control effectiveness ratings. The end-to-end RCSA process incorporates risk identification and assessment of the control environment; monitoring, reporting and escalating risk; quality assurance and data validation; and integration with the risk appetite. This results in a comprehensive risk management view that enables understanding of and action on operational risks and controls for our processes, products, activities and systems.

The formal processes used to manage risk represent a part of our overall risk management process. Corporate culture and the actions of our employees are also critical to effective risk management. Through our Code of Conduct, we set a high standard for our employees. The Code of Conduct provides a framework for all of our employees to conduct themselves with the highest integrity. We instill a strong and comprehensive risk management culture through communications, training, policies, procedures, and organizational roles and responsibilities. Additionally, we continue to strengthen the link between the employee performance management process and individual compensation to encourage employees to work toward enterprise-wide risk goals.

Corporation-wide Stress Testing

As a part of our core risk management practices, we conduct corporation-wide stress tests on a periodic basis to better understand balance sheet, earnings, capital and liquidity sensitivities to certain economic and business scenarios, including economic and market conditions that are more severe than anticipated. These corporation-wide stress tests provide illustrative hypothetical potential impacts from our risk profile on our balance sheet, earnings, capital and liquidity and serve as a key component of our capital, liquidity and risk management practices. Scenarios are recommended by the MRC and approved by the CFO and the CRO. Impacts to each business from each scenario are then determined and analyzed, primarily by leveraging the models and processes utilized in everyday management routines. Impacts are assessed along with potential mitigating actions that may be taken. Analysis from such stress scenarios is compiled for and reviewed by the MRC and ERC.

Contingency Planning Routines

We have developed and maintain contingency plans that are designed to prepare us in advance to respond in the event of potential adverse outcomes and scenarios. These contingency planning routines include capital contingency planning, liquidity contingency funding plans, recovery planning and enterprise resiliency, and provide monitoring, escalation routines and response plans. Contingency response plans are designed to enable us to increase capital, access funding sources and reduce risk through consideration of potential actions that include asset sales, business sales, capital or debt issuances, and other de-risking strategies.

Strategic Risk Management

Strategic risk is embedded in every business and is one of the major risk categories along with credit, market, liquidity, compliance, operational and reputational risks. It is the risk that results from incorrect assumptions, unsuitable business plans, ineffective strategy execution, or failure to respond in a timely manner to changes in the regulatory, macroeconomic and competitive environments, customer preferences, and technology developments in the geographic locations in which we operate. We face significant strategic risk due to the changing regulatory environment and the fast-paced development of new products and technologies in the financial services industries. Our appetite for strategic risk is assessed based on the strategic plan, with strategic risks selectively and carefully considered against the backdrop of the evolving marketplace. Strategic risk is managed in the context of our overall financial condition, risk appetite and stress test results, among other considerations. The CEO and executive management team manage

and act on significant strategic actions, such as divestitures, consolidation of legal entities or capital actions subsequent to required review and approval by the Board.

Executive management develops and approves a strategic plan each year, which is reviewed and approved by the Board. Annually, executive management develops a financial operating plan, which is reviewed and approved by the Board, that implements the strategic goals for that year. With oversight by the Board, executive management ensures that consistency is applied while executing the Corporation's strategic plan, core operating tenets and risk appetite. The following are assessed in the executive reviews: forecasted earnings and returns on capital, the current risk profile, current capital and liquidity requirements, staffing levels and changes required to support the plan, stress testing results, and other qualitative factors such as market growth rates and peer analysis. At the business level, as we introduce new products, we monitor their performance relative to expectations (e.g., for earnings and returns on capital). With oversight by the Board and the ERC, executive management performs similar analyses throughout the year, and evaluates changes to the financial forecast or the risk, capital or liquidity positions as deemed appropriate to balance and optimize achieving the targeted risk appetite, shareholder returns and maintaining the targeted financial strength.

We use proprietary models to measure the capital requirements for credit, country, market, operational and strategic risks. The allocated capital assigned to each business is based on its unique risk exposures. With oversight by the Board, executive management assesses the risk-adjusted returns of each business in approving strategic and financial operating plans. The businesses use allocated capital to define business strategies, and price products and transactions. For more information on how this measure is calculated, see Supplemental Financial Data on page 32.

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Capital Management

The Corporation manages its capital position to maintain sufficient capital to support its business activities and maintain capital, risk and risk appetite commensurate with one another. Additionally, we seek to maintain safety and soundness at all times even under adverse scenarios, take advantage of organic growth opportunities, maintain ready access to financial markets, continue to serve as a credit intermediary, remain a source of strength for our subsidiaries, and satisfy current and future regulatory capital requirements. Capital management is integrated into our risk and governance processes, as capital is a key consideration in the development of our strategic plan, risk appetite and risk limits.

We set goals for capital ratios to meet key stakeholder expectations, including investors, regulators and rating agencies, and to achieve our financial performance objectives and strategic goals, while maintaining adequate capital, including during periods of stress. We assess capital adequacy at least on a quarterly basis to operate in a safe and sound manner and maintain adequate capital in relation to the risks associated with our business activities and strategy.

We conduct an Internal Capital Adequacy Assessment Process (ICAAP) on a quarterly basis. The ICAAP is a forward-looking assessment of our projected capital needs and resources, incorporating earnings, balance sheet and risk forecasts under baseline and adverse economic and market conditions. We utilize quarterly stress tests to assess the potential impacts to our balance sheet, earnings, regulatory capital and liquidity under a variety of stress scenarios. We perform qualitative risk assessments to identify and assess material risks not fully captured in our forecasts or stress tests. We assess the capital impacts of proposed changes to regulatory capital requirements. Management assesses ICAAP results and provides documented quarterly assessments of the adequacy of our capital guidelines and capital position to the Board or its committees.

The Corporation periodically reviews capital allocated to its businesses and allocates capital annually during the strategic and capital planning processes. For more information, see Business Segment Operations on page 34.

CCAR and Capital Planning

The Federal Reserve requires BHCs to submit a capital plan and requests for capital actions on an annual basis, consistent with the rules governing the Comprehensive Capital Analysis and Review (CCAR) capital plan. The CCAR capital plan is the central element of the Federal Reserve's approach to ensure that large BHCs have adequate capital and robust processes for managing their capital.

On October 17, 2014, the Federal Reserve released 2015 CCAR instructions as well as an update to the capital plan and stress test rules. The revised rules shift the dates of the annual stress testing cycle by approximately three months to April, beginning with 2016 CCAR capital plans.

In January 2015, we submitted our 2015 CCAR capital plan and related supervisory stress tests. The Federal Reserve has announced that it will release summary results, including supervisory projections of capital ratios, losses and revenues under stress scenarios, and publish the results of stress tests

conducted under the supervisory adverse and supervisory severely adverse scenarios in March 2015.

In January 2014, we submitted our 2014 CCAR capital plan and received results in March 2014. Based on the information in our January 2014 submission, the Federal Reserve advised that it did not object to our 2014 capital actions. In April 2014, we announced the revision of certain regulatory capital amounts and ratios that had previously been reported, and suspended our previously announced 2014 capital actions stating that we would resubmit information pursuant to the 2014 CCAR to the Federal Reserve. In May 2014, we submitted our revised 2014 CCAR capital plan, and in August 2014, the Federal Reserve informed us that it did not object to our revised 2014 CCAR capital plan. The requested capital actions included an increase in the quarterly common stock dividend to \$0.05 per share from \$0.01 per share, but no additional common stock repurchases.

Regulatory Capital

As a financial services holding company, we are subject to regulatory capital rules issued by U.S. banking regulators. On January 1, 2014, we became subject to the Basel 3 rules, which include certain transition provisions through January 1, 2019 (Basel 3 Standardized - Transition). Basel 3 generally continues to be subject to interpretation and clarification by U.S. banking regulators. Basel 3 also expands and modifies the risk-sensitive calculation of risk-weighted assets (defined in the Basel 1 - 2013 Rules) for credit and market risk (applicable to banks that meet the definition as advanced approaches); and introduces a Standardized approach for the calculation of risk-weighted assets, which serves as a minimum. The Corporation and its primary affiliated banking entity, BANA, meet the definition of an advanced approaches bank and measure regulatory capital adequacy based on the Basel 3 rules. Through December 31, 2013, we were subject to the Basel 1 general risk-based capital rules which included new measures of market risk

including a charge related to stressed Value-at-Risk (VaR), an incremental risk charge and the comprehensive risk measure (CRM), as well as other technical modifications to Basel 1 (the Basel 1 - 2013 Rules).

The risk-sensitive approach for calculating risk-weighted assets under Basel 3 replaces the approach under the Basel 1 - 2013 Rules. Risk-weighted assets are calculated for credit risk for all on- and off-balance sheet credit exposures and for market risk on trading assets and liabilities, including derivative exposures. Credit risk-weighted assets are calculated by assigning a prescribed risk weight to all on-balance sheet assets and to the credit equivalent amount of certain off-balance sheet exposures. Off-balance sheet exposures include financial guarantees, unfunded lending commitments, letters of credit and derivatives. Market risk-weighted assets are calculated using risk models for trading account positions, including all foreign exchange and commodity positions regardless of the applicable accounting guidance. Any assets that are a direct deduction from the computation of capital are excluded from risk-weighted assets and adjusted average total assets, consistent with regulatory guidance.

For more information on the regulatory capital amounts and calculations, see Basel 3 below.

Basel 3

Basel 3 materially changes Tier 1 and Total capital calculations and formally establishes a Common equity tier 1 capital ratio. Basel 3 introduces new minimum capital ratios and buffer requirements and a supplementary leverage ratio (SLR); changes the composition of regulatory capital; and revises the adequately capitalized minimum requirements under the Prompt Corrective Action (PCA) framework. Changes to the composition of regulatory capital under Basel 3, as compared to the Basel 1 - 2013 Rules, are subject to a transition period as described below. The new minimum capital requirements and related buffers will be phased in from January 1, 2014 through January 1, 2019. For more information on the SLR, see Capital Management - Other Regulatory Capital Matters on page 64.

As an advanced approaches bank, under Basel 3, we are required to complete a qualification period (parallel run) to demonstrate compliance with the final Basel 3 rules to the satisfaction of U.S. banking regulators. Upon notification of approval by U.S. banking regulators to exit our parallel run, we will be required to calculate regulatory capital ratios and risk-weighted assets under both the Standardized and Advanced approaches. The approach that yields the lower ratio is to be used to assess capital adequacy including under the PCA framework. Prior to receipt of notification of approval, we are required to assess our capital adequacy under the Standardized approach only.

Effective January 1, 2015, the PCA framework was amended to reflect the new capital requirements under Basel 3. The PCA framework establishes categories of capitalization, including "well capitalized," based on regulatory ratio requirements. U.S. banking regulators are required to take certain mandatory actions depending on the category of capitalization, with no mandatory actions required for "well capitalized" banking organizations. Effective January 1, 2015, Common equity tier 1 capital is included in the measurement of "well capitalized."

Regulatory Capital Composition - Transition Important differences in determining the composition of regulatory capital between the Basel 1 - 2013 Rules and Basel 3 include changes in capital deductions related to our MSRs, deferred tax assets and defined benefit pension assets, and the inclusion of unrealized gains and losses on AFS debt and certain marketable equity securities recorded in accumulated OCI. These changes will be impacted by, among other things, future changes in interest rates, overall earnings performance and corporate actions. Changes to the composition of regulatory capital under Basel 3, as compared to the Basel 1 - 2013 Rules, are recognized in 20 percent annual increments, and will be fully recognized as of January 1, 2018. When presented on a fully phased-in basis, capital, risk-weighted assets and the capital ratios assume all regulatory capital adjustments and deductions are fully recognized.

Table 13 summarizes how certain regulatory capital deductions and adjustments have been or will be transitioned from 2014 through 2018 for Common equity tier 1 and Tier 1 capital.

Table 13 Summary of Certain Basel 3 Regulatory Capital Transition Provisions

<u>Beginning on January 1 of each year</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Common equity tier 1 capital					
Percent of total amount deducted from Common equity tier 1 capital includes:	20%	40%	60%	80%	100%
Deferred tax assets arising from net operating loss and tax credit carryforwards; intangibles, other than mortgage servicing rights and goodwill; defined benefit pension fund net assets; net unrealized cumulative gains (losses) related to changes in own credit risk on liabilities, including derivatives, measured at fair value; direct and indirect investments in own Common equity tier 1 capital instruments; certain amounts exceeding the threshold by 10 percent individually and 15 percent in aggregate					
Percent of total amount used to adjust Common equity tier 1 capital includes <->:		80%	60%	40%	20% 0%
Net unrealized gains (losses) on AFS debt and certain marketable equity securities recorded in accumulated OCI; employee benefit plan adjustments recorded in accumulated OCI					
Tier 1 capital					
Percent of total amount deducted from Tier 1 capital includes:		80%	60%	40%	20% 0%
Deferred tax assets arising from net operating loss and tax credit carryforwards; defined benefit pension fund net assets; net unrealized cumulative gains (losses) related to changes in own credit risk on liabilities, including derivatives, measured at fair value					

ⁱ¹ Represents the phase-out percentage of the exclusion by year (e.g., 20 percent of net unrealized gains (losses) on AFS debt and certain marketable equity securities recorded in accumulated OCI will be included in 2014)

Additionally, Basel 3 revised the regulatory capital treatment for Trust Securities, requiring them to be partially transitioned from Tier 1 capital into Tier 2 capital in 2014 and 2015, until fully excluded from Tier 1 capital in 2016, and partially transitioned from Tier 2 capital beginning in 2016 with the

full amount excluded in 2022. As of December 31, 2014, our qualifying Trust Securities were \$2.9 billion (approximately 23 bps of the Tier 1 capital ratio).

Standardized Approach

Under the Basel 3 Standardized approach, exposures subject to market risk are measured on a basis generally consistent with how market risk-weighted assets were measured under the Basel 1 - 2013 Rules. Credit risk-weighted assets are measured by applying fixed risk weights to each exposure, determined based on the characteristics of the exposure, such as type of obligor, Organization for Economic Cooperation and Development (OECD) country risk code and maturity, among others. Under the Standardized approach, no distinction is made for variations in credit quality for corporate exposures, and the economic benefit of collateral is restricted to a limited list of eligible securities and cash. We estimate our Common equity tier 1 capital ratio under the Basel 3 Standardized approach, on a fully phased-in basis, would have been 10.0 percent at December 31, 2014. As of December 31, 2014, we estimate that our Basel 3 Standardized Common equity tier 1 capital would have been \$141.2 billion and total risk-weighted assets would have been \$1,415 billion, on a fully phased-in basis. For a reconciliation of Basel 3 Standardized -Transition to Basel 3 Standardized estimates on a fully phased-in basis for Common equity tier 1 capital and risk-weighted assets, see Table 16. Our estimates under the Basel 3 Standardized approach may be refined overtime as a result of further rulemaking

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or clarification by U.S. banking regulators or as our understanding and interpretation of the rules evolve. Actual results could differ from those estimates and assumptions.

Advanced Approaches

In addition to the exposures calculated under the Basel 3 Standardized approach, the Basel 3 Advanced approaches include measures of operational risk and risks related to the credit valuation adjustment (CVA) for over-the-counter (OTC) derivative exposures. The Advanced approaches rely on internal analytical models to measure risk weights for credit risk exposures and allow the use of models to estimate the exposure at default (EAD) for certain exposure types. Market risk capital measurements are consistent with the Standardized approach, except for securitization exposures, where the Supervisory Formula Approach is also permitted. Credit risk exposures are measured using internal ratings-based models to determine the applicable risk weight by estimating the probability of default, loss-given default (LGD) and, in certain instances, EAD. The internal analytical models primarily rely on internal historical default and loss experience. Operational risk is measured using internal analytical models which rely on both internal and external operational loss experience and data. The calculations under Basel 3 require management to make estimates, assumptions and interpretations, including with respect to the probability of future events based on historical experience. Actual results could differ from those estimates and assumptions.

The Basel 3 Advanced approaches require approval by the U.S. banking regulators of our internal analytical models used to calculate risk-weighted assets. We estimate our Common equity tier 1 capital ratio under the Basel 3 Advanced approaches, on a fully phased-in basis, would have been 9.6 percent at December 31, 2014. As of December 31, 2014, we estimate that our Basel 3 Advanced Common equity tier 1 capital would have been \$141.2 billion and total risk-weighted assets would have been \$1,465 billion, on a fully phased-in basis. These estimates assume approval by U.S. banking regulators of our internal analytical models, and do not include the benefit of the removal of the surcharge applicable to the CRM. Our estimates under the Basel 3 Advanced approaches may be refined overtime as a result of further rulemaking or clarification by U.S. banking regulators or as our understanding and interpretation of the rules evolve. We are currently working with the U.S. banking regulators to obtain approval of certain internal analytical models including the wholesale (e.g., commercial) and other credit models in order to exit parallel run. The U.S. banking regulators have indicated that they will require modifications to these models which would likely result in a material increase in our risk-weighted assets resulting in a decrease in our capital ratios.

Capital Composition and Ratios

Table 14 presents Bank of America Corporation's capital ratios and related information in accordance with Basel 3 Standardized -Transition as measured at December 31, 2014 and the Basel 1 - 2013 Rules at December 31, 2013.

Table 14 Bank of America Corporation Regulatory Capital

	Ratio	December 31			
		2014 2013		2013	
		Basel 3 Transition Minimum	Minimum	Basel 1 Ratio	Required iu
(Dollars in billions)		Required m			
Common equity tier 1 capital ratio ^{1,2,3}	12.3%	4.0%		n/a	n/a
Tier 1 common capital ratio	n/a	n/a		10.9%	n/a
Tier 1 capital ratio	13.4	6.0		12.2	6.0%
Total capital ratio	16.5	10.0		15.1	10.0
Tier 1 leverage ratio	8.2	5.0		7.7	5.0
Risk-weighted assets ¹³	\$ 1,262	n/a	\$ 1,298		n/a
Adjusted quarterly average total assets ⁴		2,060	n/a	2,052	n/a

in Percent required to meet guidelines to be considered "well capitalized" under the Prompt Corrective Action framework, except for Common equity tier 1 capital which reflects capital adequacy minimum

requirements as an advanced approaches bank under Basel 3 during a transition period in 2014. ¹²⁾ When presented on a fully phased-in basis, beginning January 1, 2019, the minimum Basel 3 Common equity tier 1 capital ratio requirement for the Corporation is expected to significantly increase and will be comprised of the minimum ratio of the then-applicable 4.5 percent, plus a capital conservation buffer and the GSIB buffer, on a pro-forma basis, under Basel 3 Standardized - Transition, the December 31, 2013 Common equity tier 1 capital ratio would have been 11.6 percent and risk-weighted assets would have been \$1.316 billion. ¹³⁾ Reflects adjusted average total assets for the three months ended December 31, 2014 and 2013 n/a = not applicable

Common equity tier 1 capital under Basel 3 Standardized -Transition was \$155.4 billion at December 31, 2014, an increase of \$13.8 billion from Tier 1 common capital under the Basel 1 -2013 Rules at December 31, 2013. The increase was largely attributable to the impact of certain transition provisions under Basel 3 Standardized - Transition, particularly in regard to deferred tax assets and earnings. For more information on Basel 3 transition provisions, see Table 13. During 2014, Total capital increased \$12.1 billion primarily driven by the increase in Common equity tier 1 capital, partially offset by the impact of certain transition provisions under Basel 3 Standardized - Transition, particularly in regard to long-term debt that qualifies as Tier 2 capital. The Tier 1 leverage ratio increased 52 bps during 2014 primarily driven by an increase in Tier 1 capital. For additional information, see Tables 14 and 15.

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At December 31, 2014, an increase or decrease in our Common equity tier 1, Tier 1 or Total capital ratios by one bp would require a change of \$126 million in Common equity tier 1, Tier 1 or Total capital. We could also increase our Common equity tier 1, Tier 1 or Total capital ratios by one bp on such date by a reduction in risk-weighted assets of \$1.0 billion, \$941 million and \$762 million, respectively. An increase in our Tier 1 leverage ratio by one bp on such date would require \$206 million of additional Tier 1 capital or a reduction of \$2.5 billion in adjusted average assets.

Risk-weighted assets decreased \$36 billion during 2014 to \$1,262 billion primarily due to decreases in market risk, and residential mortgage and consumer credit card balances, partially offset by the impact of certain transition provisions under Basel 3 Standardized - Transition, and an increase in commercial loans.

Table 15 presents the capital composition as measured under Basel 3 Standardized - Transition at December 31, 2014 and the Basel 1 - 2013 Rules at December 31, 2013.

Table 15 Capital Composition

{Dollars in millions}

Total common shareholders' equity \$ Goodwill
 Intangibles, other than mortgage servicing rights and goodwill
 Nonqualifying intangible assets (includes core deposit intangibles, affinity relationships, customer relationships and other intangibles) Net unrealized gains (losses) on AFS debt securities and net losses on derivatives recorded in accumulated OCI, net-of-tax Unamortized net periodic benefit costs recorded in accumulated OCI, net-of-tax DVA related to liabilities and derivatives id
 Deferred tax assets arising from net operating loss and tax credit carryforwards <"
 Other
 Common equity tier 1 capital³⁾ Qualifying preferred stock, net of issuance cost
 Deferred tax assets arising from net operating loss and tax credit carryforwards under transition DVA related to liabilities and derivatives under transition
 Defined benefit pension fund assets Trust preferred securities Other
 Total Tier 1 capital Long-term debt qualifying as Tier 2 capital
 Nonqualifying trust preferred securities subject to phase out from Tier 2 capital Allowance for loan and lease losses Reserve for unfunded lending commitments
 Allowance for loan and lease losses exceeding 1.25 percent of risk-weighted assets
 Other
 Represents loss on structured liabilities and derivatives, net-of-tax, that is excluded from Common equity tier 1, Tier 1 and Total capital for regulatory capital purposes
 December 31, 2014 amount represents phase-in portion under Basel 3 Standardized - Transition The December 31, 2013 amount represents the full Basel 1 deferred tax asset disallowance Tier 1 common capital under the Basel 1 - 2013 Rules at December 31, 2013

Total capital

¹²⁾
¹³⁾

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Table 16 presents reconciliations of our Common equity tier 1 capital and risk-weighted assets in accordance with the Basel 1 - 2013 Rules and Basel 3 Standardized - Transition to the Basel 3 Standardized approach fully phased-in estimates and Basel 3 Advanced approaches fully phased-in estimates at December 31, 2014 and 2013. Basel 3 regulatory capital ratios on a fully phased-in basis are considered non-GAAP financial measures until the end of the transition period on January 1, 2019 when adopted and required by U.S. banking regulators.

Table 16 Regulatory Capital Reconciliations

(Dollars in millions)

Regulatory capital - Basel 1 to Basel 3 (fully phased-In) Basel 1 Tier 1 capital Deduction of qualifying preferred stock and trust preferred securities				
Basel 1 Tier 1 common capital Deduction of defined benefit pension assets				
Deferred tax assets and threshold deductions (deferred tax asset temporary differences, MSRs and significant investments) Net unrealized losses in accumulated OCI on AFS debt and certain marketable equity securities, and employee benefit plans Other deductions, net				
		December 31 2013	Basel 1	
	157,742 (16,220)			
				<u>141,522 (829) (5,459) (5,664) (1,624)</u>
Basel 3 Common equity tier 1 capital (fully phased-In)				

Regulatory capital - Basel 3 transition to fully phased-in Common equity tier 1 capital (transition)				
Deferred tax assets arising from net operating loss and tax credit carryforwards phased in during transition				
DVA related to liabilities and derivatives phased in during transition				
Defined benefit pension fund assets phased in during transition				
Other adjustments and deductions phased in during transition				
		December 31 2014	Basel 3 Transition	
				\$ 155,361 (8,905) 925 (599) (5,565)
Common equity tier 1 capital (fully phased-in)				

		December 31		
2013				
Basel 3 Transition				
Risk-weighted assets - As reported to Basel 3 (fully phased-in) As reported risk-weighted assets Changes in risk-weighted assets from reported to fully phased-in				
Basel 3 Standardized approach risk-weighted assets (fully phased-in) Changes in risk-weighted assets for advanced models				
				\$ 1,261,544 153,722
				1,415,266 50,213
				\$ 1,297,593 162,731
1,460,324 (133,027)				
Basel 3 Advanced approaches risk-weighted assets (fully phased-in)				

Regulatory capital ratios Basel 1 Tier 1 common
 Basel 3 Standardized approach Common equity tier 1 (transition) Basel 3 Standardized approach Common equity tier 1 (fully phased-in) Basel 3 Advanced approaches Common equity tier 1 (fully

phased-in) <sup>

n/a 12.3% 10.0 9.6

10.9% n/a 8.8 9.6

i¹ Fully phased-in Basel 3 estimates are based on our current understanding of the Standardized and Advanced approaches under the Basel 3 rules. The Advanced approaches estimates assume approval by U.S. banking regulators of our internal analytical models, and do not include the benefit of the removal of the surcharge applicable to the CRM¹⁷¹ on January 1, 2014. We became subject to the Basel 3 rules, which include certain transition provisions primarily related to regulatory deductions and adjustments impacting Common equity tier 1 capital and Tier 1 capital. We reported under the Basel 1 - 2013 Rules at December 31, 2013 (3). We are currently working with the U.S. banking regulators to obtain approval of certain internal analytical models including the wholesale (e.g., commercial) and other credit models in order to exit parallel run. The U.S. banking regulators have indicated that they will require modifications to these models which would likely result in a material increase in our risk-weighted assets resulting in a decrease in our capital ratios, n/a = not applicable.

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Bank of America, N.A. Regulatory Capital

On October 1, 2014, FIA was merged into BANA. Table 17 presents

Prior to October 1, 2014, we operated our banking activities regulatory capital information for BANA at December 31, 2014 and primarily under two charters: BANA and, to a lesser extent, FIA. 2013.

Table 17 Bank of America, N.A. Regulatory Capital

December 31

2013

(Dollars in millions)

Common equity tier 1 capital <sup>

Tier 1 capital

Total capital

Tier 1 leverage

	Amount
13.1%	\$ 145,150
13.1	145,150
14.6	161,623
9.6	145,150
Minimum Required	
4.0%	6.0 10.0 5.0

	Amount
n/a	n/a
12.3%	\$ 125,886
13.8	141,232
9.2	125,886

id

Minimum Required

n/a 6.0% 10.0 5.0

(i) Percent required to meet guidelines to be considered "well capitalized" under the Prompt Corrective Action framework, except for Common equity tier 1 capital which reflects capital adequacy minimum

requirements as an advanced approaches bank under Basel 3 during a transition period in 2014. (3) when presented on a fully phased-in basis, beginning January 1, 2019, the minimum Basel 3 Common equity tier 1 capital ratio requirement for BANA is expected to significantly increase and will be comprised of the minimum ratio of the then-applicable 4.5 percent, plus a capital conservation buffer and the GSIB buffer, n/a = not applicable.

BANA's Tier 1 capital ratio under Basel 3 Standardized -Transition was 13.1 percent at December 31, 2014, an increase of 80 bps from December 31, 2013. The increase was largely attributable to the merger of FIA into BANA in 2014. The Total capital ratio increased 79 bps to 14.6 percent at December 31, 2014 compared to December 31, 2013. The Tier 1 leverage ratio increased 42 bps to 9.6 percent. The increase in the Total capital ratio was driven by the same factors as the Tier 1 capital ratio. The increase in the Tier 1 leverage ratio was driven by an increase in Tier 1 capital, partially offset by an increase in adjusted quarterly average total assets. Further, the merger with FIA positively impacted these ratios.

Other Regulatory Capital Matters

Supplementary Leverage Ratio

Basel 3 also will require the calculation of a supplementary leverage ratio (SLR). The SLR is determined by dividing Tier 1 capital, using quarter-end Basel 3 Tier 1 capital on a fully phased-in basis, by supplementary leverage exposure calculated as the daily average of the sum of on-balance sheet as well as the simple average of certain off-balance sheet exposures at the end of each month in the quarter. Supplementary leverage exposure is comprised of all on-balance sheet assets, plus a measure of certain off-balance sheet exposures, including among other items, lending commitments, letters of credit, OTC derivatives, repo-style transactions and margin loan commitments. We are required to disclose our SLR effective January 1, 2015. Effective January 1, 2018, the Corporation will be required to maintain a minimum SLR of 3.0 percent, plus a supplementary leverage buffer of 2.0 percent, for a total SLR of 5.0 percent. If the Corporation's supplementary leverage buffer is not greater than or equal to 2.0 percent, then the Corporation will be subject to mandatory limits on its ability to make distributions of capital to shareholders, whether through dividends, stock repurchases or otherwise. In addition, the insured depository institutions of such BHCs, which for the Corporation is primarily BANA, will be required to maintain a minimum 6.0 percent SLR to be considered "well capitalized."

On September 3, 2014, U.S. banking regulators adopted a final rule to revise the definition and scope of the denominator of the SLR. The final rule prescribes the calculation of total leverage exposure, the frequency of calculation and required disclosures. The definition of total leverage exposure is revised to include the

effective notional principal amount of credit derivatives and other similar instruments through which credit protection is sold. Calculations of the components of total leverage exposure for derivative and repo-style transactions are modified. The credit conversion factors (CCF) applied to certain off-balance sheet exposures are conformed to the graduated CCF used by the Standardized approach, subject to the minimum 10 percent credit conversion factor.

As of December 31, 2014, we estimate the Corporation's SLR would have been approximately 5.9 percent, which exceeds the 5.0 percent threshold that represents the minimum plus the supplementary leverage buffer for BHCs. The estimated SLR for BANA was approximately 7.0 percent, which exceeds the 6.0 percent "well capitalized" level for insured depository institutions of BHCs.

Global Systemically Important Bank Surcharge In November 2011, the Basel Committee on Banking Supervision (Basel Committee) published a methodology to identify global systemically important banks (GSIBs) and impose an additional loss absorbency requirement through the introduction of a surcharge of up to 3.5 percent, which must be satisfied with Common equity tier 1 capital. The assessment methodology relies on an indicator-based measurement approach to determine a score relative to the global banking industry. The chosen indicators are size, complexity, cross-jurisdictional activity, inter-connectedness and substitutability/financial institution infrastructure. Institutions with the highest scores are designated as GSIBs and are assigned to one of four loss absorbency buckets from 1.0 percent to 2.5 percent, in 0.5 percent increments based on each institution's relative score and supervisory judgment. The fifth loss absorbency bucket of 3.5 percent is currently empty and serves to discourage banks from becoming more systemically important. Also in November 2011, the Financial Stability Board (FSB) published an integrated set of policy measures and identified an initial group of GSIBs, which included the Corporation.

In July 2013, the Basel Committee updated the November 2011 methodology to recalibrate the substitutability/financial institution infrastructure indicator by introducing a cap on the weighting of that component, and requiring the annual publication by the FSB of key information necessary to permit each GSIB to calculate its score and observe its position within the buckets and relative to the industry total for each indicator. Every three years,

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beginning on January 1, 2016, the Basel Committee will reconsider and recalibrate the bucket thresholds. The Basel Committee and FSB expect banks to change their behavior in response to the incentives of the GSIB framework, as well as other aspects of Basel 3 and jurisdiction-specific regulations.

In November 2014, the Basel Committee published an updated list of GSIBs and their respective loss absorbency buckets. As of December 31, 2014, we estimated our surcharge at 1.5 percent based on the Basel 3 information and considering the FSB's report, "2014 update of list of global systemically important banks (GSIBs)." Our surcharge could change each year based on our actions and those of our peers, as the scoring methods utilize data from the Corporation in combination with the industry. If our score were to increase, we could be subject to a higher GSIB surcharge.

In December 2014, a U.S. banking regulator proposed a regulation that would implement GSIB surcharge requirements for the largest U.S. BHCs. Under the proposal, assignment to loss absorbency buckets would be determined by the higher score as calculated according to two methods. Method 1 is substantially similar to the Basel Committee's methodology, whereas Method 2 replaces the substitutability/financial institution infrastructure indicator with a measure of short-term wholesale funding and then multiplies the overall score by two. The Federal Reserve estimates that Method 2 will yield a higher surcharge, currently ranging from 1.0 percent to 4.5 percent.

Under the proposed U.S. rules, the GSIB surcharge requirement will begin to phase in effective January 2016, with full implementation in January 2019. Data from the original five indicators, measured as of December 31, 2014, combined with short-term wholesale funding data covering the third quarter of 2015, is proposed to be used to determine the GSIB surcharge that will be effective for us in 2016.

Broker-dealer Regulatory Capital and Securities Regulation

The Corporation's principal U.S. broker-dealer subsidiaries are Merrill Lynch, Pierce, Fenner & Smith (MLPF&S) and Merrill Lynch Professional Clearing Corp (MLPCC). MLPCC is a fully-guaranteed subsidiary of MLPF&S and provides clearing and settlement services. Both entities are subject to the net capital requirements of SEC Rule 15c3-I. Both entities are also registered as futures commission merchants and are subject to the Commodity Futures Trading Commission Regulation 1.17.

MLPF&S has elected to compute the minimum capital requirement in accordance with the Alternative Net Capital Requirement as permitted by SEC Rule 15c3-I. At December 31, 2014, MLPF&S's regulatory net capital as defined by Rule 15c3-I was \$9.7 billion and exceeded the minimum requirement of \$1.3 billion by \$8.4 billion. MLPCC's net capital of \$3.4 billion exceeded the minimum requirement of \$508 million by \$2.9 billion.

In accordance with the Alternative Net Capital Requirements, MLPF&S is required to maintain tentative net capital in excess of \$1.0 billion, net

capital in excess of \$500 million and notify the SEC in the event its tentative net capital is less than \$5.0 billion. At December 31, 2014, MLPF&S had tentative net capital and net capital in excess of the minimum and notification requirements.

Merrill Lynch International (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 December 31, 2014, MLI's capital resources were \$32.3 billion which exceeded the minimum requirement of \$17.9 billion.

Common Stock Dividends

For a summary of our declared quarterly cash dividends on common stock during 2014 and through February 25, 2015, see Note 13 - Shareholders' Equity to the Consolidated Financial Statements.

Liquidity Risk

Funding and Liquidity Risk Management

We define liquidity risk as the potential inability to meet our contractual and contingent financial obligations, on- or off-balance sheet, as they come due. Our primary liquidity objective is to provide adequate funding for our businesses throughout market cycles, including periods of financial stress. To achieve that objective, we analyze and monitor our liquidity risk, maintain excess liquidity and access diverse funding sources including our stable deposit base. We define excess liquidity as readily available assets, limited to cash and high-quality, liquid, unencumbered securities that we can use to meet our funding requirements as those obligations arise.

Global funding and primary liquidity risk management activities are centralized within Corporate Treasury. We believe that a centralized approach to funding and liquidity risk management enhances our ability to monitor liquidity requirements, maximizes access to funding sources, minimizes borrowing costs and facilitates timely responses to liquidity events.

The Board approves the Corporation's liquidity policy and the ERC approves the contingency funding plan, including establishing liquidity risk tolerance levels. The MRC monitors our liquidity position and reviews the impact of strategic decisions on our liquidity. The MRC is responsible for overseeing liquidity risks and maintaining exposures within the established tolerance levels. MRC reviews and monitors our liquidity position, cash flow forecasts, stress testing scenarios and results, and implements our liquidity limits and guidelines. For additional information, see Managing Risk on page 55. Under this governance framework, we have developed certain funding and liquidity risk management practices which include: maintaining excess liquidity at the parent company and selected subsidiaries, including our bank subsidiaries and other regulated entities; determining what amounts of excess liquidity are appropriate for these entities based on analysis of debt maturities and other potential cash outflows, including those that we may experience during stressed market conditions; diversifying funding sources, considering our asset profile and legal entity structure; and performing contingency planning.

Global Excess Liquidity Sources and Other Unencumbered Assets

We maintain excess liquidity available to Bank of America Corporation, or the parent company and selected subsidiaries in the form of cash and high-quality, liquid, unencumbered securities. These assets, which we call our Global Excess Liquidity Sources, serve as our primary means of liquidity risk mitigation. Our cash is primarily on deposit with the Federal Reserve and, to a lesser extent, central banks outside of the U.S. We limit the composition of high-quality, liquid, unencumbered securities to U.S. government securities, U.S. agency securities, U.S. agency MBS and a select

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group of non-U.S. government and supranational securities. We believe we can quickly obtain cash for these securities, even in stressed market conditions, through repurchase agreements or outright sales. We hold our Global Excess Liquidity Sources in legal entities that allow us to meet the liquidity requirements of our global businesses, and we consider the impact of potential regulatory, tax, legal and other restrictions that could limit the transferability of funds among entities. Our Global Excess Liquidity Sources are substantially the same in composition to what qualifies as High Quality Liquid Assets (HQLA) under the final LCR rules. For more information on the final rules, see Liquidity Risk - Basel 3 Liquidity Standards on page 67.

Our Global Excess Liquidity Sources were \$439 billion and \$376 billion at December 31, 2014 and 2013, and were maintained as presented in Table 18.

Table 18 Global Excess Liquidity Sources

generate additional liquidity. Liquidity held in an other regulated entity 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.

Table 19 presents the composition of Global Excess Liquidity Sources at December 31, 2014 and 2013.

Table 19 Global Excess Liquidity Sources Composition

97 \$ 74 252 16

90 20 245 21

December 31

2013

2014

(Dollars in billions) Cash on deposit U.S. Treasury securities

439 \$

376

U.S. agency securities and mortgage-backed securities Non-U.S. government and supranational securities
Total Global Excess Liquidity Sources

2014
 2013
 98 \$ 306 35
 95 \$
 249 32

92 314 32

438

(Dollars in billions) Parent company Bank subsidiaries Other regulated entities

Total Global Excess Liquidity Sources \$ 439 \$ 376 \$

As shown in Table 18, parent company Global Excess Liquidity Sources totaled \$98 billion and \$95 billion at December 31, 2014 and 2013. The increase in parent company liquidity was primarily due to bank subsidiary inflows, partially offset by payments in connection with litigation settlements. Typically, parent company excess liquidity is in the form of cash deposited with BANA.

Global Excess Liquidity Sources available to our bank subsidiaries totaled \$306 billion and \$249 billion at December 31, 2014 and 2013. The increase in bank subsidiaries' liquidity was primarily due to a shift from less liquid mortgage loans into more liquid securities, partially offset by dividends and returns of capital to the parent company. Global Excess Liquidity Sources at bank subsidiaries exclude the cash deposited by the parent company. Our bank subsidiaries can also generate incremental liquidity by pledging a range of other 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 approximately \$214 billion and \$218 billion at December 31, 2014 and 2013. We have established operational procedures to enable us to borrow against these assets, including regularly monitoring our total pool of eligible loan and securities collateral. Eligibility is defined by guidelines outlined by 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 can only be transferred to the parent company or nonbank subsidiaries with prior regulatory approval.

Global Excess Liquidity Sources available to our other regulated entities, comprised primarily of broker-dealer subsidiaries, totaled \$35 billion and \$32 billion at December 31, 2014 and 2013. Our other regulated entities also held other unencumbered investment-grade securities and equities that we believe could be used to

Time-to-required Funding and Stress Modeling

We use a variety of metrics to determine the appropriate amounts of excess liquidity to maintain at the parent company, our bank subsidiaries and other regulated entities. One metric we use to evaluate the appropriate level of excess liquidity at the parent company is "time-to-required funding." This debt coverage measure indicates the number of months that the parent company can continue to meet its unsecured contractual obligations as they come due using only its Global Excess Liquidity Sources without issuing any new debt or accessing any additional liquidity sources. We define unsecured contractual obligations for purposes of this metric as maturities of senior or subordinated debt issued or guaranteed by Bank of America Corporation. These include certain unsecured debt instruments, primarily structured liabilities, which we may be required to settle for cash prior to maturity. Our time-to-required funding was 39 months at December 31, 2014. For purposes of calculating time-to-required funding, at December 31, 2014, we have included in the amount of unsecured contractual obligations \$8.6 billion related to the BNY Mellon Settlement. The BNY Mellon Settlement is subject to final court approval and certain other conditions, and the timing of payment is not certain.

We utilize liquidity stress models to assist us in determining the appropriate amounts of excess liquidity to maintain at the parent company, our bank subsidiaries and other regulated entities. These models are risk sensitive and have become increasingly important in analyzing our potential contractual and contingent cash outflows beyond those outflows considered in the time-to-required funding analysis. We evaluate the liquidity requirements under a range of scenarios with varying levels of severity and time horizons. The scenarios we consider and utilize incorporate market-wide and Corporation-specific events, including potential credit rating downgrades for the parent company and our subsidiaries, and are based on historical experience, regulatory guidance, and both expected and unexpected future events.

The types of potential contractual and contingent cash outflows we consider in our scenarios may include, but are not limited to, upcoming contractual maturities of unsecured debt and reductions in new debt issuance; diminished access to secured financing markets; potential deposit withdrawals; increased draws on loan commitments, liquidity facilities and letters of credit; additional collateral that counterparties could call if our credit ratings were downgraded; collateral and margin requirements arising from market value changes; and potential liquidity required to maintain

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businesses and finance customer activities. Changes in certain market factors, including, but not limited to, credit rating downgrades, could negatively impact potential contractual and contingent outflows and the related financial instruments, and in some cases these impacts could be material to our financial results.

We consider all sources of funds that we could access during each stress scenario and focus particularly on matching available sources with corresponding liquidity requirements by legal entity. We also use the stress modeling results to manage our asset-liability profile and establish limits and guidelines on certain funding sources and businesses.

Basel 3 Liquidity Standards

The Basel Committee has issued two liquidity risk-related standards that are considered part of the Basel 3 liquidity standards: the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). 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. As with other Basel Committee standards, the Basel Committee's liquidity risk-related standards do not directly apply to U.S. financial institutions, but require adoption by U.S. banking regulators as described below.

In 2014, the U.S. banking regulators finalized LCR requirements for the largest U.S. financial institutions on a consolidated basis and for their subsidiary depository institutions with total assets greater than \$10 billion. Under the final rule, an initial minimum LCR of 80 percent is required in January 2015, and will increase thereafter in 10 percentage point increments annually through January 2017. These minimum requirements are applicable to the Corporation on a consolidated basis and to our insured depository institutions. As of December 31, 2014, we estimate the consolidated Corporation to be in compliance with LCR on a fully phased-in basis. For more information on our balance sheet actions to reduce risk and increase liquidity related to LCR, see Executive Summary - Balance Sheet Overview on page 27.

In 2014, the Basel Committee issued a final standard for the NSFR, the standard that is intended to reduce funding risk over a longer time horizon. The NSFR is designed to ensure an appropriate amount of stable funding, generally capital and liabilities maturing beyond one year, given the mix of assets and off-balance sheet items. The final standard aligns the NSFR to the LCR and gives more credit to a wider range of funding. The final standard also includes adjustments to the stable funding required for certain types of assets, some of which reduce the stable funding requirement and some of which increase it. The U.S. banking regulators are expected to propose a similar NSFR regulation in the near future. We expect to meet the NSFR requirement within the regulatory timeline.

Diversified Funding Sources

We fund our assets primarily with a mix of deposits and secured and unsecured liabilities through a centralized, globally coordinated funding strategy. We diversify our funding globally across products, programs, markets, currencies and investor groups.

The primary benefits of our centralized funding strategy include greater control, reduced funding costs, wider name recognition by investors and greater flexibility to meet the variable funding requirements of subsidiaries. Where regulations, time zone differences or other business considerations make parent company funding impractical, certain other subsidiaries may issue their own debt.

We fund a substantial portion of our lending activities through our deposits, which were \$1.12 trillion at both December 31, 2014 and 2013. Deposits are primarily generated by our CBB, GWIM and Global Banking segments. These deposits are diversified by clients, product type and geography, and the majority of our U.S. deposits are insured by the FDIC. We consider a substantial portion of our deposits to be a stable, low-cost and consistent source of funding. We believe this deposit funding is generally less sensitive to interest rate changes, market volatility or changes in our credit ratings than wholesale funding sources. Our lending activities may also be financed through secured borrowings, including credit card securitizations and securitizations with GSEs, the FHA and private-label investors, as well as FHLB loans. During 2014, \$4.1 billion of new senior debt was issued to third-party investors from the credit card securitization trusts.

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. We believe funding these activities in the secured financing markets is more cost-efficient and less sensitive to changes in our credit ratings than unsecured financing. Repurchase agreements are generally short-term and often overnight. Disruptions in secured financing markets for financial institutions have occurred in prior market cycles which resulted in adverse changes in terms or significant reductions in the availability of such financing. We manage the liquidity risks arising from secured funding by sourcing funding globally from a diverse group of counterparties, providing a range of securities collateral and pursuing longer durations, when appropriate. For more information on secured financing agreements, see Note 10 - Federal Funds Sold or Purchased, Securities Financing Agreements and Short-term Borrowings to the Consolidated Financial Statements.

We issue long-term unsecured debt in a variety of maturities and currencies to achieve cost-efficient funding and to maintain an appropriate maturity profile. During 2014, we issued \$32.7 billion of long-term unsecured debt, including structured note issuance of \$2.8 billion, a majority of which was issued by the parent company. We also issued \$3.3 billion of unsecured long-term debt through BANA. While the cost and availability of unsecured funding may be negatively impacted by general market conditions or by matters specific to the financial services industry or the Corporation, we seek to mitigate refinancing risk by actively managing the amount of our borrowings that we anticipate will mature within any month or quarter.

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Table 20 presents our long-term debt by major currency at December 31, 2014 and 2013.

(Dollars in millions) U.S. Dollar Euro

British Pound Japanese Yen Australian Dollar Canadian Dollar Swiss Franc Other

Table 20 Long-term Debt by Major Currency

2014

191,264 30,687 7,881 6,058 2,135 1,779 897 2,438

December 31

2013

Total long-term debt

176,294 46,029 9,772 9,115 1,870 2,402 1,274 2,918

\$ 243,139 \$ 249,674

Total long-term debt decreased \$6.5 billion, or three percent, in 2014, primarily driven by maturities outpacing new issuances. We may, from time to time, purchase outstanding debt instruments in various transactions, depending on prevailing market conditions, liquidity and other factors. In addition,

our other regulated entities may make markets in our debt instruments to provide liquidity for investors. For more information on long-term debt funding, see Note 11 - Long-term Debt to the Consolidated Financial Statements.

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 further details on our ALM activities, see Interest Rate Risk Management for Non-trading Activities on page 105.

We may also issue unsecured debt in the form of structured notes for client purposes. Structured notes are debt obligations that pay investors returns linked to other debt or equity securities, indices, currencies or commodities. We typically hedge the returns we are obligated to pay on these liabilities with derivative positions 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 liability 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. We had outstanding structured liabilities with a carrying value of \$38.8 billion and \$48.4 billion at December 31, 2014 and 2013.

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.

Contingency Planning

We maintain contingency funding plans that outline our potential responses to liquidity stress events at various levels of severity. These policies and plans are based on stress scenarios and include potential funding strategies and communication and notification procedures that we would implement in the event we experienced stressed liquidity conditions. We periodically review and test the contingency funding plans to validate efficacy and assess readiness.

Our U.S. bank subsidiaries can access contingency funding through the Federal Reserve Discount Window. Certain non-U.S. subsidiaries have access to central bank facilities in the jurisdictions in which they operate. While we do not rely on these sources in our liquidity modeling, we maintain the policies, procedures and governance processes that would enable us to access these sources if necessary.

Credit Ratings

Our borrowing costs and ability to raise funds are impacted by our credit ratings. In addition, credit ratings may be important to customers or counterparties when we compete in certain markets and when we seek to engage in certain transactions, including OTC derivatives. Thus, it is our objective to maintain high-quality credit ratings, and management maintains an active dialogue with the rating agencies.

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. Our credit ratings are subject to ongoing review by the rating agencies and they consider a number of factors, including our own financial strength, performance, prospects and operations as well as factors not under our control. The rating agencies could make adjustments to our ratings at any time and they provide no assurances that they will maintain our ratings at current levels.

Other factors that influence our credit ratings include changes to the rating agencies' methodologies for our industry or certain security types, the rating agencies' assessment of the general operating environment for financial services companies, the sovereign credit ratings of the U.S. government, our mortgage exposures (including litigation), our relative positions in the markets in which we compete, reputation, liquidity position, diversity of funding sources, funding costs, the level and volatility of earnings, corporate governance and risk management policies, capital position, capital management practices, and current or future regulatory and legislative initiatives.

All three agencies have indicated that, as a systemically important financial institution, the senior credit ratings of the Corporation and Bank of America, N.A. (or in the case of Moody's Investors Service, Inc. (Moody's), only the ratings of Bank of America, N.A.) currently reflect the expectation that, if necessary, we would receive significant support from the U.S. government, and that they will continue to assess such support in the context of sovereign financial strength and regulatory and legislative developments.

On December 2, 2014, Standard & Poor's Ratings Services (S&P) affirmed the ratings of Bank of America, and revised the outlook on our core operating subsidiaries, including Bank of America, N.A., MLPF&S, and MLI, to stable from negative. The negative outlook on the ratings of Bank of America Corporation reflects S&P's ongoing evaluation of whether to continue to include uplift for extraordinary U.S. government support in the ratings of systemically-important BHCs. On November 25, 2014, Fitch Ratings (Fitch) concluded their periodic review of 12 large, complex securities trading and universal banks, including Bank of America Corporation. As a result of this review, Fitch affirmed all of the Corporation's credit ratings and retained a negative outlook. The negative outlook reflects Fitch's expectation that the probability of the U.S. government providing support to a systemically important financial institution during a crisis is likely to decline due to the

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orderly liquidation provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act. On November 14, 2013, Moody's concluded its review of the ratings for Bank of America and certain other systemically important U.S. BHCs, affirming our current ratings and noting that those ratings no longer incorporate any uplift for U.S. government support. Concurrently, Moody's upgraded Bank of America, N.A.'s senior debt and stand-alone ratings by one notch, citing a number of positive developments at Bank of America. Moody's also moved its outlook for all of our ratings to stable.

Table 21 presents the Corporation's current long-term/short-term senior debt ratings and outlooks expressed by the rating agencies.

Table 21 Senior Debt Ratings

Moody's Investors Service

Bank of America Corporation

Bank of America, N.A.

Merrill Lynch, Pierce, Fenner & Smith

Merrill Lynch International

P-2 P-i NR NR

Long-term Short-term

Baa2 A2 NR NR

Outlook

Stable Stable

NR

NR

A-A A A

Long-term Short-term

A-2 A-1 A-1 A-1

Outlook

Negative Stable Stable Stable

Long-term Short-term

FI FI FI FI

Outlook

Negative Negative Negative Negative

NR = not rated

A reduction in certain of our credit ratings or the ratings of certain asset-backed securitizations may have a material adverse effect on our liquidity, potential loss of access to credit markets, the related cost of funds, our businesses and on certain trading revenues, particularly in those businesses where counterparty creditworthiness is critical. In addition, under the terms of certain OTC derivative contracts and other trading agreements, in the event of downgrades of our or our rated subsidiaries' credit ratings, the counterparties to those agreements may require us to provide additional collateral, or to terminate these contracts or agreements, which could cause us to sustain losses and/or adversely impact our liquidity. If the short-term credit ratings of our parent company, bank or broker-dealer subsidiaries were downgraded by one or more levels, the potential loss of access to short-term funding sources such as repo financing and the effect on our incremental cost of funds could be material.

Table 22 presents the amount of additional collateral that would have been contractually required by derivative contracts and other trading agreements at December 31, 2014 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.

Table 22 Additional Collateral Required to be Posted Upon Downgrade

	December 31, 2014	
	One notch	Second incremental notch
{Dollars in millions}		
Bank of America Corporation	\$ 1,402	\$ 2,825
Bank of America, N.A. and subsidiaries ⁽¹⁾	1,072	1,886

⁽¹⁾ Included in Bank of America Corporation collateral requirements in this table

Table 23 presents the derivative liabilities that would be subject to unilateral termination by counterparties and the amounts of collateral that would have been contractually required at December 31, 2014, if the long-term senior debt ratings for the Corporation or certain subsidiaries had been lower by one incremental notch and by an additional second incremental notch.

Table 23 Derivative Liabilities Subject to Unilateral Termination Upon Downgrade

	December 31, 2014	
	One notch	Second incremental notch
(Dollars in millions)		
Derivative liability	\$ 1,785	\$ 3,850
Collateral posted	1,520	2,986

While certain potential impacts are contractual and quantifiable, the full scope of the consequences of a credit rating downgrade to a financial institution is inherently uncertain, as it depends upon numerous dynamic, complex and inter-related factors and assumptions, including whether any downgrade of a company's long-term credit ratings precipitates downgrades to its short-term credit ratings, and assumptions about the potential behaviors of various customers, investors and counterparties. For more information on the potential impacts of credit rating downgrades, see Liquidity Risk - Time-to-required Funding and Stress Modeling on page 66.

For more information on the additional collateral and termination payments that could be required in connection with certain OTC derivative contracts and other trading agreements as a result of such a credit rating downgrade, see Note 2 - Derivatives to the Consolidated Financial Statements.

On June 6, 2014, S&P affirmed its AA+ long-term and A-1+ short-term sovereign credit rating on the U.S. government with a stable outlook. On March 21, 2014, Fitch affirmed its AAA long-term and F1+ short-term sovereign credit rating on the U.S. government with a stable outlook. This resolved the rating watch negative that was placed on the ratings on October 15, 2013. On July 18, 2013, Moody's revised its outlook on the U.S. government to stable from negative and affirmed its Aaa long-term sovereign credit rating on the U.S. government.

Credit Risk Management

Credit quality improved during 2014 due in part to improving economic conditions. In addition, our proactive credit risk management activities positively impacted the credit portfolio as charge-offs and delinquencies continued to improve. For additional information, see Executive Summary - 2014 Economic and Business Environment on page 23.

Credit risk is the risk of loss arising from the inability or failure of a borrower or counterparty to meet its obligations. Credit risk can also arise from operational failures that result in an erroneous advance, commitment or investment of funds. We define the credit exposure to a borrower or counterparty as the loss potential arising from all product classifications including loans and leases, deposit overdrafts, derivatives, assets held-for-sale and unfunded lending commitments which include loan commitments, letters of credit and financial guarantees. Derivative positions are recorded at fair value and assets held-for-sale are recorded at either fair value or the lower of cost or fair value. Certain loans and unfunded commitments are accounted for under the fair value option. Credit risk for categories of assets carried at fair value is not accounted for as part of the allowance for credit losses but as part of the fair value adjustments recorded in earnings. For derivative positions, our credit risk is measured as the net cost in the event the counterparties with contracts in which we are in a gain position fail to perform under the terms of those contracts. We use the current fair value to represent credit exposure without giving consideration to future mark-to-market changes. The credit risk amounts take into consideration the effects of legally enforceable master netting agreements and cash collateral. Our consumer and commercial credit extension and review procedures encompass funded and unfunded credit exposures. For more information on derivatives and credit extension commitments, see Note 2 - Derivatives and Note 12 - Commitments and Contingencies to the Consolidated Financial Statements.

We manage credit risk based on the risk profile of the borrower or counterparty, repayment sources, the nature of underlying collateral, and other support given current events, conditions and expectations. We classify our portfolios as either consumer or commercial and monitor credit risk in each as discussed below.

We proactively refine our underwriting and credit management practices as well as credit standards to meet the changing economic environment. To actively mitigate losses and enhance customer support in our consumer businesses, we have in place collection programs and loan modification and customer assistance infrastructures. We utilize a number of actions to mitigate losses in the commercial businesses including increasing the frequency and intensity of portfolio monitoring, hedging activity and our practice of transferring management of deteriorating commercial exposures to independent special asset officers as credits enter criticized categories.

We have non-U.S. exposure largely in Europe and Asia Pacific. For more information on our exposures and related risks in non-U.S. countries, see Non-U.S. Portfolio on page 93 and Item 1A. Risk Factors of this Annual Report on Form 10-K.

For more information on our credit risk management activities, see Consumer Portfolio Credit Risk Management on page 70, Commercial Portfolio Credit Risk Management on page 84, Non-U.S. Portfolio on page 93, Provision for Credit Losses on page 95 and Allowance for Credit Losses on page 95, Note 1 - Summary of Significant Accounting Principles, Note 4 - Outstanding Loans and Leases and Note 5 - Allowance for Credit Losses to the Consolidated Financial Statements.

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. These models are a component of our consumer credit risk management process and 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.

During 2014, we completed approximately 71,600 customer loan modifications with a total unpaid principal balance of approximately \$13 billion, including approximately 33,400 permanent modifications, under the U.S. government's Making Home Affordable Program. Of the loan modifications completed in 2014, in terms of both the volume of modifications and the unpaid principal balance associated with the underlying loans, approximately half were in the Corporation's held-for-investment (HFI) portfolio. For modified loans on our balance sheet, these modification types are generally considered troubled debt restructurings (TDRs). For more information on TDRs and portfolio impacts, see Consumer Portfolio Credit Risk Management - Nonperforming Consumer Loans, Leases and Foreclosed Properties Activity on page 82 and Note 4 - Outstanding Loans and Leases to the Consolidated Financial Statements.

Consumer Credit Portfolio

Improvement in the U.S. economy, labor markets and home prices continued during 2014 resulting in improved credit quality and lower credit losses across all consumer portfolios compared to 2013. Consumer loans 30 days or more past due and 90 days or more past due declined during 2014 across all consumer portfolios as a result of improved delinquency trends. Although home prices have shown steady improvement since the beginning of 2012, they have not fully recovered to their 2006 levels.

Improved credit quality, increased home prices and continued loan balance run-off across the consumer portfolio drove a \$3.4 billion decrease in the consumer allowance for loan and lease losses in 2014 to \$10.0 billion at December 31, 2014. For more information, see Allowance for Credit Losses on page 95.

In connection with the 2013 settlement with FNMA, we repurchased certain residential mortgage loans that had previously been sold to FNMA,

which we have valued at less than the purchase price. As of December 31, 2014, these loans had an unpaid principal balance of \$4.4 billion and a carrying value of \$3.8 billion, of which \$4.1 billion of unpaid principal balance and \$3.5 billion of carrying value were classified as PCI loans. All of these loans are included in the Legacy Assets & Servicing portfolio in Table 27. For more information on PCI loans, see Consumer Portfolio Credit Risk Management - Purchased Credit-impaired Loan Portfolio on page 78 and Note 4 - Outstanding Loans and Leases to the Consolidated Financial Statements.

For more information on our accounting policies regarding delinquencies, nonperforming status, charge-offs and TDRs for the

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consumer portfolio, see Note 1 - Summary of Significant Accounting Principles to the Consolidated Financial Statements. For more information on representations and warranties related to our residential mortgage and home equity portfolios, see Off-Balance Sheet Arrangements and Contractual Obligations -Representations and Warranties on page 50 and Note 7 -Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements.

Table 24 presents our outstanding consumer loans and leases, and the PCI loan portfolio. In addition to being included in the "Outstandings" columns in Table 24, PCI loans are also shown separately, net of purchase accounting adjustments, in the "Purchased Credit-impaired Loan Portfolio" columns. The impact of the PCI loan portfolio on certain credit statistics is reported where appropriate. For more information on PCI loans, see Consumer Portfolio Credit Risk Management - Purchased Credit-impaired Loan Portfolio on page 78 and Note 4 - Outstanding Loans and Leases to the Consolidated Financial Statements.

Table 24 Consumer Loans and Leases

(Dollars in millions)			December 31			
					Purchased Credit-Impaired	
	2014	2013	Outstandings		Loan Portfolio	
Residential mortgage (>>)	\$ 216,197	\$ 248,066	\$ 15,152		\$ 18,672	
Home equity	85,725	93,672	5,617		6,593	
U.S. credit card	91,879	92,338	n/a		n/a	
Non-U.S. credit card	10,465	11,541	n/a		n/a	
Direct/Indirect consumer ¹²	80,381	82,192	n/a		n/a	
Other consumer <=>	-	-	n/a		n/a	
Consumer loans excluding loans accounted for under the fair value option		486,493		1,846		20,769
Loans accounted for under the fair value option < ⁴)	2,077	2,164		1,977		25,265
Total consumer loans and leases				\$ 488,570		\$ 531,950
						\$ 20,769
						\$ 25,265

¹¹ Outstandings include pay option loans of \$3.2 billion and \$4.4 billion at December 31, 2014 and 2013. We no longer originate pay option loans.

¹² Outstandings include dealer financial services loans of \$37.7 billion and \$38.5 billion, unsecured consumer lending loans of \$1.5 billion and \$2.7 billion, U.S. securities-based lending loans of \$35.8 billion and \$31.2 billion, non-U.S. consumer loans of \$4.0 billion and \$4.7 billion, student loans of \$632 million and \$4.1 billion and other consumer loans of \$761 million and \$1.0 billion at December 31, 2014 and 2013.

¹³ Outstandings include consumer finance loans of \$676 million and \$1.2 billion, consumer leases of \$1.0 billion and \$606 million, consumer overdrafts of \$162 million and \$176 million and other non-U.S. consumer loans of \$3 million and \$5 million at December 31, 2014 and 2013. ⁴ Consumer loans accounted for under the fair value option include residential mortgage loans of \$1.9 billion and \$2.0 billion and home equity loans of \$196 million and \$147 million at December 31, 2014 and 2013. For more information on the fair value option, see Consumer Portfolio Credit Risk Management - Consumer Loans Accounted for Under the Fair Value Option on page 82 and Note 21 - Fair Value Option to the Consolidated Financial Statements. n/a = not applicable.

4,071 \$

2014
Net Charge-off Ratios «-»
2013

(0.05) %
1.01
2.96
2.10
0.20 11.27
0.80

id Net charge-offs exclude write-offs in the PCI loan portfolio of \$545 million in residential mortgage and \$265 million in home equity in 2014 compared to \$1.1 billion in residential mortgage and \$1.2 billion in home equity in 2013. These write-offs decreased the PCI valuation allowance included as part of the allowance for loan and lease losses. For more information on PCI write-offs, see Consumer Portfolio Credit Risk Management - Purchased Credit-impaired Loan Portfolio on page 78.

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

Net charge-off ratios, excluding the PCI and fully-insured loan portfolios, were (0.08) percent and 0.74- percent for residential mortgage, 1.09 percent and 1.94 percent for home equity and 1.00 percent and 1.71 percent for the total consumer portfolio for 2014 and 2013, respectively. These are the only product classifications that include PCI and fully-insured loans.

Net charge-offs exclude write-offs in the PCI loan portfolio of \$545 million and \$1.1 billion in residential mortgage and \$265 million and \$1.2 billion in home equity for 2014 and 2013, respectively. These write-offs decreased the PCI valuation allowance included as part of the allowance for loan and lease losses. Net charge-off ratios including the PCI write-offs were 0.18 percent and 0.85 percent for residential mortgage and 1.31 percent and 3.05 percent for home equity in 2014 and 2013, respectively. For more information on PCI write-offs, see Consumer Portfolio Credit Risk Management - Purchased Credit-impaired Loan Portfolio on page 78.

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Table 27 presents outstandings, nonperforming balances, net charge-offs, allowance for loan and lease losses and provision for loan and lease losses for the Core portfolio and the Legacy Assets & Servicing portfolio within the home loans portfolio. For more information on Legacy Assets & Servicing, see CRES on page 38.

Table 27 Home Loans Portfolio w

(Dollars in millions) Core portfolio Residential mortgage

Home equity

Total Core portfolio Legacy Assets & Servicing portfolio Residential mortgage

Home equity

Total Legacy Assets & Servicing portfolio Home loans portfolio Residential mortgage

Home equity

Total home loans portfolio

December 31

Outstandings		Nonperforming		Net Charge-offs «-»							
2014	2013	2014	2013	2014	2013	2014	2013				
\$ 162,220	\$ 177,336	\$ 2,398	\$ 3,316	\$ 140	\$ 274						
						<u>51,887</u>	<u>54,499</u>	<u>1,496</u>	<u>1,431</u>	<u>275</u>	<u>439</u>
						214,107	231,835	3,894	4,747	415	713
53,977	70,730	4,491	8,396	(254)	810						
<u>33,838</u>	<u>39,173</u>	<u>2,405</u>	<u>2,644</u>	<u>632</u>	<u>1,364</u>						
<u>87,815</u>	<u>109,903</u>	<u>6,896</u>	<u>11,040</u>	<u>378</u>	<u>2,174</u>						
						216,197	248,066	6,889	11,712	(114)	1,084
						<u>85,725</u>	<u>93,672</u>	<u>3,901</u>	<u>4,075</u>	<u>907</u>	<u>1,803</u>
<u>\$ 301,922</u>	<u>\$ 341,738</u>	<u>\$ 10,790</u>	<u>\$ 15,787</u>	<u>\$ 793</u>	<u>\$ 2,887</u>						

December 31
Allowance for Loan
and Lease Losses

Provision for Loan
and Lease Losses

Core portfolio Residential mortgage Home equity Total Core portfolio Legacy Assets & Servicing portfolio Residential mortgage Home equity Total Legacy Assets & Servicing portfolio Home loans portfolio Residential mortgage Home equity Total home loans portfolio

(2)	2014	2013	2014	2013					
\$	593	\$ 728	\$ (47)	\$ 166					
	<u>702</u>	<u>965</u>	<u>3</u>	<u>119</u>					
								1,295	1,693
	2,307	3,356	(696)	(979)					(44)
	<u>2,333</u>	<u>3,469</u>	<u>(236)</u>	<u>(430)</u>					
	<u>4,640</u>	<u>6,825</u>	<u>(932)</u>	<u>(1,409)</u>					
	2,900	4,084	(743)	(813)					
	<u>3,035</u>	<u>4,434</u>	<u>(233)</u>	<u>(311)</u>					
\$	5,935	\$ 8,518	\$ (976)	\$ (1,124)					

We believe that the presentation of information adjusted to exclude the impact of the PCI loan portfolio, 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 discussions of the residential mortgage and home equity portfolios, we provide information that excludes the impact of the PCI loan portfolio, the fully-insured loan portfolio and loans accounted for under the fair value option in certain credit quality statistics. We separately disclose information on the PCI loan portfolio on page 78.

Residential Mortgage

The residential mortgage portfolio makes up the largest percentage of our consumer loan portfolio at 44 percent of consumer loans and leases at December 31, 2014. Approximately 24 percent of the residential mortgage portfolio is in GWIM and represents residential mortgages that are originated for the home purchase and refinancing needs of our wealth management clients. The remaining portion of the portfolio is primarily in All Other and is comprised of originated loans, purchased loans used in our overall ALM activities, delinquent FHA loans repurchased pursuant to our servicing agreements with GNMA as well as loans repurchased related to our representations and warranties.

Outstanding balances in the residential mortgage portfolio, excluding loans accounted for under the fair value option, decreased \$31.9 billion during 2014 due to paydowns, sales, charge-offs and transfers to foreclosed properties. Of the decline, more than 50 percent was due to the sale of \$10.7 billion of loans with standby insurance agreements and \$6.7 billion of nonperforming and other delinquent loan sales. These were partially offset by new origination volume retained on our balance sheet, as well as repurchases of delinquent loans pursuant to our servicing agreements with GNMA, which are part of our mortgage banking activities.

At December 31, 2014 and 2013, the residential mortgage portfolio included \$65.0 billion and \$87.2 billion of outstanding fully-insured loans. On this portion of the residential mortgage portfolio, we are protected against principal loss as a result of either FHA insurance or long-term standby agreements with FNMA and FHLMC. At December 31, 2014 and 2013, \$47.8 billion and

\$59.0 billion had FHA insurance with the remainder protected by long-term standby agreements. At December 31, 2014 and 2013, \$15.9 billion and \$22.5 billion of the FHA-insured loan population were repurchases of delinquent FHA loans pursuant to our servicing agreements with GNMA. All of these loans are individually insured and therefore the Corporation does not record a significant allowance for loan and lease losses with respect to these loans.

The long-term standby agreements with FNMA and FHLMC reduce our regulatory risk-weighted assets due to the transfer of a portion of our credit risk to unaffiliated parties. At December 31, 2014, these programs had the cumulative effect of reducing our risk-weighted assets by \$5.2 billion, increasing both our Tier 1 capital ratio and Common equity tier 1 capital ratio by five bps under the Basel 3 Standardized - Transition. This compared to reducing our risk-weighted assets by \$8.4 billion, increasing our Tier 1 capital ratio by eight bps and increasing our Tier 1 common capital ratio by seven bps at December 31, 2013 under Basel 1 (which included the Market Risk Final Rules).

In addition to the long-term standby agreements with FNMA and FHLMC, we have mitigated a portion of our credit risk on the residential mortgage portfolio through the use of synthetic securitization vehicles. These vehicles issue long-term notes to investors, the proceeds of which are held as cash collateral. We pay a premium to the vehicles to purchase mezzanine loss protection on a portfolio of residential mortgage loans HFI. Cash held in the vehicles is used to reimburse us in the event that losses on the mortgage portfolio exceed 10 bps of the original pool balance, up to the remaining amount of purchased loss protection of \$270 million and \$339 million at December 31, 2014 and 2013.

Amounts due from the vehicles are recorded in other income (loss) in the Consolidated Statement of Income when we recognize a reimbursable loss. Amounts are collected when reimbursable losses are realized through the sale of the underlying collateral. At December 31, 2014 and 2013, the synthetic securitization vehicles referenced principal balances of \$7.0 billion and \$12.5 billion of residential mortgage loans and we had a receivable of \$146 million and \$198 million from these vehicles for reimbursement of losses. We record an allowance for loan and lease losses on loans referenced by the synthetic securitization vehicles without regard to the existence of the purchased loss protection as the protection does not represent a guarantee of individual loans. The reported net charge-offs for the residential mortgage portfolio do not include the benefit of amounts reimbursable from these vehicles.

Table 28 presents certain residential mortgage key credit statistics on both a reported basis excluding loans accounted for under the fair value option, and excluding the PCI loan portfolio, our fully-insured loan portfolio and loans accounted for under the fair value option. Additionally, in the "Reported Basis" columns in the table below, accruing balances past due and nonperforming loans do not include the PCI loan portfolio, in accordance with our accounting policies, even though the customer may be contractually past due. As such, the following discussion presents the residential mortgage portfolio excluding the PCI loan portfolio, the fully-insured loan portfolio and loans accounted for under the fair value option. For more information on the PCI loan portfolio, see page 78.

Table 28 Residential Mortgage - Key Credit Statistics

(Dollars in millions) Outstandings

Accruing past due 30 days or more Accruing past due 90 days or more Nonperforming loans Percent of portfolio

Refreshed LTV greater than 90 but less than or equal to 100 <2>

Refreshed LTV greater than 100 <2>

Refreshed FICO below 620

2006 and 2007 vintages <3>i Net charge-off ratio W in

ui

(3) MI

Nonperforming residential mortgage loans decreased \$4.8 billion in 2014 as sales of \$4.1 billion, paydowns, returns to performing status, charge-offs, and transfers to foreclosed properties and held-for-sale outpaced new inflows. Of the nonperforming residential mortgage loans at December 31, 2014, \$1.8 billion, or 26 percent were current on contractual payments. Nonperforming loans that are contractually current primarily consist of collateral-dependent TDRs, including those that have

				December 31				Excluding Purchased Credit-impaired and Fully-insured Loans			
				2014		2013		2014		2013	
				Reported Basis 1"		Reported Basis 1"		Reported Basis 1"		Reported Basis 1"	
\$	216,197	\$	248,066	\$	136,075	\$	142,147				
	16,485		23,052		1,868		2,371				
	11,407		16,961		-		-				
	6,889		11,712		6,889		11,712				
								9%	11%	6%	8%
								12	17	7	11
								16	20	8	11
								19	21	22	27
								(0.05)	0.42	(0.08)	0.74

been discharged in Chapter 7 bankruptcy, as well as loans that have not yet demonstrated a sustained period of payment performance. In addition, \$3.8 billion, or 55 percent of nonperforming residential mortgage 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 past due 30 days or more decreased \$503 million in 2014.

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Net charge-offs decreased \$1.2 billion to a net recovery of \$114 million in 2014, or (0.08) percent of total average residential mortgage loans, compared to net charge-offs of \$1.1 billion, or 0.74 percent, in 2013. This decrease in net charge-offs was primarily driven by favorable portfolio trends and decreased writedowns on loans greater than 180 days past due, which were written down to the estimated fair value of the collateral, less costs to sell, due in part to improvement in home prices and the U.S. economy. In addition, net charge-offs declined due to the impact of recoveries of \$407 million related to nonperforming loan sales in 2014.

Residential mortgage loans with a greater than 90 percent but less than or equal to 100 percent refreshed loan-to-value (LTV) represented six percent and eight percent of the residential mortgage portfolio at December 31, 2014 and 2013. Loans with a refreshed LTV greater than 100 percent represented seven percent and 11 percent of the residential mortgage loan portfolio at December 31, 2014 and 2013. Of the loans with a refreshed LTV greater than 100 percent, 96 percent and 95 percent were performing at December 31, 2014 and 2013. Loans with a refreshed LTV greater than 100 percent reflect loans where the outstanding carrying value of the loan is greater than the most recent valuation of the property securing the loan. The majority of these loans have a refreshed LTV greater than 100 percent primarily due to home price deterioration since 2006, somewhat mitigated by

seven percent of the residential mortgage portfolio, at both December 31, 2014 and 2013. The CRA portfolio included \$986 million and \$1.7 billion of nonperforming loans at December 31, 2014 and 2013, representing 14 percent of total nonperforming residential mortgage loans, at both December 31, 2014 and 2013. Net charge-offs in the CRA portfolio were \$52 million compared to net recoveries of \$114 million for the residential mortgage portfolio in 2014 and \$260 million of the \$1.1 billion total net charge-offs for the residential mortgage portfolio in 2013.

Home Equity

At December 31, 2014, the home equity portfolio made up 18 percent of the consumer portfolio and is comprised of HELOCs, home equity loans and reverse mortgages.

At December 31, 2014, our HELOC portfolio had an outstanding balance of \$74.2 billion, or 87 percent of the total home equity portfolio compared to \$80.3 billion, or 86 percent, at December 31, 2013. HELOCs generally have an initial draw period of 10 years. During the initial draw period, the borrowers are only required to pay the interest due on the loans on a monthly basis. After the initial draw period ends, the loans generally convert to 15-year amortizing loans.

At December 31, 2014, our home equity loan portfolio had an outstanding balance of \$9.8 billion, or 11 percent of the total home equity portfolio compared to \$12.0 billion, or 13 percent, at December 31, 2013. Home equity loans are almost all fixed-rate loans with amortizing payment terms of 10 to 30 years and of the \$9.8 billion at December 31, 2014, 53 percent have 25- to 30-year terms. At December 31, 2014, our reverse mortgage portfolio had an outstanding balance, excluding loans accounted for under the fair value option, of \$1.7 billion, or two percent of the total home equity portfolio compared to \$1.4 billion, or one percent, at December 31, 2013. We no longer originate reverse mortgages.

At December 31, 2014, approximately 90 percent of the home equity portfolio was included in CRES while the remainder of the portfolio was primarily in GWIM. Outstanding balances in the home equity portfolio, excluding loans accounted for under the fair value option, decreased \$7.9 billion in 2014 primarily due to paydowns and charge-offs outpacing new originations and draws on existing lines. Of the total home equity portfolio at December 31, 2014 and 2013, \$20.6 billion and \$20.7 billion, or 24 percent and 22 percent, were in first-lien positions (26 percent and 24 percent excluding the PCI home equity portfolio). At December 31, 2014, 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 \$15.4 billion, or 19 percent of our total home equity portfolio excluding the PCI loan portfolio.

Unused HELOCs totaled \$53.7 billion and \$56.8 billion at December 31, 2014 and 2013. The decrease was primarily due to customers choosing to close accounts, which more than offset customer paydowns of principal balances, as well as the impact of new production. The HELOC utilization rate was 58 percent and 59 percent at December 31, 2014 and 2013.

Table 30 presents certain home equity portfolio key credit statistics on both a reported basis excluding loans accounted for under the fair value option, and excluding the PCI loan portfolio and loans accounted for under the fair value option. Additionally, in the "Reported Basis" columns in the table below, accruing balances past due 30 days or more and nonperforming loans do not include the PCI loan portfolio, in accordance with our accounting policies, even though the customer may be contractually past due. As such, the following discussion presents the home equity portfolio excluding the PCI loan portfolio and loans accounted for under the fair value option. For more information on the PCI loan portfolio, see page 78.

Table 30 Home Equity - Key Credit Statistics

	December 31			
	Reported Basis ^(1*)		Excluding Purchased Credit-impaired Loans	
(Dollars in millions)	2014	2013	2014	2013
Outstandings	~\$ 85,725	\$ 93,672	i 80,108	\$ 87,079
Accruing past due 30 days or more ¹⁾	640	901	640	901
Nonperforming loans ²⁾	3,901	4,075	3,901	4,075
Percent of portfolio				
Refreshed CLTV greater than 90 but less than or equal to 100 ³⁾	8%	9%	7%	8%
Refreshed CLTV greater than 100	1623	1421		
Refreshed FICO below 620	887	8		
2006 and 2007 vintages ⁴⁾	4648	4345		
Net charge-off ratio ⁵⁾	1.01	1.80	1.09	1.94

^{1)J} Outstandings, accruing past due, nonperforming loans and percentages of the portfolio exclude loans accounted for under the fair value option. There were \$196 million and \$147 million of home equity loans accounted for under the fair value option at December 31, 2014 and 2013. For more information on the fair value option, see Consumer Portfolio Credit Risk Management - Consumer Loans Accounted for Under the Fair Value Option on page 82 and Note 21 - Fair Value Option to the Consolidated Financial Statements

^{2)I} Accruing past due 30 days or more includes \$98 million and \$131 million and nonperforming loans includes \$505 million and \$582 million of loans where we serviced the underlying first-lien at December 31, 2014 and 2013

^{3)I} Effective December 31, 2014, with the exception of high-value properties, underlying values for LTV ratios are primarily determined using automated valuation models. For high-value properties, generally with an original value of \$1 million or more, estimated property values are determined using the CoreLogic Case-Shiller Index. Prior-period values have been updated to reflect this change. Previously reported values were primarily determined through an index-based approach.

^{4)I} These vintages of loans have higher refreshed combined LTV ratios and accounted for 47 percent and 50 percent of nonperforming home equity loans at December 31, 2014 and 2013, and 59 percent and 63 percent of net charge-offs in 2014 and 2013.

^{5)I} Net charge-off ratios are calculated as net charge-offs divided by average outstanding loans excluding loans accounted for under the fair value option.

Nonperforming outstanding balances in the home equity portfolio decreased \$174 million in 2014 primarily due to enhanced identification of the

delinquency status on first-lien loans serviced by other financial institutions. This was partially offset by an increase in contractually current nonperforming loans where the loan has been modified in a TDR. Of the nonperforming home equity portfolio at December 31, 2014, \$1.8 billion, or 45 percent, were current on contractual payments. Nonperforming loans that are contractually current primarily consist of collateral-dependent TDRs, including those that have been discharged in Chapter 7 bankruptcy, junior-lien loans where the underlying first is 90 days or more past due, as well as loans that have not yet demonstrated a sustained period of payment performance. In addition, \$1.4 billion, or 37 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. Outstanding balances accruing past due 30 days or more decreased \$261 million in 2014.

In some cases, the junior-lien home equity outstanding balance that we hold is performing, but the underlying first-lien is not. For outstanding balances in the home equity portfolio on which we service the first-lien loan, we are able to track whether the first-lien loan is in default. For loans where the first-lien is serviced by a third party, we utilize credit bureau data to estimate the delinquency status of the first-lien. Given that the credit bureau database we use does not include a property address for the mortgages, we are unable to identify with certainty whether a reported delinquent first-lien mortgage pertains to the same property for which we hold a junior-lien loan. We also utilize a third-party vendor to combine credit bureau and public record data to better link a junior-lien loan with the underlying first-lien mortgage. At December 31, 2014, we estimate that \$1.7 billion of current and \$217 million of 30 to 89 days past due junior-lien loans were behind a delinquent first-lien loan. We service the first-lien loans on \$279 million of these combined amounts, with the remaining \$1.6 billion serviced by third parties. Of the \$1.9 billion of current to 89 days past due junior-lien loans, based on available credit bureau data and our own internal servicing data, we estimate that \$800 million had first-lien loans that were 90 days or more past due.

Net charge-offs decreased \$896 million to \$907 million, or 1.09 percent of the total average home equity portfolio in 2014, compared to \$1.8 billion, or 1.94 percent, in 2013. The decrease in net charge-offs was primarily driven by favorable portfolio trends due in part to improvement in home prices and the U.S. economy. The net charge-off ratios for 2014 and 2013 were also impacted by lower outstanding balances primarily as a result of paydowns and charge-offs outpacing new originations and draws on existing lines.

Outstanding balances in the home equity portfolio with greater than 90 percent but less than or equal to 100 percent refreshed combined loan-to-value (CLTVs) comprised seven percent and eight percent of the home equity portfolio at December 31, 2014 and 2013. Outstanding balances with refreshed CLTVs greater than

100 percent comprised 14 percent and 21 percent of the home equity portfolio at December 31, 2014 and 2013. Outstanding balances in the home equity portfolio with a refreshed CLTV greater than 100 percent reflect loans where the carrying value and available line of credit of the combined loans are equal to or greater than the most recent valuation of the property securing the loan. Depending on the value of the property, there may be collateral in excess of the first-lien that is available to reduce the severity of loss on the second-lien. Home price deterioration since 2006, partially mitigated by subsequent appreciation, has contributed to an increase in CLTV ratios. Of those outstanding balances with a refreshed CLTV greater than 100 percent, 97 percent of the customers were current on their home equity loan and 93 percent of second-lien loans with a refreshed CLTV greater than 100 percent were current on both their second-lien and underlying first-lien loans at December 31, 2014. Outstanding balances in the home equity portfolio to borrowers with a refreshed FICO score below 620 represented seven percent and eight percent of the home equity portfolio at December 31, 2014 and 2013.

Of the \$80.1 billion in total home equity portfolio outstandings at December 31, 2014, as shown in Table 31, 75 percent were interest-only loans, almost all of which were HELOCs. The outstanding balance of HELOCs that have entered the amortization period was \$5.3 billion, or seven percent of total HELOCs at December 31, 2014. 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 December 31, 2014, \$135 million, or three percent of outstanding HELOCs that had entered the amortization period were accruing past due 30 days or more compared to \$581 million, or one percent for the entire HELOC portfolio. In addition, at December 31, 2014, \$817 million, or 15 percent of outstanding HELOCs that had entered the amortization period were nonperforming, of which \$373 million were contractually current, compared to \$3.5 billion, or five percent for the entire HELOC portfolio, of which \$1.5 billion were contractually current. Loans in our HELOC portfolio generally have an initial draw period of 10 years and more than 75 percent of these loans that have yet to enter the amortization period will not be required to make a fully-amortizing payment until 2016 or later. We communicate to contractually current customers more than a year prior to the end of their draw period to inform them of the potential change to the payment structure before entering the amortization period, and provide payment options to customers prior to the end of the draw period.

Although we do not actively track how many of our home equity customers pay only the minimum amount due on their home equity loans and lines, we can infer some of this information through a review of our HELOC portfolio that we service and that is still in its revolving period (i.e., customers may draw on and repay their line of credit, but are generally only required to pay interest on a monthly basis). During 2014, approximately 41 percent of these customers with an outstanding balance did not pay any principal on their HELOCs.

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Table 31 presents outstandings, nonperforming balances and net charge-offs by certain state concentrations for the home equity portfolio. In the New York area, the New York-Northern New Jersey-Long Island MSA made up 12 percent of the outstanding home equity portfolio at both December 31, 2014 and 2013. Loans within this MSA contributed 14 percent and nine percent of net charge-offs in 2014 and 2013 within the home equity portfolio. The Los Angeles-Long Beach-Santa Ana MSA within California made up 12 percent of the outstanding home equity portfolio at both December 31, 2014 and 2013. Loans within this MSA contributed four percent and nine percent of net charge-offs in 2014 and 2013 within the home equity portfolio.

19,117
 14,272 4,845
 1,652 \$
 Percent of Unpaid Principal Balance
 90.75%
 86.44
 89.62

Carrying Value Net of Valuation Allowance

	December 31, 2013				
Residential mortgage	\$ 19,558	\$ 18,672	\$ 1,446	\$ 17,226	88.08%
Home equity	6,523	6,593	1,047	5,546	85.02
Total purchased credit-impaired loan portfolio	\$ 26,081	\$ 25,265	\$ 2,493	\$ 22,772	87.31

The total PCI unpaid principal balance decreased \$4.8 billion, or 18 percent, in 2014 primarily driven by sales, payoffs, paydowns and write-offs. During 2014, we sold PCI loans with a carrying value of \$1.9 billion compared to sales of \$1.3 billion in 2013.

Of the unpaid principal balance of \$21.3 billion at December 31, 2014, \$17.0 billion, or 80 percent, was current based on the contractual terms, \$1.5 billion, or seven percent, was in early stage delinquency, and \$2.2 billion was 180 days or more past due, including \$2.1 billion of first-lien mortgages and \$94 million of home equity loans.

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During 2014, we recorded a provision benefit of \$31 million for the PCI loan portfolio including \$21 million for residential mortgage and \$10 million for home equity. This compared to a total provision benefit of \$707 million in 2013. The provision benefit in 2014 was primarily driven by changes in liquidation assumptions and improved macro-economic conditions.

The PCI valuation allowance declined \$841 million during 2014 due to write-offs in the PCI loan portfolio of \$545 million in residential mortgage and \$265 million in home equity, and a provision benefit of \$31 million.

Purchased Credit-impaired Residential Mortgage Loan Portfolio

The PCI residential mortgage loan portfolio represented 73 percent of the total PCI loan portfolio at December 31, 2014. Those loans to borrowers with a refreshed FICO score below 620 represented 40 percent of the PCI residential mortgage loan portfolio at December 31, 2014. Loans with a refreshed LTV greater than 90 percent, after consideration of purchase accounting adjustments and the related valuation allowance, represented 34 percent of the PCI residential mortgage loan portfolio and 46 percent based on the unpaid principal balance at December 31, 2014. Table 33 presents outstandings net of purchase accounting adjustments and before the related valuation allowance, by certain state concentrations.

Table 33 Outstanding Purchased Credit-impaired Loan Portfolio - Residential Mortgage State Concentrations

2014	2013
6,885 \$ 1,289	8,180 1,750 760 728 433 6,821
640	
602	
318 5,418	

December 31

2013
 (Dollars in millions)
 California
 Florida <<
 Virginia
 Maryland
 Texas
 Total
 Other U.S./Non-U.S.

\$ 15,152 \$ 18,672

(* In this state, foreclosure requires a court order following a legal proceeding Qudicial state)

Pay option adjustable-rate mortgages (ARMs), which are included in the PCI residential mortgage portfolio, have interest rates that adjust monthly and minimum required payments that adjust annually, subject to resetting if minimum payments are made and deferred interest limits are reached. Annual payment adjustments are subject to a 7.5 percent maximum change. To ensure that contractual loan payments are adequate to repay a loan, the fully-amortizing loan payment amount is re-established after the initial five- or ten-year period and again every five years thereafter. These payment adjustments are not subject to the 7.5 percent limit and may be substantial due to changes in interest rates and the addition of unpaid interest to the loan balance. Payment advantage ARMs have interest rates that are fixed for an initial period of five years. Payments are subject to reset if the minimum payments are made and deferred interest limits are reached. If interest deferrals cause a loan's principal balance to reach a certain level within the first 10 years of the life of the loan, the payment is reset to the interest-only payment; then at the 10-year point, the fully-amortizing payment is required.

The difference between the frequency of changes in a loan's interest rates and payments along with a limitation on changes in the minimum monthly payments of 7.5 percent per year can result in payments that are not sufficient to pay all of the monthly interest charges (i.e., negative amortization). Unpaid interest is added to the loan balance until the loan balance increases to a specified limit, which can be no more than 115 percent of the original loan amount, at which time a new monthly payment amount adequate to repay the loan over its remaining contractual life is established.

At December 31, 2014, the unpaid principal balance of pay option loans, which include pay option ARMs and payment advantage ARMs, was \$3.3 billion, with a carrying value of \$3.2 billion, including \$2.8 billion of loans that were credit-impaired upon acquisition and, accordingly, the reserve is based on a life-of-loan loss estimate. The total unpaid principal balance of pay option loans with accumulated negative amortization was \$1.1 billion, including \$63 million of negative amortization. For those borrowers who are making payments in accordance with their contractual terms, one percent and five percent at December 31, 2014 and 2013 elected to make only the minimum payment on pay option loans. We believe the majority of borrowers are now making scheduled payments primarily because the low rate environment has caused the fully indexed rates to be affordable to more borrowers. We continue to evaluate our exposure to payment resets on the acquired negative-amortizing loans including the PCI pay option loan portfolio and have taken into consideration in the evaluation several assumptions including prepayment and default rates. Of the loans in the pay option portfolio at December 31, 2014 that have not already experienced a payment reset, two percent are expected to reset in 2015, 32 percent are expected to reset in 2016 and 11 percent are expected to reset thereafter. In addition, 18 percent are expected to prepay and approximately 37 percent are expected to default prior to being reset, most of which were severely delinquent as of December 31, 2014. We no longer originate pay option loans.

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Purchased Credit-impaired Home Equity Loan Portfolio The PCI home equity portfolio represented 27 percent of the total PCI loan portfolio at December 31, 2014. Those loans with a refreshed FICO score below 620 represented 15 percent of the PCI home equity portfolio at December 31, 2014. Loans with a refreshed CLTV greater than 90 percent, after consideration of purchase accounting adjustments and the related valuation allowance, represented 64 percent of the PCI home equity portfolio and 68 percent based on the unpaid principal balance at December 31, 2014. Table 34 presents outstandings net of purchase accounting adjustments and before the related valuation allowance, by certain state concentrations.

million in 2014 primarily due to a portfolio divestiture. Net charge-offs decreased \$738 million to \$2.6 billion in 2014 due to improvements in delinquencies and bankruptcies as a result of an improved economic environment and the impact of higher credit quality originations. U.S. credit card loans 30 days or more past due and still accruing interest decreased \$372 million while loans 90 days or more past due and still accruing interest decreased \$187 million in 2014 as a result of the factors mentioned above that contributed to lower net charge-offs.

Table 35 presents certain key credit statistics for the U.S. credit card portfolio.

Table 35 U.S. Credit Card - Key Credit Statistics

(Dollars in millions)

California

Florida <"

Virginia

Arizona

Colorado

Other U.S./Non-U.S.

Total

1,646 313 265 188 151

3,054

December 31

2013

1,921 356 310 214 199

5,617

3,593

6,593

2014

2013

91,879 1,701 866

92,338 2,073 1,053

2013

(Dollars in millions) Outstandings

2,638 2.96%

3,376 3.74%

Accruing past due 30 days or more Accruing past due 90 days or more

Net charge-offs

Net charge-off ratios

u) Net charge-off ratios are calculated as net charge-offs divided by average outstanding loans.

Unused lines of credit for U.S. credit card totaled \$305.9 billion and \$315.1 billion at December 31, 2014 and 2013. The \$9.2 billion decrease was driven by the closure of inactive accounts and a portfolio divestiture.

Table 36 presents certain state concentrations for the U.S. credit card portfolio.

Table 36 U.S. Credit Card State Concentrations

December 31

(Dollars in millions)

California

Florida

Texas

New York

New Jersey

Other U.S.

Outstandings

2013

13,689 \$

7,339

6,405

5,624

3,868 55,413

Accruing Past Due 90 Days or More

2013

127 89 58 59 40

493

414 278 177 174 116 1,479

Net Charge-offs

2013

562 359 217 219 150 1,869

\$ 91,879 \$ 92,338 \$

Non-U.S. Credit Card

Outstandings in the non-U.S. credit card portfolio, which are recorded in All Other, decreased \$1.1 billion in 2014 due to a portfolio divestiture and

weakening of the British Pound against the U.S. Dollar. Net charge-offs decreased \$157 million to \$242 million in 2014 due to improvement in delinquencies as a result of higher credit quality originations and an improved economic environment, as well as improved recovery rates on previously charged-off loans.

Unused lines of credit for non-U.S. credit card totaled \$28.2 billion and \$31.1 billion at December 31, 2014 and 2013. The \$2.9 billion decrease was driven by weakening of the British Pound against the U.S. Dollar and a portfolio divestiture.

Table 37 presents certain key credit statistics for the non-U.S. credit card portfolio.

Table 37 Non-U.S. Credit Card - Key Credit Statistics

	2014	2013
	\$ 11,541,248,131	\$ 10,465,183,950
	December 31	
	2014	
		2013

(Dollars in millions) Outstandings

242 2.10%

399 3.68%

Accruing past due 30 days or more Accruing past due 90 days or more

Net charge-offs

Net charge-off ratios<

u) Net charge-off ratios are calculated as net charge-offs divided by average outstanding loans

Direct/Indirect Consumer

At December 31, 2014, approximately 50 percent of the direct/ indirect portfolio was included in GWIM (principally securities-based lending loans and other personal loans), 49 percent was included in CBB (consumer dealer financial services - automotive, marine, aircraft, recreational vehicle loans and consumer personal loans), and the remainder was primarily in All Other (student loans and the International Wealth Management businesses).

Outstandings in the direct/indirect portfolio decreased \$1.8 billion in 2014 as a transfer of the government-guaranteed portion of the student loan portfolio to LHFS and lower outstandings in the unsecured consumer lending and consumer dealer financial services portfolios were partially offset by growth in the securities-based lending portfolio.

Net charge-offs decreased \$176 million to \$169 million in 2014, or 0.20 percent of total average direct/indirect loans, compared to \$345 million, or 0.42 percent, in 2013. This decrease in net charge-offs was primarily driven by improvements in delinquencies and bankruptcies in the unsecured consumer lending portfolio as a result of an improved economic environment as well as reduced outstandings in this portfolio.

Net charge-offs in the unsecured consumer lending portfolio decreased \$143 million to \$47 million in 2014, or 2.30 percent of total average unsecured consumer lending loans compared to 5.26 percent in 2013. Direct/indirect loans that were past due 30 days or more and still accruing interest declined \$634 million to \$379 million in 2014 due primarily to the transfer of the government-guaranteed portion of the student loan portfolio to LHFS.

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Table 38 presents certain state concentrations for the direct/indirect consumer loan portfolio.

Table 38 Direct/Indirect State Concentrations

(Dollars in millions)					December 31			
	Outstandings	Accruing Past Due 90 Days or More	Outstandings	Accruing Past Due 90 Days or More	Outstandings	Accruing Past Due 90 Days or More	Outstandings	Accruing Past Due 90 Days or More
California \$								
Florida								
Texas								
New York								
New Jersey								
Other U.S./Non-U.S.								
2014	2013	2014	2013	2014	2013	2014	2013	2014
9,770\$	10,041	\$	5	\$	57	\$	18	\$ 42
7,9307,634			5		25		27	41
7,7417,850			5		66		19	32
4,4584.611			2		33		9	20
2,6252,526			2		8		5	12
47,857	49,530		45		219		91	198

Other Consumer

At December 31, 2014, approximately 37 percent of the \$1.8 billion other consumer portfolio was associated with certain consumer finance businesses that we previously exited. The remainder is primarily leases within the consumer dealer financial services portfolio included in CBB.

Consumer Loans Accounted for Under the Fair Value Option

Outstanding consumer loans accounted for under the fair value option totaled \$2.1 billion at December 31, 2014 and were comprised of residential mortgage loans that were previously classified as held-for-sale, residential mortgage loans held in consolidated variable interest entities (VIEs) and repurchased home equity loans. The loans that were previously classified as held-for-sale were transferred to the residential mortgage portfolio in connection with the decision to retain the loans. The fair value option had been elected at the time of origination and the loans continue to be measured at fair value after the reclassification. In 2014, we recorded net losses of \$13 million resulting from changes in the fair value of these loans, including losses of \$45 million on loans held in consolidated VIEs that were offset by gains recorded on related long-term debt.

Nonperforming Consumer Loans, Leases and Foreclosed Properties Activity

Table 39 presents nonperforming consumer loans, leases and foreclosed properties activity during 2014 and 2013. Nonperforming LHFS are excluded from nonperforming loans as they are recorded at either fair value or the lower of cost or fair value. Nonperforming loans do not include past due consumer credit card loans, other unsecured loans and in general, consumer non-real estate-secured loans (loans discharged in Chapter 7 bankruptcy are included) as these loans are typically charged off no later than the end of the month in which the loan becomes 180 days past due. The charge-offs on these loans have no impact on nonperforming activity and, accordingly, are excluded from this table. The fully-insured loan portfolio is not reported as nonperforming as principal repayment is insured. Additionally, nonperforming loans do not include the PCI loan portfolio or loans accounted for under the fair value option. For more information on nonperforming loans, see Note 1 - Summary of Significant Accounting Principles to the Consolidated Financial Statements. During 2014, nonperforming consumer loans declined \$5.0 billion to \$10.8 billion as outflows including the impact of loan sales, returns to performing status and charge-offs outpaced new inflows which continued to improve due to favorable delinquency trends.

The outstanding balance of a real estate-secured loan that is in excess' of the estimated property value less costs to sell is charged off no later than the end of the month in which the loan becomes 180 days past due unless repayment of the loan is fully insured. At December 31, 2014, \$5.9 billion, or 51 percent of nonperforming consumer real estate loans and foreclosed properties had been written down to their estimated property value less costs to sell, including \$5.2 billion of nonperforming loans 180 days or more past due and \$630 million of foreclosed properties. In addition, at December 31, 2014, \$3.6 billion, or 33 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 \$97 million in 2014 as additions outpaced liquidations. PCI loans are excluded from nonperforming loans as these

loans were written down to fair value at the acquisition date; however, once the underlying real estate is acquired by the Corporation upon foreclosure of the delinquent PCI loan, it is included in foreclosed properties. PCI-related foreclosed properties increased \$198 million in 2014. Not included in foreclosed properties at December 31, 2014 was \$1.1 billion of real estate that was acquired upon foreclosure of delinquent FHA-insured loans. We exclude these amounts from our nonperforming loans and foreclosed properties activity as we expect we will be reimbursed once the property is conveyed to the FHA for principal and, up to certain limits, costs incurred during the foreclosure process and interest incurred during the holding period. For more information on the review of our foreclosure processes, see Off-Balance Sheet Arrangements and Contractual Obligations - Servicing, Foreclosure and Other Mortgage Matters on page 53.

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Restructured Loans

Nonperforming loans also include certain loans that have been modified in TDRs where economic concessions have been granted to borrowers experiencing financial difficulties. These concessions typically result from the Corporation's loss mitigation activities and could include reductions in the interest rate, payment extensions,

forgiveness of principal, forbearance or other actions. Certain TDRs are classified as nonperforming at the time of restructuring and may only be returned to performing status after considering the borrower's sustained repayment performance for a reasonable period, generally six months. Nonperforming TDRs, excluding those modified loans in the PCI loan portfolio, are included in Table 39.

Table 39 Nonperforming Consumer Loans, Leases and Foreclosed Properties Activity w

(Dollars in millions)	2014	2013
<u>Nonperforming loans and leases, January 1</u>	<u>\$ 15,840</u>	<u>\$ 19,431</u>
Additions to nonperforming loans and leases:		
New nonperforming loans and leases	7,077	9,652
Reductions to nonperforming loans and leases:		
Paydowns and payoffs	(1,625)	(2,782)
Sales	(4,129)	(1,528)
Returns to performing status of	(3,277)	(4,273)
Charge-offs	(2,187)	(3,514)
Transfers to foreclosed properties < ³ >	(672)	(483)
<u>Transfers to loans held-for-sale <⁴></u>	<u>(208)</u>	<u>(663)</u>
Total net reductions to nonperforming loans and leases	(5,021)	(3,591)
Total nonperforming loans and leases, December 31 < ⁵ >	10,819	15,840
Foreclosed properties, January 1	533	650
Additions to foreclosed properties:		
New foreclosed properties i ² >	1,011	936
Reductions to foreclosed properties:		
Sales	(829)	(930)
<u>Write-downs</u>	<u>^ (85)</u>	<u>(123)</u>
Total net additions (reductions) to foreclosed properties	97	(117)
Total foreclosed properties, December 31 < ⁶ >	630	533
Nonperforming consumer loans, leases and foreclosed properties, December 31	\$ 11,449	\$ 16,373
Nonperforming consumer loans and leases as a percentage of outstanding consumer loans and leases ¹	2.22%	2.99%
Nonperforming consumer loans, leases and foreclosed properties as a percentage of outstanding consumer loans, leases and foreclosed properties < ² >	2.35	3.09

¹ Balances do not include nonperforming LHFS of \$7 million and \$376 million and nonaccrual TDRs removed from the PCI loan portfolio prior to January 1, 2010 of \$102 million and \$260 million at December 31, 2014 and 2013 as well as loans accruing past due 90 days or more as presented in Table 25 and Note 4 - Outstanding Loans and Leases to the Consolidated Financial Statements

² 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. ³ New foreclosed properties represents transfers of nonperforming loans to foreclosed properties net of charge-offs taken during the first 90 days after transfer of a loan to foreclosed properties. New foreclosed properties also includes properties obtained upon foreclosure of delinquent PCI loans, properties repurchased due to representations and warranties exposure and properties acquired with newly consolidated subsidiaries.

⁴ For 2014 and 2013, transfers to loans held-for-sale included \$208 million and \$273 million of loans that were sold prior to December 31, 2014 and 2013.

- At December 31, 2014, 48 percent of nonperforming loans were 180 days or more past due and were written down through charge-offs to 66 percent of their unpaid principal balance.
- Foreclosed property balances do not include loans that are insured by the FHA and have entered foreclosure of \$1.1 billion and \$1.4 billion at December 31, 2014 and 2013.
- Outstanding consumer loans and leases exclude loans accounted for under the fair value option.

Our policy is to record any losses in the value of foreclosed properties as a reduction in the allowance for loan and lease losses during the first 90 days after transfer of a loan to foreclosed properties. Thereafter, further losses in value as well as gains and losses on sale are recorded in noninterest expense. New foreclosed properties included in Table 39 are net of \$191 million and \$190 million of charge-offs in 2014 and 2013, recorded during the first 90 days after transfer.

We classify junior-lien home equity loans as nonperforming when the first-lien loan becomes 90 days past due even if the junior-lien loan is performing. At December 31, 2014 and 2013, \$800 million and \$1.2 billion of such junior-lien home equity loans were included in nonperforming loans

and leases. This decline was driven by enhanced identification of the delinquency on first-lien loans serviced by other financial institutions.

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Table 40 presents TDRs for the home loans portfolio. Performing TDR balances are excluded from nonperforming loans and leases in Table 39.

Table 40 Home Loans Troubled Debt Restructurings

(Dollars in millions)	December 31					
	2014			2013		
	Total	Nonperforming	Performing	Total	Nonperforming	Performing
Residential mortgage ²	\$ 23,270	\$ 4,529	\$ 18,741	\$ 29,312	\$ 7,555	\$ 21,757
Home equity ³	2,358	1,595	763	2,146	1,389	757
Total home loans troubled debt restructurings	\$ 25,628	\$ 6,124	\$ 19,504	\$ 31,458	\$ 8,944	\$ 22,514

in Residential mortgage TDRs deemed collateral dependent totaled \$5.8 billion and \$8.2 billion, and included \$3.6 billion and \$5.7 billion of loans classified as nonperforming and \$2.2 billion and \$2.5 billion of loans classified as performing at December 31, 2014 and 2013. Residential mortgage performing TDRs included \$11.9 billion and \$14.3 billion of loans that were fully-insured at December 31, 2014 and 2013.

³ Home equity TDRs deemed collateral dependent totaled \$1.6 billion and \$1.4 billion, and included \$1.4 billion and \$1.2 billion of loans classified as nonperforming and \$178 million and \$227 million of loans classified as performing at December 31, 2014 and 2013.

In addition to modifying home 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, all of which are considered TDRs (the renegotiated TDR portfolio). In addition, the accounts of non-U.S. credit card customers who do not qualify for a fixed payment plan may have their interest rates reduced, as required by certain local jurisdictions. These modifications, which are also TDRs, tend to experience higher payment default rates given that the borrowers may lack the ability to repay even with the interest rate reduction. In all cases, the customer's available line of credit is canceled.

Modifications of credit card and other consumer loans are primarily made through internal renegotiation programs utilizing direct customer contact, but may also utilize external renegotiation programs. The renegotiated TDR portfolio is excluded in large part from Table 39 as substantially all of the loans remain on accrual status until either charged off or paid in full. At December 31, 2014 and 2013, our renegotiated TDR portfolio was \$1.1 billion and \$2.1 billion, of which \$907 million and \$1.6 billion were current or less than 30 days past due under the modified terms. The decline in the renegotiated TDR portfolio was primarily driven by paydowns and charge-offs as well as lower program enrollments. For more information on the renegotiated TDR portfolio, see Note 4 - Outstanding Loans and Leases to the Consolidated Financial Statements.

Commercial Portfolio Credit Risk Management

Credit risk management for the commercial portfolio begins with an assessment of the credit risk profile of the borrower or counterparty based on an analysis of its financial position. As part of the overall credit risk assessment, our commercial credit exposures are assigned a risk rating and are subject to approval based on defined credit approval standards. Subsequent to loan origination, risk ratings are monitored on an ongoing basis, and if necessary, adjusted to reflect changes in the financial condition, cash flow, risk profile or outlook of a borrower or counterparty. In making credit decisions, we consider risk rating, collateral, country, industry and single name concentration limits while also balancing this with the total borrower or counterparty relationship. Our business and risk management personnel use a variety of tools to continuously monitor the ability of a borrower or counterparty to perform under its obligations. We use risk rating aggregations to measure and evaluate concentrations within portfolios. In addition, risk ratings are a factor in determining the level of allocated capital and the allowance for credit losses.

As part of our ongoing risk mitigation initiatives, we attempt to work with clients experiencing financial difficulty to modify their loans to terms that better align with their current ability to pay. In situations where an economic concession has been granted to a borrower experiencing financial difficulty, we identify these loans as TDRs. For more information on our accounting policies regarding delinquencies, nonperforming status and net charge-offs for the commercial portfolio, see Note 1 - Summary of Significant Accounting Principles to the Consolidated Financial Statements.

Management of Commercial Credit Risk Concentrations

Commercial credit risk is evaluated and managed with the goal that concentrations of credit exposure do not result in undesirable levels of risk. 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 45, 50, 57 and 58 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.

We account for certain large corporate loans and loan commitments, including issued but unfunded letters of credit which are considered utilized for credit risk management purposes, that exceed our single name credit risk concentration guidelines under the fair value option. Lending commitments, both funded and unfunded, are actively managed and monitored, and as appropriate, credit risk for these lending relationships may be mitigated through the use of credit derivatives, with the Corporation's credit view and market perspectives determining the size and timing of the hedging activity. In addition, we purchase credit protection to cover the funded portion as well as the unfunded portion of certain other credit exposures. To lessen the cost of obtaining our desired credit protection levels, credit exposure may be added within an industry, borrower or counterparty group by selling protection. These credit derivatives do not meet the requirements for treatment as accounting hedges. They are carried at fair value with changes in fair value recorded in other income (loss).

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In addition, the Corporation is a member of various securities and derivative exchanges and clearinghouses, both in the U.S. and other countries. As a member, the Corporation may be required to pay a pro-rata share of the losses incurred by some of these organizations as a result of another member default and under other loss scenarios. For additional information, see Note 12 -Commitments and Contingencies to the Consolidated Financial Statements.

Commercial Credit Portfolio

During 2014, tightening of credit spreads, combined with improved commercial real estate pricing and higher equity markets, drove further improvements in commercial credit quality. Our focus on balance sheet optimization drove new originations to be weighted to higher rated investment-grade obligors.

Outstanding commercial loans and leases decreased \$3.5 billion, primarily in non-U.S. commercial, partially offset by growth in U.S. commercial. Credit quality continued to show improvement with declines in reservable criticized balances and nonperforming loans, leases and foreclosed property balances during 2014. Nonperforming commercial loans and leases as a percentage of outstanding commercial loans and leases decreased during 2014 to 0.28 percent from 0.33 percent (0.29 percent from 0.34 percent excluding loans accounted for under the fair value option) at December 31, 2013. The allowance for loan and lease losses for the commercial portfolio increased \$432 million to \$4.4 billion at December 31, 2014 compared to December 31, 2013. For more information, see Allowance for Credit Losses on page 95.

Table 41 presents our commercial loans and leases portfolio, and related credit quality information at December 31, 2014 and 2013.

Table 41 Commercial Loans and Leases

(Dollars in millions)	December 31						Accruing Past Due 90 Days or More	
	2014		2013		2014		2013	
U.S. commercial							\$ 220,293	\$ 212,557
Commercial real estate m							47,682	47,893
Commercial lease financing							24,866	25,199
Non-U.S. commercial							17	
U.S. small business commercial <"							78	
Commercial loans excluding loans accounted for under the fair value option							1,113	1,309
Loans accounted for under the fair value option m								6,604
Total commercial loans and leases							\$ 396,283	\$ 396,283

(1) Includes U S commercial real estate loans of \$45.2 billion and \$46.3 billion and non-U S commercial real estate loans of \$2.5 billion and \$1.6 billion at December 31, 2014 and 2013. Includes card-related products.

* Commercial loans accounted for under the fair value option include U S commercial loans of \$1.9 billion and \$1.5 billion and non-U.S commercial loans of \$4.7 billion and \$6.4 billion at December 31, 2014 and 2013. For more information on the fair value option, see Note 21 - Fair Value Option to the Consolidated Financial Statements.

Table 42 presents net charge-offs and related ratios for our commercial loans and leases for 2014 and 2013. Improving trends across the portfolio drove lower charge-offs.

Table 42 Commercial Net Charge-offs and Related Ratios

(Dollars in millions)	2014		Net Charge-offs		Net Charge-off Ratios	
	2014	2013	2014	2013	2014	2013
U.S. commercial	\$ 88	\$ 128	0.04%	0.06%		

	2014	2013	2014	2013
U.S. Commercial	\$ 80	\$ 120	0.04%	0.00%
Commercial real estate	(83)	149	(0.18)	0.35
Commercial lease financing	(9)	(25)	(0.04)	(0.10)
Non-U.S. commercial	34	45	0.04	0.05
		30	297	0.01
U.S. small business commercial	282	359	2.10	2.84
Total commercial	\$ 312	\$ 656	0.08	0.18

i¹ Net charge-off ratios are calculated as net charge-offs divided by average outstanding loans and leases excluding loans accounted for under the fair value option.

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Table 43 presents commercial credit exposure by type for utilized, unfunded and total binding committed credit exposure. Commercial utilized credit exposure includes SBLCs and financial guarantees, bankers' acceptances and commercial letters of credit for which we are legally bound to advance funds under prescribed conditions, during a specified time period. Although funds have not yet been advanced, these exposure types are considered utilized for credit risk management purposes.

Total commercial utilized credit exposure decreased \$852 million in 2014 primarily driven by loans and leases, SBLCs and financial guarantees, debt securities and other investments, partially offset by an increase in derivative assets. The utilization rate for loans and leases, SBLCs and financial guarantees, commercial letters of credit and bankers acceptances, in the aggregate, was 57 percent and 58 percent at December 31, 2014 and 2013.

Table 43 Commercial Credit Exposure by Type

December 31

(Dollars in millions) Loans and leases Derivative assets i⁴

Standby letters of credit and financial guarantees

Debt securities and other investments

Loans held-for-sale

Commercial letters of credit

Bankers' acceptances

Foreclosed properties and other

Total

Commercial Utilized m

Commercial Unfunded <+ 3>

2014

2014

2013

2013

2014

710,079 52,682 34,295 22,616 9,351 2,163 255 960

\$ 396,283 47,495 35,893 18,505 6,604 2,054 246 414

Total Commercial Committed

2013

\$ 317,258 \$ 307,478

745 5,315 2,315

126

1,334 6,903 101 515

\$ 703,761 47,495 37,227 25,408 6,705 2,569 246 414

\$ 506,642 \$ 507,494 \$ 325,759 \$ 316,331 \$ 832,401 \$ 823,825

ui Total commercial utilized exposure includes loans of \$6.6 billion and \$7.9 billion and issued letters of credit accounted for under the fair value option with a notional amount of \$535 million and \$503 million at December 31, 2014 and 2013.

i² Total commercial unfunded exposure includes loan commitments accounted for under the fair value option with a notional amount of \$9.4 billion and \$12.5 billion at December 31, 2014 and 2013. Excludes unused business card lines which are not legally binding.

i³ Derivative assets are carried at fair value, reflect the effects of legally enforceable master netting agreements and have been reduced by cash collateral of \$47.3 billion at both December 31, 2014 and 2013. Not redacted in utilized and committed exposure is additional derivative collateral held of \$24.0 billion and \$17.1 billion which consists primarily of other marketable securities.

Table 44 presents commercial utilized reservable criticized exposure by loan type. Criticized exposure corresponds to the Special Mention, Substandard and Doubtful asset categories as defined by regulatory authorities. Total commercial utilized reservable criticized exposure decreased \$1.3 billion, or 10 percent, in 2014 throughout most of the commercial portfolio driven largely by paydowns, upgrades and charge-offs outpacing downgrades.

Approximately 87 percent and 84 percent of commercial utilized reservable criticized exposure was secured at December 31, 2014 and 2013.

Table 44 Commercial Utilized Reservable Criticized Exposure

(Dollars in millions)			December 31				
			2014		2013		
	Amount	Percent ^{<2>}	Amount	Percent ^{<2>}	Amount	Percent ^{<2>}	
U.S. commercial	\$ 7,597	3.07%	\$		8,362	3.45%	
Commercial real estate	1,108	2.24			1,452	2.92	
Commercial lease financing	1,034	4.16			988	3.92	
Non-U.S. commercial			887	1.03		1,424	1.49
			10,626	2.60	12,226	2.96	
U.S. small business commercial					944	7.10	
<u>Total commercial utilized reservable criticized exposure</u>			<u>\$ 11,570</u>	<u>2.74</u>	<u>\$ 12,861</u>	<u>3.02</u>	

ui Total commercial utilized reservable criticized exposure includes loans and leases of \$10.2 billion and \$11.5 billion and commercial letters of credit of \$1.3 billion and \$1.4 billion at December 31, 2014 and 2013

i2i Percentages are calculated as commercial utilized reservable criticized exposure divided by total commercial utilized reservable exposure for each exposure category

U.S. Commercial

At December 31, 2014, 63 percent of the U.S. commercial loan portfolio, excluding small business, was managed in Global Banking, 16 percent in Global Markets, 10 percent in GWIM (generally business-purpose loans for high net worth clients) and the remainder primarily in CBB. U.S. commercial loans, excluding

loans accounted for under the fair value option, increased \$7.7 billion, or four percent, during 2014 with growth primarily from middle-market and corporate clients. Nonperforming loans, and leases decreased \$118 million, or 14 percent, in 2014. Net charge-offs decreased \$40 million to \$88 million during 2014.

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Commercial Real Estate

Commercial real estate primarily includes commercial loans and leases 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. The portfolio remains diversified across property types and geographic regions. California represented the largest state concentration at 22 percent of the commercial real estate loans and leases portfolio at both December 31, 2014 and 2013. 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. Outstanding loans decreased \$211 million during 2014 primarily due to portfolio sales.

During 2014, we continued to see improvements in credit quality in both the residential and non-residential portfolios. 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 to 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.

Nonperforming commercial real estate loans and foreclosed properties decreased \$24 million, or six percent, and reservable criticized balances decreased \$344 million, or 24 percent, in 2014. Net charge-offs declined \$232 million to a net recovery of \$83 million in 2014.

Table 45 presents outstanding commercial real estate loans by geographic region, based on the geographic location of the collateral, and by property type.

Table 45 Outstanding Commercial Real Estate Loans

(Dollars in millions)	December 31	
	2014	2013
By Geographic Region		
California	\$ 10,352	\$ 10,358
Northeast	8,781	9,487
Southwest	6,570	6,913
Southeast	5,495	5,314
Midwest	2,867	3,109
Illinois	2,785	2,319
Florida	2,520	3,030
Northwest	2,151	2,037

Northwest		2,151	2,057
Midsouth		1,724	2,013
Non-U.S.		2,494	1,582
<u>Other</u>		<u>1,943</u>	<u>1,731</u>
Total outstanding commercial real estate loans	\$	47,682	\$ 47,893
By Property Type			
Non-residential			
Office	\$	13,306	\$ 12,799
Multi-family rental		8,382	8,559
Shopping centers/retail		7,969	7,470
Industrial/warehouse		4,550	4,522
Hotels/motels		3,578	3,926
Multi-use		1,943	1,960
Land and land development		490	855
<u>Other</u>		<u>5,754</u>	<u>6,283</u>
Total non-residential		45,972	46,374
<u>Residential</u>		<u>1,710</u>	<u>1,519</u>
<u>Total outstanding commercial real estate loans</u>	:	\$	<u>47,682</u> <u>47,893</u>

(1) Includes unsecured loans to real estate investment trusts and national home builders whose portfolios of properties span multiple geographic regions and properties in the states of Colorado, Utah, Hawaii, Wyoming and Montana

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Tables 46 and 47 present commercial real estate credit quality data by non-residential and residential property types. The residential portfolio presented in Tables 45, 46 and 47 includes condominiums and other residential real estate. Other property types in Tables 45, 46 and 47 primarily include special purpose, nursing/retirement homes, medical facilities and restaurants, as well as unsecured loans to borrowers whose primary business is commercial real estate.

Table 46 Commercial Real Estate Credit Quality Data

December 31

(Dollars in millions) Non-residential Office

Multi-family rental Shopping centers/retail Industrial/warehouse Hotels/motels Multi-use
Land and land development Other
Total non-residential Residential

2014
Nonperforming Loans and Foreclosed Properties (1)

96 15 57 22 5 19 73 23
2013

310 102

177 \$ 21 46 42 3 11 51 15
366 22

2014
Utilized Reservable Criticized Exposure (2)

367 234 144 119
38 157
92 173

2013

1,080 28

Total commercial real estate
 (1) > Includes commercial foreclosed properties of \$67 million and \$90 million at December 31, 2014 and 2013 (2) > Includes loans. SBLCs and bankers' acceptances and excludes loans accounted for under the fair value option

Table 47 Commercial Real Estate Net Charge-offs and Related Ratios

(Dollars in millions) Non-residential Office
 Multi-family rental Shopping centers/retail Industrial/warehouse Hotels/motels Multi-use
 Land and land development Other
 Total non-residential Residential
 Total commercial real estate
 Net Charge-offs
 2013

(4) (22) 4

(1) (3) (9) (2) (38)

(75) (8)
 (83)

2014
 Net Charge-off Ratios <<
 2013

(0.04) % (0.25) 0.06 (0.03) (0.07) (0.49) (0.31) (0.64) (0.16) (0.47) (0-18)

d) Net charge-off ratios are calculated as net charge-offs divided by average outstanding loans excluding loans accounted for under the fair value option

At December 31, 2014, total committed non-residential exposure was \$67.7 billion compared to \$68.6 billion at December 31, 2013, of which \$46.0 billion and \$46.4 billion were funded secured loans. Non-residential nonperforming loans and foreclosed properties increased \$56 million, or 18 percent, to \$366 million at December 31, 2014 compared to December 31, 2013, which represented 0.79 percent and 0.67 percent of total non-residential loans and foreclosed properties. The increase in nonperforming loans and foreclosed properties in the nonresidential portfolio was primarily in the office property type. Nonresidential utilized reservable criticized exposure decreased \$244 million, or 18 percent, to \$1.1 billion at December 31, 2014 compared to December 31, 2013, which represented 2.27 percent and 2.75 percent of non-residential utilized reservable exposure. For the non-residential portfolio, net charge-offs decreased \$177 million to a net recovery of \$75 million in 2014 primarily due to lower levels of criticized and nonperforming assets as well as recoveries of prior-period charge-offs.

At December 31, 2014, total committed residential exposure was \$3.6 billion compared to \$3.1 billion at December 31, 2013, of which \$1.7 billion and \$1.5 billion were funded secured loans. In 2014, residential nonperforming loans and foreclosed properties decreased \$80 million, or 78 percent, and residential utilized reservable criticized exposure decreased \$100 million, or 78 percent, due to repayments, sales and loan restructurings. The nonperforming loans, leases and foreclosed properties and the utilized reservable criticized ratios for the residential portfolio were 1.28 percent and 1.51 percent at December 31, 2014 compared to 6.65 percent and 7.81 percent at December 31, 2013. Residential portfolio net charge-offs decreased \$55 million to a net recovery of \$8 million in 2014.

At December 31, 2014 and 2013, the commercial real estate loan portfolio included \$6.7 billion and \$7.0 billion of funded construction and land development loans that were originated to fund the construction and/or rehabilitation of commercial properties. Reservable criticized construction and land

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development loans totaled \$164 million and \$431 million, and nonperforming construction and land development loans and foreclosed properties totaled \$80 million and \$100 million at December 31, 2014 and 2013. During a property's construction phase, interest income is typically paid from interest reserves that are established at the inception of the loan. As construction is completed and the property is put into service, these interest reserves are depleted and interest payments from operating cash flows begin. We do not recognize interest income on nonperforming loans regardless of the existence of an interest reserve.

Non-U.S. Commercial

At December 31, 2014, 77 percent of the non-U.S. commercial loan portfolio was managed in Global Banking and 23 percent in Global Markets. Outstanding loans, excluding loans accounted for under the fair value option, decreased \$9.4 billion in 2014 primarily due to client financing activity including prime brokerage loans. Net charge-offs decreased \$11 million to \$34 million in 2014. For more information on the non-U.S. commercial portfolio, see Non-U.S. Portfolio on page 93.

U.S. Small Business Commercial

The U.S. small business commercial loan portfolio is comprised of small business card loans and small business loans managed in CSS. Credit card-related products were 43 percent of the U.S. small business commercial portfolio at both December 31, 2014 and 2013. Net charge-offs decreased \$77

million to \$282 million in 2014 driven by an improvement in credit quality, including lower delinquencies as a result of an improved economic environment, and the impact of higher credit quality originations. Of the U.S. small business commercial net charge-offs, 73 percent were credit card-related products in both 2014 and 2013.

Commercial Loans Accounted for Under the Fair Value Option

The portfolio of commercial loans accounted for under the fair value option is held primarily in Global Markets and Global Banking. Outstanding commercial loans accounted for under the fair value option decreased \$1.3 billion to an aggregate fair value of \$6.6 billion at December 31, 2014 primarily due to decreased corporate borrowings under bank credit facilities. We recorded net losses of \$11 million in 2014 compared to net gains of \$88 million in 2013 from changes in the fair value of this loan portfolio. These amounts were primarily attributable to changes in instrument-specific credit risk, were recorded in other income (loss) and do not reflect the results of hedging activities.

In addition, unfunded lending commitments and letters of credit accounted for under the fair value option had an aggregate fair value of \$405 million and \$354 million at December 31, 2014 and 2013, which was recorded in accrued expenses and other liabilities. The associated aggregate notional amount of unfunded lending commitments and letters of credit accounted for under the fair value option was \$9.9 billion and \$13.0 billion at December 31, 2014 and 2013. We recorded net losses of \$64 million from changes in the fair value of commitments and letters of credit during 2014 compared to net gains of \$180 million in 2013. These amounts were primarily attributable to changes in instrument-specific credit risk, were recorded in other income (loss) and do not reflect the results of hedging activities.

Nonperforming Commercial Loans, Leases and Foreclosed Properties Activity

Table 48 presents the nonperforming commercial loans, leases and foreclosed properties activity during 2014 and 2013. Nonperforming loans do not include loans accounted for under the fair value option. During 2014, nonperforming commercial loans and leases decreased \$196 million to \$1.1 billion driven by paydowns, charge-offs and returns to performing status outpacing new nonperforming loans. Approximately 98 percent of commercial nonperforming loans, leases and foreclosed properties were secured and approximately 45 percent were contractually current. Commercial nonperforming loans were carried at approximately 79 percent of their unpaid principal balance before consideration of the allowance for loan and lease losses as the carrying value of these loans has been reduced to the estimated property value less costs to sell.

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Table 48 Nonperforming Commercial Loans, Leases and Foreclosed Properties Activity f¹⁻²)

(Dollars in millions)	2014	2013
Nonperforming loans and leases, January 1	\$ 1,309	\$ 3,224
Additions to nonperforming loans and leases:		
New nonperforming loans and leases	1,228	1,112
Advances	48	30
Reductions to nonperforming loans and leases:		
Paydowns	(717)	(1,342)
Sales	(149)	(498)
Returns to performing status (3)	(261)	(588)
Charge-offs	(332)	(549)
Transfers to foreclosed properties ⁴	(13)	(54)
Transfers to loans held for sale		

<u>Transfers to loans held-for-sale</u>	-	1,911
<u>Total net reductions to nonperforming loans and leases</u>	(196)	(1,915)
Total nonperforming loans and leases, December 31	1,113	1,309
<u>Foreclosed properties, January 1</u>	90	250
Additions to foreclosed properties:		
New foreclosed properties	113	38
Reductions to foreclosed properties:		
Sales	(26)	(169)
Write-downs	(8)	(29)
<u>Total net reductions to foreclosed properties</u>	(23)	(160)
Total foreclosed properties, December 31	67	90
<u>Nonperforming commercial loans, leases and foreclosed properties, December 31</u>	\$ 1,180	\$ 1,399
Nonperforming commercial loans and leases as a percentage of outstanding commercial loans and leases	0.29%	0.34%
Nonperforming commercial loans, leases and foreclosed properties as a percentage of outstanding commercial loans, leases and foreclosed properties	0.31%	0.36%

(1) Balances do not include nonperforming LHFS of \$212 million and \$296 million at December 31, 2014 and 2013
 <> Includes U S small business commercial activity Small business card loans are excluded as they are not classified as nonperforming
 i> 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, ui New foreclosed properties represents transfers of nonperforming loans to foreclosed properties net of charge-offs recorded during the first 90 days after transfer of a loan to foreclosed properties, is) Outstanding commercial loans exclude loans accounted for under the fair value option.

Table 49 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 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. For more information on TDRs, see Note 4 - Outstanding Loans and Leases to the Consolidated Financial Statements.

Table 49 Commercial Troubled Debt Restructurings

	December 31
(Dollars in millions)	
U.S. commercial	
Commercial real estate	
Non-U.S. commercial	
U.S. small business commercial	
Total commercial troubled debt restructurings	298 198 38
Total	788 222 43 35
	1,318 835 48 88
2013	
<u>Nonperforming</u>	1,755
<u>Performing</u>	534
\$	1,020 637 10 88
1,088 \$ 2,289 \$	

Industry Concentrations

Table 50 presents commercial committed and utilized credit exposure by industry and the total net credit default protection purchased to cover the funded and unfunded portions of certain credit exposures. Our commercial credit exposure is diversified across a broad range of industries. Total commercial committed credit exposure increased \$8.6 billion in 2014 to \$832.4 billion. The increase in commercial committed exposure was concentrated in energy, food, beverage and tobacco, retailing, and health care equipment and services, partially offset by lower exposure in diversified financials and telecommunications services.

Industry limits are used internally to manage industry concentrations and are based on committed exposures and capital usage that are allocated on an industry-by-industry basis. A risk management framework is in place to set and approve industry limits as well as to provide ongoing monitoring. Management oversight of industry concentrations, including industry limits, is the responsibility of a subcommittee of the MRC.

Diversified financials, our largest industry concentration with committed exposure of \$103.5 billion, decreased \$14.6 billion, or 12 percent, in 2014. The decrease primarily reflected lower margin loans and consumer finance exposure.

Real estate, our second largest industry concentration with committed exposure of \$76.2 billion, decreased \$265 million in 2014. The decrease was largely driven by portfolio sales, and a combination of prepayments and paydowns due to favorable

market liquidity, and lower levels of originations. Real estate construction and land development exposure represented 13 percent and 14 percent of the total real estate industry committed exposure at December 31, 2014 and 2013. For more information on commercial real estate and related portfolios, see Commercial Portfolio Credit Risk Management - Commercial Real Estate on page 87.

The following changes in our industry concentration occurred during 2014. Committed exposure to the energy industry increased \$6.5 billion, or 16

may occur when we are required to repurchase a loan due to a breach of the representations and warranties, and the market value of the loan has declined, or we are required to indemnify or provide recourse for a guarantor's loss. For more information regarding our exposure to representations and warranties, see Off-Balance Sheet Arrangements and Contractual Obligations - Representations and Warranties on page 50 and Note 7 - Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements.

Table 51 presents the notional amount of our monoline derivative credit exposure, mark-to-market adjustment and the counterparty CVA. The notional amount of monoline exposure decreased \$2.9 billion in 2014 due to terminations, paydowns and maturities of monoline contracts.

Tables 52 and 53 present the maturity profiles and the credit exposure debt ratings of the net credit default protection portfolio at December 31, 2014 and 2013.

Table 52 Net Credit Default Protection by Maturity

2013

December 31

35%

63.2
43%

55.2

2014

Less than or equal to one year Greater than one year and less than or equal to five years

100%

100%

Greater than five years

Total net credit default protection

Table 53 Net Credit Default Protection by Credit Exposure Debt Rating

2013

December 31

Net Notional >>

Percent of Total
Percent of Total

2014

Net Notional <<

-%

0.1% 31.7 48.0 14.1

5.6

1.4 (0.9)

(7) (2,560) (3,880) (1,137) (452) (115) 66

17.9 57.6 13.7 8.8 1.8 0.2

(1,310) (4,207) (1,001) (643) (131) (10)

(Dollars in millions) Ratings <^{2,3}> AA A

BBB

BB

B

100.0%

100.0% \$ (8,085)

\$ (7,302)

CCC and below NR i")

Total net credit default protection

Table 51 Monoline Derivative Credit Exposures

December 31

u) Represents net credit default protection (purchased) sold.

<²> Ratings are refreshed on a quarterly basis.

¹³> 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

2014

2013

(Dollars in millions)

7,720 \$ 10,631

97 (15)

49 \$

(6)

Notional amount of monoline exposure Mark-to-market

43 \$

82

Counterparty credit valuation adjustment

2014

net mark-to-market
 73
 (2) \$
 2013
 Gains (losses) from credit valuation changes

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 December 31, 2014 and 2013, 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 \$7.3 billion and \$8.1 billion. We recorded net losses of \$50 million and \$356 million in 2014 and 2013 on these positions. The gains and losses on these instruments were offset by gains and losses on the related exposures. The VaR results for these exposures are included in the fair value option portfolio information in Table 61. For more information, see Trading Risk Management on page 100.

In addition to our net notional credit default protection purchased to cover the funded and unfunded portion of certain credit exposures, credit derivatives are used for market-making activities for clients and establishing positions intended to profit from directional or relative value changes. We execute the majority of our credit derivative trades in the OTC market with large, multinational financial institutions, including broker-dealers and, to a lesser degree, with a variety of other investors. Because these transactions are executed in the OTC market, we are subject to settlement risk. We are also subject to credit risk in the event that these counterparties fail to perform under the terms of these contracts. In most cases, credit derivative transactions are executed on a daily margin basis. Therefore, events such as a credit downgrade, depending on the ultimate rating level, or a breach of credit covenants would typically require an increase in the amount of collateral required by the counterparty, where applicable, and/or allow us to take additional protective measures such as early termination of all trades.

Table 54 presents the total contract/notional amount of credit derivatives outstanding and includes both purchased and written credit derivatives. The credit risk amounts are measured as net asset exposure by counterparty, taking into consideration all contracts with the counterparty. For more information on our written credit derivatives, see Note 2 - Derivatives to the Consolidated Financial Statements.

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The credit risk amounts discussed above and presented in Table 54 take into consideration the effects of legally enforceable master netting agreements, while amounts disclosed in Note 2 -Derivatives to the Consolidated Financial Statements are shown on a gross basis. Credit risk reflects the potential benefit from offsetting exposure to non-credit derivative products with the same counterparties that may be netted upon the occurrence of certain events, thereby reducing our overall exposure.

Written credit derivatives: Credit default swaps	Total purchased credit derivatives
Total return swaps/other	
	Total written credit derivatives

n/a = not applicable

Counterparty Credit Risk Valuation Adjustments

We record counterparty credit risk valuation adjustments on certain derivative assets, including our credit default protection purchased, in order to properly reflect the credit risk of the counterparty, as presented in Table 55. We calculate CVA based on a modeled expected exposure that incorporates current market risk factors including changes in market spreads and non-credit related market factors that affect the value of a derivative. The exposure also takes into consideration credit mitigants such as legally enforceable master netting agreements and collateral. For additional information, see Note2- Derivatives to the Consolidated Financial Statements.

\$ 1,139,129	\$ 4,343	\$ 1,343,184	\$ 6,444				
\$ 1,073,101	n/a	\$ 1,265,380	n/a			61,031	n/a
\$ 1,134,132	n/a	\$ 1,328,787	n/a				63,407
							n/a

Table 56 presents our total non-U.S. exposure by region at December 31, 2014 and 2013. Non-U.S. exposure is presented on an internal risk management basis and includes sovereign and non-sovereign credit exposure, securities and other investments issued by or domiciled in countries other than the U.S. The risk assignments by country can be adjusted for external guarantees and certain collateral types. Exposures that are subject to external guarantees are reported under the country of the guarantor. Exposures with tangible collateral are reflected in the country where the collateral is held. For securities received, other than cross-border resale agreements, outstandings are assigned to the domicile of the issuer of the securities.

Table 55 Credit Valuation Gains and Losses

Gains (Losses)	2014			2013		
(Dollars in millions)	Gross	Hedge	Net	Gross	Hedge	Net

Credit valuation "\$ (22) \$ 213 \$ 191 \$ 738 \$ (834) \$ (96)

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. Management oversight of country risk, including cross-border risk, is the responsibility of a subcommittee of the MRC. 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.

Table 56 Total Non-U.S. Exposure by Region

(Dollars in millions)	December 31 2014		December 31 2013		Percent of	Percent of
	Amount	Total	Amount	Total		
Europe	\$ 129,573	49%	\$ 133,303	53%		
Asia Pacific	78,792	30	69,266	27		
Latin America	23,403	9	21,723	9		
Middle East and Africa	10,801	4	8,691	3		
Other	22,701	fi	20,866	8		
					Total	
					\$ 265,270	100%
					\$ 253,849	100%

i¹ Other includes Canada exposure of \$20.4 billion and \$19.8 billion at December 31, 2014 and 2013

Our total non-U.S. exposure was \$265.3 billion at December 31, 2014, an increase of \$11.4 billion from December 31, 2013. The increase in non-U.S. exposure was driven by growth in Asia Pacific and Latin America exposures, partially offset by a reduction in Europe. Our non-U.S. exposure remained concentrated in Europe which accounted for \$129.6 billion, or 49 percent of total non-U.S. exposure. The European exposure was mostly in Western Europe and was distributed across a variety of industries.

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Table 57 presents our 20 largest non-U.S. country exposures. These exposures accounted for 88 percent of our total non-U.S. exposure at both December 31, 2014 and 2013. Net country exposure for these 20 countries increased \$13.6 billion in 2014 driven by higher funded and unfunded loans and loan equivalents exposure in Japan and Hong Kong, increased derivatives exposure in the United Kingdom, Japan, Hong Kong and Germany, and increased trading securities exposure in the United Kingdom, Italy and India. These increases were partially offset by reductions in funded and unfunded loans and loan equivalents exposure in Russia, the United Kingdom, Australia and Italy, and decreases in securities exposure in Germany and Japan.

Funded loans and loan equivalents include loans, leases, and other extensions of credit and funds, including letters of credit and due from placements, which have not been reduced by collateral, hedges or credit default protection. Funded loans and loan equivalents are reported net of charge-offs but prior to any allowance for loan and lease losses. Unfunded commitments are the undrawn portion of legally binding commitments related to loans and loan equivalents.

Net counterparty exposure includes the fair value of derivatives, including the counterparty risk associated with credit default swaps (CDS), and secured financing transactions. Derivatives exposures are presented net of collateral, which is predominantly cash, pledged under legally enforceable master netting agreements. Secured financing transaction exposures are presented net of eligible cash or securities pledged as collateral.

Securities and other investments are carried at fair value and long securities exposures are netted against short exposures with the same underlying issuer to, but not below, zero (i.e., negative issuer exposures are reported as zero). Other investments include our GPI portfolio and strategic investments.

Net country exposure represents country exposure less hedges and credit default protection purchased, net of credit default protection sold. We hedge certain of our country exposures with credit default protection primarily in the form of single-name, as well as indexed and tranching CDS. The exposures associated with these hedges represent the amount that would be realized upon the isolated default of an individual issuer in the relevant country assuming a zero recovery rate for that individual issuer, and are calculated based on the CDS notional amount adjusted for any fair value receivable or payable. Changes in the assumption of an isolated default can produce different results in a particular tranche.

Table 57 Top 20 Non-U.S. Countries Exposure

(Dollars in millions)
United Kingdom
Canada

Japan
 Brazil
 Germany
 China
 India
 France
 Hong Kong
 Netherlands
 Australia
 Switzerland
 South Korea
 Italy
 Mexico
 Singapore
 Taiwan
 Spain
 Russia
 Turkey

Funded Loans and Loan Equivalents

23,727 6,388
 12,518 9,923 5,341
 10,238 5,631 3,246 6,413 2,928 3,237 2,493 3,559 2,545 3,038 1,984 2,248 2,296 4,124 2,695

Unfunded Loan Commitments

11,921 6,847 506 727 5,840 725 507 5,117 616 3,392 1,908 3,663 707 1,596 807 203

994 80 75

Net Counterparty Exposure

6,373
 1,950
 3,589 511
 3,477 556 496
 1,495 924 675 826
 1,018 534
 2,484 245 673 437 296 732 15

Securities/

Other Investments

7,769 5,173 1,453 4,183 1,489 1,483 4,126 5,038
 691 2,275 2,235
 622 2,327 1,752
 566 1,206 1,180 1,022 66

185

Country Exposure at December 31 2014

49,790 20,358 18,066 15,344 16,147 13,002 10,760 14,896 8,644 9,270 8,206 7,796 7,127 8,377 4,656 4,066 3,865 4,608 5,002
 2,970

Hedges and Credit Default Protection

\$

(4,243) (1,818) (1,332)
 (360) (3,588)
 (710)
 (174) (4,458) (36) (1,135)
 (533) (1,265)
 (678) (2,978)
 (385) (62)

(992) (1,393) (482)

Net Country Exposure at December 31 2014

45,547 18,540 16,734 14,984 12,559 12,292 10,586 10,438 8,608 8,135 7,673 6,531 6,449 5,399 4,271 4,004 3,865 3,616 3,609
 2,488

Increase (Decrease) from December 31 2013

1,961 129 8,619 1,352 (159) (629) 335 275 3,251 500 (324) 985 14 197 272 175 (207) 213 (3,113) (205)

44,841 \$ 232,950 \$ (26,622) \$ 206,328 \$

Russian intervention in Ukraine during 2014 significantly increased regional geopolitical tensions. The Russian economy is slowing due to the

negative impacts of weak oil prices, ongoing economic sanctions and high interest rates resulting from Russian central bank actions taken to counter ruble depreciation. Net exposure to Russia was reduced to \$3.6 billion at December 31, 2014, concentrated in oil and gas companies and commercial banks. Our exposure to Ukraine at December 31, 2014 was minimal. In response to Russian actions, U.S. and European governments have imposed sanctions on a limited number of Russian individuals and business entities. Geopolitical and economic conditions remain fluid with potential for further escalation of tensions, severity of sanctions against Russian interests, sustained low oil prices and rating agency downgrades.

Certain European countries, including Italy, Spain, Ireland, Greece and Portugal, have experienced varying degrees of financial stress in recent years. While market conditions have improved in Europe, policymakers continue to address fundamental challenges of competitiveness, growth, deflation and high unemployment. A return of political stress or financial instability in these countries could disrupt financial markets and have a detrimental impact on global economic conditions and sovereign and non-sovereign debt

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in these countries. Net exposure at December 31, 2014 to Italy and Spain was \$5.4 billion and \$3.6 billion as presented in Table 57. For the remaining three countries noted above, net exposure at December 31, 2014 was \$2.1 billion which primarily relates to Ireland. We expect to continue to support client activities in the region and our exposures may vary over time as we monitor the situation and manage our risk profile.

Table 58 presents countries where total cross-border exposure exceeded one percent of our total assets. At December 31, 2014, the United Kingdom and France were the only countries where total cross-border exposure exceeded one percent of our total assets. At December 31, 2014, Germany had total cross-border exposure of \$15.9 billion representing 0.76 percent of our total assets. No other countries had total cross-border exposure that exceeded 0.75 percent of our total assets at December 31, 2014.

Cross-border exposures in Table 58 are calculated using Federal Financial Institutions Examination Council (FFIEC) guidelines and not our internal risk management view; therefore, exposures are not comparable between Tables 57 and 58. Exposure includes cross-border claims by our non-U.S. offices including loans, acceptances, time deposits placed, trading account assets, securities, derivative assets, other interest-earning investments and other monetary assets. Amounts also include unfunded commitments, letters of credit and financial guarantees, and the notional amount of cash loaned under secured financing transactions. Sector definitions are consistent with FFIEC reporting requirements for preparing the Country Exposure Report.

Table 58 Total Cross-border Exposure Exceeding One Percent of Total Assets

(Dollars in millions)	December 31				Percent of		Exposure as a Cross-border Total Assets
	Public Sector	Banks	Private Sector	Exposure	Total Assets		
United Kingdom	2014 \$ 11	\$ 2,056	\$ 34,595	\$ 36,662	1.74%		
	2013 6	7,027	32,466	39,499	1.88		
France w	2014	4,479	2,631	14,368		21,478 1.02	

^f> At December 31, 2013, total cross-border exposure for France was \$17.8 billion, representing 0.85 percent of total assets

Provision for Credit Losses

The provision for credit losses decreased \$1.3 billion to \$2.3 billion in 2014 compared to 2013. The provision for credit losses was \$2.1 billion lower than net charge-offs for 2014, resulting in a reduction in the allowance for credit losses. This compared to a reduction of \$4.3 billion in the allowance for credit losses for 2013. We expect reserve releases in 2015 to moderate when compared to 2014.

The provision for credit losses for the consumer portfolio decreased \$533 million to \$1.5 billion in 2014 compared to 2013. The decrease was primarily due to continued improvement in the home loans portfolios as a result of increased home prices, improved delinquencies and continued loan balance run-off, as well as improvement in the credit card portfolios primarily driven by lower unemployment levels. These were partially offset by a lower provision benefit related to the PCI loan portfolio of \$31 million in 2014 compared to a benefit of \$707 million in 2013. Also offsetting the improvement was \$400 million of additional costs associated with the consumer relief portion of the DoJ Settlement. For more information on the DoJ Settlement, see Off-Balance Sheet Arrangements and Contractual Obligations -Servicing, Foreclosure and Other Mortgage Matters on page 53.

The provision for credit losses for the commercial portfolio, including unfunded lending commitments, decreased \$748 million to \$793 million in 2014 compared to 2013 driven by improved asset quality in 2014.

Allowance for Credit Losses

Allowance for Loan and Lease Losses

The allowance for loan and lease losses is comprised of two components. The first component covers nonperforming commercial loans and TDRs. The second component covers loans and leases on which there are incurred losses that are not yet individually identifiable, as well as incurred losses that may not be represented in the loss forecast models. We evaluate the adequacy of the allowance for loan and lease losses based on the total of these two components, each of which is described in more detail below. The allowance for loan and lease losses excludes LHFS and loans accounted for under the fair value option as the fair value reflects a credit risk component.

The first component of the allowance for loan and lease losses covers both nonperforming commercial loans and all TDRs within the consumer and commercial portfolios. These loans are subject to impairment measurement based on the present value of projected future cash flows discounted at the loan's original effective interest rate, or in certain circumstances, impairment may also be based upon the collateral value or the loan's observable market price if available. Impairment measurement for the renegotiated consumer credit card, small business credit card and unsecured consumer TDR portfolios is based on the present value of projected cash flows discounted using the average portfolio contractual interest rate, excluding promotionally priced loans, in effect prior to restructuring. For purposes of computing this specific loss component of the allowance, larger impaired loans are

evaluated individually and smaller impaired loans are evaluated as a pool using historical experience for the respective product types and risk ratings of the loans.

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The second component of the allowance for loan and lease losses covers the remaining consumer and commercial loans and leases that have incurred losses that are not yet individually identifiable. The allowance for consumer and certain homogeneous commercial loan and lease products is based on aggregated portfolio evaluations, generally by product type. Loss forecast models are utilized that consider a variety of factors including, but not limited to, historical loss experience, estimated defaults or foreclosures based on portfolio trends, delinquencies, economic trends and credit scores. Our consumer real estate loss forecast model estimates the portion of loans that will default based on individual loan attributes, the most significant of which are refreshed LTV or CLTV, and borrower credit score as well as vintage and geography, all of which are further broken down into current delinquency status. Additionally, we incorporate the delinquency status of underlying first-lien loans on our junior-lien home equity portfolio in our allowance process. Incorporating refreshed LTV and CLTV into our probability of default allows us to factor the impact of changes in home prices into our allowance for loan and lease losses. These loss forecast models are updated on a quarterly basis to incorporate information reflecting the current economic environment. As of December 31, 2014, the loss forecast process resulted in reductions in the allowance for all major consumer portfolios compared to December 31, 2013.

The allowance for commercial loan and lease losses is established by product type after analyzing historical loss experience, internal risk rating, current economic conditions, industry performance trends, geographic and obligor concentrations within each portfolio and any other pertinent information. The statistical models for commercial loans are generally updated annually and utilize our historical database of actual defaults and other data. The loan risk ratings and composition of the commercial portfolios used to calculate the allowance are updated quarterly to incorporate the most recent data reflecting the current economic environment. For risk-rated commercial loans, we estimate the probability of default and the LGD based on our historical experience of defaults and credit losses. Factors considered when assessing the internal risk rating include the value of the underlying collateral, if applicable, the industry in which the obligor operates, the obligor's liquidity and other financial indicators, and other quantitative and qualitative factors relevant to the obligor's credit risk. As of December 31, 2014, the allowance increased for all major commercial portfolios compared to December 31, 2013.

Also included within the second component of the allowance for loan and lease losses are reserves to cover losses that are incurred but, in our assessment, may not be adequately represented in the historical loss data used in the loss forecast models. For example, factors that we consider include, among others, changes in lending policies and procedures, changes in economic and business conditions, changes in the nature and size of the portfolio, changes in portfolio concentrations, changes in the volume and severity of past due loans and nonaccrual loans, the effect of external factors such as competition, and legal and regulatory requirements. We also consider factors that are applicable to unique portfolio segments. For example, we consider the risk of uncertainty in our loss forecasting models related to junior-lien home equity loans that are current, but have first-lien loans that we do not service that are 30 days or more past due. In addition, we consider the increased risk of default associated with our interest-only loans that have yet to enter the amortization period. Further, we consider the inherent uncertainty in mathematical models that are built upon historical data.

During 2014, the factors that impacted the allowance for loan and lease losses included overall improvements in the credit quality of the portfolios driven by continuing improvements in the U.S. economy and housing and labor markets, continuing proactive credit risk management initiatives and the impact of recent higher credit quality originations. Additionally, the resolution of uncertainties through current recognition of net charge-offs has impacted the amount of reserve needed in certain portfolios. Evidencing the improvements in the U.S. economy and housing and labor markets are modest growth in consumer spending, improvements in unemployment levels, a decrease in the absolute level and our share of national consumer bankruptcy filings, and a rise in both residential building activity and overall home prices. In addition to these improvements, paydowns, charge-offs, sales, returns to performing status and upgrades out of criticized continued to outpace new nonaccrual loans and reservable criticized commercial loans.

We monitor differences between estimated and actual incurred loan and lease losses. This monitoring process includes periodic assessments by senior management of loan and lease portfolios and the models used to estimate incurred losses in those portfolios.

Additions to, or reductions of, the allowance for loan and lease losses generally are recorded through charges or credits to the provision for credit losses. Credit exposures deemed to be uncollectible are charged against the allowance for loan and lease losses. Recoveries of previously charged off amounts are credited to the allowance for loan and lease losses.

The allowance for loan and lease losses for the consumer portfolio, as presented in Table 60, was \$10.0 billion at December 31, 2014, a decrease of \$3.4 billion from December 31, 2013. The decrease was primarily in the residential mortgage and home equity portfolios due to increased home prices, as evidenced by improving LTV statistics as presented in Tables 28 and 30, improved delinquencies and a decrease in consumer loan balances. Further, the residential mortgage and home equity allowance declined due to write-offs in our PCI loan portfolio. These write-offs decreased the PCI valuation allowance included as part of the allowance for loan and lease losses.

The decrease in the allowance related to the U.S. credit card and unsecured consumer lending portfolios in CBB was primarily due to improvement in delinquencies and bankruptcies. For example, in the U.S. credit card portfolio, accruing loans 30 days or more past due decreased to \$1.7 billion at December 31, 2014 from \$2.1 billion (to 1.85 percent from 2.25 percent of outstanding U.S. credit card loans) at December 31, 2013, and accruing loans 90 days or more past due decreased to \$866 million at December 31, 2014 from \$1.1 billion (to 0.94 percent from 1.14 percent of outstanding U.S. credit card loans) at December 31, 2013. See Tables 25, 26, 35 and 37 for additional details on key credit statistics for the credit card and other unsecured consumer lending portfolios.

The allowance for loan and lease losses for the commercial portfolio, as presented in Table 60, was \$4.4 billion at December 31, 2014, an increase of \$432 million from December 31, 2013. The commercial utilized reservable criticized exposure decreased to \$11.6 billion at December 31, 2014 from \$12.9 billion (to 2.74 percent from 3.02 percent of total commercial utilized reservable exposure) at December 31, 2013. Nonperforming commercial loans decreased \$196 million from December 31, 2013 to \$1.1 billion (to 0.29 percent from 0.34 percent of outstanding commercial loans) at December 31, 2014. See Tables 41, 42 and 44 for additional details on key commercial credit statistics.

The allowance for loan and lease losses as a percentage of total loans and leases outstanding was 1.65 percent at December 31, 2014 compared to 1.90 percent at December 31, 2013. The decrease in the ratio was primarily due to improved credit quality driven by improved economic conditions and writeoffs in the PCI loan portfolio. The December 31, 2014 and 2013 ratios above include the PCI loan portfolio. Excluding the PCI loan portfolio, the allowance for loan and lease losses as a percentage of total loans and leases outstanding was 1.50 percent and 1.67 percent at December 31, 2014 and 2013.

Table 59 presents a rollforward of the allowance for credit losses, which includes the allowance for loan and lease losses and the reserve for unfunded lending commitments, for 2014 and 2013.

Table 59 Allowance for Credit Losses

(Dollars in millions)	2014	2013	
Allowance for loan and lease losses, January 1	\$ 17,428	\$ 24,179	
Loans and leases charged off			
Residential mortgage	(855)	(1,508)	
Home equity	(1,364)	(2,258)	
U.S. credit card	(3,068)	(4,004)	
Non-U.S. credit card	(357)	(508)	
Direct/Indirect consumer	(456)	(710)	
Other consumer			
(268)	(273)		
<u>Total consumer charge-offs</u>		<u>(6,368)</u>	<u>(9,261)</u>
U.S. commercial »>	(584)	(774)	
Commercial real estate	(29)	(251)	
Commercial lease financing	(10)	(4)	
Non-U.S. commercial	(35)	(79)	
<u>Total commercial charge-offs</u>	<u>(658)</u>	<u>(1,108)</u>	
Total loans and leases charged off	(7,026)	(10,369)	
Recoveries of loans and leases previously charged off			
Residential mortgage	969	424	
Home equity	457	455	
U.S. credit card	430	628	
Non-U.S. credit card	115	109	
Direct/Indirect consumer	287	365	
Other consumer	3939		
Total consumer recoveries		2,297	2,020
U.S. commercial Pi-	214	287	
Commercial real estate	112	102	
Commercial lease financing	1929		
Non-U.S. commercial	134		
Total commercial recoveries	346452		
Total recoveries of loans and leases previously charged off	2,643	2,472	
<u>Net charge-offs</u>	<u>(4,383)</u>	<u>(7,897)</u>	
Write-offs of PCI loans	(810)	(2,336)	
Provision for loan and lease losses	2,231	3,574	
Other ³¹	(47)	(92)	
Allowance for loan and lease losses, December 31		14,419	17,428
Reserve for unfunded lending commitments, January 1	484	513	
Provision for unfunded lending commitments	44	(18)	
Other	-	(11)	
Reserve for unfunded lending commitments, December 31	528484		
Allowance for credit losses, December 31	\$ 14,947	\$ 17,912	

¹⁾ Includes U S small business commercial charge-offs of \$345 million and \$457 million in 2014 and 2013.

²⁾ Includes U S small business commercial recoveries of \$63 million and \$98 million in 2014 and 2013

³⁾ Primarily represents the net impact of portfolio sales, consolidations and deconsolidations, and foreign currency translation adjustments

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Table 59 Allowance for Credit Losses (continued)

i

(Dollars in millions) Loan and allowance ratios: Loans and leases outstanding at December 31 ¹

Allowance for loan and lease losses as a percentage of total loans and leases outstanding at December 31 ² Consumer allowance for loan and lease losses as a percentage of total consumer loans and leases outstanding at December 31 ³ Commercial allowance for loan and lease losses as a percentage of total commercial loans and leases outstanding at December 31 ⁴ Average loans and leases outstanding ⁵

Net charge-offs as a percentage of average loans and leases outstanding ⁶

Net charge-offs and PCI write-offs as a percentage of average loans and leases outstanding ⁷

Allowance for loan and lease losses as a percentage of total nonperforming loans and leases at December 31 ⁸

Ratio of the allowance for loan and lease losses at December 31 to net charge-offs ⁹

Ratio of the allowance for loan and lease losses at December 31 to net charge-offs and PCI write-offs

Amounts included in allowance for loan and lease losses for loans and leases that are excluded from nonperforming loans and leases at December 31 ¹⁰

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 December 31 ¹¹

2013
 \$ 918,191 1.90% 2.53 1.03
 \$ 909,127 0.87% 1.13 102 2.21 1.70
 2014

\$ 872,710 1.65% 2.05 1.15
 \$ 894,001 0.49% 0.58 121 3.29 2.78
 5,944 \$ 7,680

57%

Loan and allowance ratios excluding PCI loans and the related valuation allowance:^{11,12}

Allowance for loan and lease losses as a percentage of total loans and leases outstanding at December 31 ⁴	1.50%	1.67%
Consumer allowance for loan and lease losses as a percentage of total consumer loans and leases outstanding at December 31 ⁵	1.79	2.17
Net charge-offs as a percentage of average loans and leases outstanding	0.50	0.90
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases at December 31 ⁸	107	87
Ratio of the allowance for loan and lease losses at December 31 to net charge-offs	2.91	1.89

¹⁴¹ Outstanding loan and lease balances and ratios do not include loans accounted for under the fair value option of \$8.7 billion and \$10.0 billion at December 31, 2014 and 2013. Average loans accounted for under the fair value option were \$9.9 billion and \$9.5 billion in 2014 and 2013.

¹⁵ Excludes consumer loans accounted for under the fair value option of \$2.1 billion and \$2.2 billion at December 31, 2014 and 2013.

¹⁶ Excludes commercial loans accounted for under the fair value option of \$6.6 billion and \$7.9 billion at December 31, 2014 and 2013.

¹⁷ Net charge-offs exclude \$810 million and \$2.3 billion of write-offs in the PCI loan portfolio in 2014 and 2013. These write-offs decreased the PCI valuation allowance included as part of the allowance for loan and lease losses. For more information on PCI write-offs, see Consumer Portfolio Credit Risk Management - Purchased Credit-impaired Loan Portfolio on page 78 ⁸

For more information on our definition of nonperforming loans, see pages 82 and 89.

¹⁸ Primarily includes amounts allocated to U.S. credit card and unsecured consumer lending portfolios in CBB, PCI loans and the non-U.S. credit card portfolio in All Other

^{19,20} For more information on the PCI loan portfolio and the valuation allowance for PCI loans, see Note 4 - Outstanding Loans and Leases and Note 5 - Allowance for Credit Losses to the Consolidated Financial Statements

For reporting purposes, we allocate the allowance for credit losses across products. However, the allowance is generally available to absorb any credit losses without restriction. Table 60 presents our allocation by product type.

Table 60 Allocation of the Allowance for Credit Losses by Product Type

December 31, 2014

(Dollars in millions)

Allowance for loan and lease losses	Residential mortgage	Home equity	U.S. credit card	Non-U.S. credit card	Direct/Indirect consumer	Other consumer
Total consumer						
U.S. commercial	Commercial real estate	Commercial lease financing	Non-U.S. commercial			
Total commercial						
Allowance for loan and lease losses	¹					

2,900 3,035 3,320 369 299 59

9,982

2,619 1,016 153 649

4,437
14,419

Percent of Total

20.11% 21.05 23.03 2.56 2.07 0.41

69.23
18.16 7.05 1.06 4.50
30.77
100.00%

Percent of Loans and Leases Outstanding «

1.34%
3.54
3.61
3.53
0.37
3.15
2.05
1.12
2.13
0.62
0.81
1.15
1.65

4,084 4,434 3,930 459 417 99

13,423
2,394 917 118 576
4,005
17,428

Percent of Total

23.43% 25.44 22.55 2.63 2.39 0.58

77.02
13.74 5.26 0.68 3.30
22.98
100.00%

Percent of Loans and Leases Outstanding w

1.65%
4.73
4.26
3.98
0.51
5.02
2.53
1.06
1.91
0.47
0.64
1.03
1.90

Reserve for unfunded lending commitments

Allowance for credit losses

f¹ 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 Consumer loans accounted for under the fair value option included residential mortgage loans of \$1.9 billion and \$2.0 billion and home equity loans of \$196 million and \$147 million at December 31, 2014 and 2013 Commercial loans accounted for under the fair value option included U.S. commercial loans of \$1.9 billion and \$15 billion and non-U.S. commercial loans of \$4.7 billion and \$6.4 billion at December 31, 2014 and 2013

<² Includes allowance for loan and lease losses for U.S. small business commercial loans of \$536 million and \$462 million at December 31, 2014 and 2013 <³ Includes allowance for loan and lease losses for impaired commercial loans of \$159 million and \$277 million at December 31, 2014 and 2013

<⁴ Includes \$1.7 billion and \$2.5 billion of valuation allowance presented with the allowance for loan and lease losses related to PCI loans at December 31, 2014 and 2013

Reserve for Unfunded Lending Commitments

In addition to the allowance for loan and lease losses, we also estimate probable losses related to unfunded lending commitments such as letters of credit, financial guarantees, unfunded bankers' acceptances and binding loan commitments, excluding commitments accounted for under the fair value option. Unfunded lending commitments are subject to the same assessment as funded loans, including estimates of probability of default and LGD. Due to the nature of unfunded commitments, the estimate of probable losses must also consider utilization. To estimate the portion of these undrawn commitments that is likely to be drawn by a borrower at the time of estimated default, analyses of the Corporation's historical experience are applied to the unfunded commitments to estimate the funded EAD. The expected loss for unfunded lending commitments is the product of the probability of default, the LGD and the EAD, adjusted for any qualitative factors including economic uncertainty and inherent imprecision in models.

The reserve for unfunded lending commitments was \$528 million at December 31, 2014, an increase of \$44 million from December 31, 2013. The increase was driven by increases in expected loss.

Market Risk Management

Market risk is the risk that values of assets and liabilities or revenues will be adversely affected by changes in market conditions. 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 the results of the Corporation. For additional information, see Interest Rate Risk Management for Non-trading Activities on page 105.

Our traditional banking loan and deposit products are non-trading positions and are generally reported at amortized cost for assets or the amount owed for liabilities (historical cost). However, these positions are still subject to changes in economic value based on varying market conditions, with one of the primary risks being changes in the levels of interest rates. The risk of adverse changes in the economic value of our non-trading positions arising from changes in interest rates is managed through our ALM activities. We have elected to account for certain assets and liabilities under the fair value option.

Our trading positions are reported at fair value with changes reflected in income. Trading positions are subject to various changes in market-based risk factors. The majority of this risk is generated by our activities in the interest rate, foreign exchange, credit, equity and commodities markets. In addition, the values of assets and liabilities could change due to market liquidity, correlations across markets and expectations of market volatility. We seek to manage these risk exposures by using a variety of techniques that encompass a broad range of financial instruments. The key risk management techniques are discussed in more detail in the Trading Risk Management section.

A subcommittee has been designated by the MRC as the primary risk governance authority for Global Markets (Global Markets, or GM subcommittee). The GM subcommittee's focus is to take a forward-looking view of the primary credit, market and operational risks impacting Global Markets and prioritize those that need a proactive risk mitigation strategy.

Global Markets Risk Management is responsible for providing senior management with a clear and comprehensive understanding of the trading risks to which the Corporation is exposed. These responsibilities include ownership of market risk policy, developing and maintaining quantitative risk models, calculating aggregated risk measures, establishing and monitoring position limits consistent with risk appetite, conducting daily reviews and analysis of trading inventory, approving material risk exposures and fulfilling regulatory requirements. Market risks that impact businesses outside of Global Markets are monitored and governed by their respective governance functions.

Quantitative risk models, such as VaR, are an essential component in evaluating the market risks within a portfolio. A subcommittee of the MRC is responsible for providing management oversight and approval of model risk management and governance (Risk Management, or RM subcommittee). The RM subcommittee defines model risk standards, consistent with the Corporation's risk framework and risk appetite, prevailing regulatory guidance and industry best practice. Models must meet certain validation criteria, including effective challenge of the model development process and a sufficient demonstration of developmental evidence incorporating a comparison of alternative theories and approaches. The RM subcommittee ensures model standards are consistent with model risk requirements and monitors the effective challenge in the model validation process across the Corporation. In addition, the relevant stakeholders must agree on any required actions or restrictions to the models and maintain a stringent monitoring process to ensure continued compliance.

For more information on the fair value of certain financial assets and liabilities, see Note 20 - Fair Value Measurements to the Consolidated Financial Statements.

Interest Rate Risk

Interest rate risk represents exposures to instruments whose values vary with the level or volatility of interest rates. These instruments include, but are not limited to, loans, debt securities, certain trading-related assets and liabilities, deposits, borrowings and derivatives. Hedging instruments used to mitigate these risks include derivatives such as options, futures, forwards and swaps.

Foreign Exchange Risk

Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in currencies other than the U.S. Dollar. The types of instruments exposed to this risk include investments in non-U.S. subsidiaries, foreign currency-denominated loans and securities, future cash flows in foreign currencies arising from foreign exchange transactions, foreign currency-denominated debt and various foreign exchange derivatives whose values fluctuate with changes in the level or volatility of currency exchange rates or non-U.S. interest rates. Hedging instruments used to mitigate this risk include foreign exchange options, currency swaps, futures, forwards, and foreign currency-denominated debt and deposits.

Mortgage Risk

Mortgage risk represents exposures to changes in the values of mortgage-related instruments. The values of these instruments are sensitive to prepayment rates, mortgage rates, agency debt ratings, default, market liquidity, government participation and interest rate volatility. Our exposure to these instruments takes

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several forms. First, we trade and engage in market-making activities in a variety of mortgage securities including whole loans, pass-through certificates, commercial mortgages and collateralized mortgage obligations including CDOs using mortgages as underlying collateral. Second, we originate a variety of MBS which involves the accumulation of mortgage-related loans in anticipation of eventual securitization. Third, we may hold positions in mortgage securities and residential mortgage loans as part of the ALM portfolio. Fourth, we create MSRs as part of our mortgage origination activities. For more information on MSRs, see Note 1 - Summary of Significant Accounting Principles and Note 23 - Mortgage Servicing Rights to the Consolidated Financial Statements. Hedging instruments used to mitigate this risk include derivatives such as options, swaps, futures and forwards. For additional information, see Mortgage Banking Risk Management on page 108.

Equity Market Risk

Equity market risk represents exposures to securities that represent an ownership interest in a corporation in the form of domestic and foreign common stock or other equity-linked instruments. Instruments that would lead to this exposure include, but are not limited to, the following: common stock, exchange-traded funds, American Depositary Receipts, convertible bonds, listed equity options (puts and calls), OTC equity options, equity total return swaps, equity index futures and other equity derivative products. Hedging instruments used to mitigate this risk include options, futures, swaps, convertible bonds and cash positions.

Commodity Risk

Commodity risk represents exposures to instruments traded in the petroleum, natural gas, power and metals markets. These instruments consist primarily of futures, forwards, swaps and options. Hedging instruments used to mitigate this risk include options, futures and swaps in the same or similar commodity product, as well as cash positions.

Issuer Credit Risk

Issuer credit risk represents exposures to changes in the creditworthiness of individual issuers or groups of issuers. Our portfolio is exposed to issuer credit risk where the value of an asset may be adversely impacted by changes in the levels of credit spreads, by credit migration or by defaults. Hedging instruments used to mitigate this risk include bonds, CDS and other credit fixed-income instruments.

Market Liquidity Risk

Market liquidity risk represents the risk that the level of expected market activity changes dramatically and, in certain cases, may even cease. This exposes us to the risk that we will not be able to transact business and execute trades in an orderly manner which may impact our results. This impact could be further exacerbated if expected hedging or pricing correlations are compromised by disproportionate demand or lack of demand for certain instruments. We utilize various risk mitigating techniques as discussed in more detail in Trading Risk Management.

Trading Risk Management

To evaluate risk in our trading activities, we focus on the actual and potential volatility of revenues generated by individual positions as well as portfolios of positions. Various techniques and procedures are utilized to enable the most complete understanding of these risks. Quantitative measures of market risk are evaluated on a daily basis from a single position to the portfolio of the Corporation. These measures include sensitivities of positions to various market risk factors, such as the potential impact on revenue from a one basis point change in interest rates, and statistical measures utilizing both actual and hypothetical market moves, such as VaR and stress testing. Periods of extreme market stress influence the reliability of these techniques to varying degrees. Qualitative evaluations of market risk utilize the suite of quantitative risk measures while understanding each of their respective limitations. Additionally, risk managers independently evaluate the risk of the portfolios under the current market environment and potential future environments.

VaR is a common statistic used to measure market risk as it allows the aggregation of market risk factors, including the effects of portfolio diversification. A VaR model simulates the value of a portfolio under a range of scenarios in order to generate a distribution of potential gains and losses. VaR represents the loss a portfolio is not expected to exceed more than a certain number of times per period, based on a specified holding period, confidence level and window of historical data. We use one VaR model consistently across the trading portfolios and it uses a historical simulation approach based on a three-year window of historical data. Our primary VaR statistic is equivalent to a 99 percent confidence level. This 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.

Within any VaR model, there are significant and numerous assumptions that will differ from company to company. The accuracy of a VaR model depends on the availability and quality of historical data for each of the risk factors in the portfolio. A VaR model may require additional modeling assumptions for new products that do not have the necessary historical market data or for less liquid positions for which accurate daily prices are not consistently available. For positions with insufficient historical data for the VaR calculation, the process for establishing an appropriate proxy is based on fundamental and statistical analysis of the new product or less liquid position. This analysis identifies reasonable alternatives that replicate both the expected volatility and correlation to other market risk factors that the missing data would be expected to experience.

VaR may not be indicative of realized revenue volatility as changes in market conditions or in the composition of the portfolio can have a material impact on the results. In particular, the historical data used for the VaR calculation might indicate higher or lower levels of portfolio diversification than will be experienced. In order for the VaR model to reflect current market conditions, we update the historical data underlying our VaR model on a weekly

basis, or more frequently during periods of market stress, and regularly review the assumptions underlying the model. A relatively minor portion of risks related to our trading positions are not included in VaR. These risks are reviewed as part of our ICAAP

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Global Markets Risk Management continually reviews, evaluates and enhances our VaR model so that it reflects the material risks in our trading portfolio. Changes to the VaR model are reviewed and approved prior to implementation and any material changes are reported to management through the appropriate management committees.

Trading limits on quantitative risk measures, including VaR, are monitored on a daily basis. These trading limits are independently set by Global Markets Risk Management and reviewed on a regular basis to ensure they remain relevant and within our overall risk appetite for market risks. Trading limits are reviewed in the context of market liquidity, volatility and strategic business priorities. Trading limits are set at both a granular level to ensure extensive coverage of risks as well as at aggregated portfolios to account for correlations among risk factors. All trading limits are approved at least annually and the MRC has given authority to the GM subcommittee to approve changes to trading limits throughout the year. Approved trading limits are stored and tracked in a centralized limits management system. Trading limit excesses are communicated to management for review. Certain quantitative market risk measures and corresponding limits have been identified as critical in the Corporation's Risk Appetite Statement. These risk appetite limits are monitored on a daily basis and are approved at least annually by the ERC and the Board.

In periods of market stress, the GM subcommittee members communicate daily to discuss losses, key risk positions and any limit excesses. As a result of this process, the businesses may selectively reduce risk.

Market risk VaR for trading activities as presented in Table 61 differs from VaR used for regulatory capital calculations (regulatory VaR). The VaR disclosed in Table 61 excludes both CVA, which are adjustments to the mark-to-market value of our derivative exposures to reflect the impact of the credit quality of counterparties on our derivative assets, and the corresponding hedges. Current regulatory standards require that regulatory VaR only exclude CVA but include the corresponding hedges. The holding period for regulatory VaR for capital calculations is 10 days, while for the market risk VaR presented below, it is one day. Except for the differences between regulatory and market risk VaR regarding the inclusion of CVA hedges and the holding period, both measures utilize the same process and methodology.

To provide visibility of market risks to which the Corporation is exposed, Table 61 presents the total market-based trading portfolio VaR which includes our total covered positions trading portfolio and the impact from less liquid trading exposures. Covered positions are defined by regulatory standards as trading assets and liabilities, both on- and off-balance sheet, that meet a defined set of specifications. These specifications identify the most liquid trading positions which are intended to be held for a short-term horizon and where the Corporation is able to hedge the material risk elements in a two-way market. Positions in less liquid markets, or where there are restrictions on the ability to trade the positions, typically do not qualify as covered positions. Foreign exchange and commodity positions are always considered covered positions, except for structural foreign currency positions that we choose to exclude with prior regulatory approval. Certain positions related to our CVA and corresponding hedges are considered covered positions; however, these are excluded from the VaR results presented in Table 61. In addition, Table 61 presents our fair value option portfolio, which includes the funded and unfunded exposures for which we elect the fair value option, and their corresponding hedges. The fair value option portfolio combined with the total market-based trading portfolio VaR represents the Corporation's total market-based portfolio VaR. This population is consistent with the risk appetite limits set by the ERC and the Board.

The market risk across all business segments to which the Corporation is exposed is included in the total market-based portfolio VaR results. The majority of this portfolio is within the Global Markets segment.

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Table 61 presents year-end, average, high and low daily trading VaR for 2014 and 2013 using a 99 percent confidence level.

Table 61 Market Risk VaR for Trading Activities

2013

(Dollars in millions)

Foreign exchange

Interest rate

Credit

Equities

Commodities

Portfolio diversification

Total covered positions trading portfolio Impact from less liquid exposures

Total market-based trading portfolio

Fair value option loans

Fair value option hedges

Fair value option portfolio diversification

Total fair value option portfolio

Portfolio diversification

Total market-based portfolio

Year End

13 24 43 16 8

(56)

48 7

55

35 21 (37)

19

(7)

Low »)

24 60 82 32 10

16 34 52 17 8

(78)

15 34 61 23 6

(68)

Average High <

8 19 32 11

49 7

71 20

6

101 40 23

28

33 15 (25)

31 14 (24)

33

56

91

23

38 21 8

15

(1)

21

(12) - -

65 \$ 120 \$ 44 \$ 113

19 32 58 28 13 (85)

Average High <> Low <<
 \$
 65 4
 41 61 86 57 20
 42 19 (32)
 117
 69
 115 55 31
 39
 29
 (13) -85 \$ 127 \$

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, are not relevant

The year-end and the average total market-based trading portfolio VaR decreased during 2014 due to elevated market volatility experienced during the 2011 roll-out of the three-year window of historical data used in the VaR calculation. Additionally, a smaller impact to the reduction in total market-based trading portfolio VaR was due to an overall reduction from portfolio changes.

The graph below presents the daily total market-based trading portfolio VaR for 2014, corresponding to the data in Table 61.

Daily Total Market-based Trading Portfolio VaR History

12/31/2013

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Additional VaR statistics produced within the Corporation's single VaR model are provided in Table 62 at the same level of detail as in Table 61. 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 62 presents average trading VaR statistics for 99 percent and 95 percent confidence levels for 2014 and 2013.

Table 62 Average Market Risk VaR for Trading Activities - 99 percent and 95 percent VaR Statistics

	2014		2013	
(Dollars in millions) 99 percent 95 percent 99 percent 95 percent				
Foreign exchange \$ 16 \$ 9 \$ 19 \$ 12				
Interest rate , 34 21 32 19				
Credit 52 26 58 33				
Equities 17 9 28 15				
Commodities 8 4 13 8				
Portfolio diversification	(78)	(43)	(85)	(51)
Total covered positions trading portfolio 49 26 65 36				
Impact from less liquid exposures	7	3	4	3
Total market-based trading portfolio	56	29	69	39
Fair value option loans 31 15 42 21				
Fair value option hedges 14 9 19 13				
Fair value option portfolio diversification	(24)	(14)	(32)	(19)
Total fair value option portfolio	21	10	29	15
Portfolio diversification	(12)	(8)	(13)	(9)
Total market-based portfolio	\$ 65	\$ 31	\$ 85	\$ 45

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. A backtesting excess occurs when a trading loss exceeds the VaR for the corresponding day. These excesses are evaluated to understand the positions and market moves that produced the trading loss and to ensure that the VaR methodology accurately represents those losses. As our primary VaR statistic used for backtesting is based on a 99 percent confidence level and a one-day holding period, we expect one trading loss in excess of VaR every 100 days, or between two to three trading losses in excess of VaR over the course of a year. The number of backtesting excesses observed can differ from the statistically expected number of excesses if the current level of market volatility is materially different than the level of market volatility that existed during the three years of historical data used in the VaR calculation.

We conduct daily backtesting on our portfolios, ranging from the total market-based portfolio to individual trading areas. Additionally, we conduct daily backtesting on our regulatory VaR results as well as the VaR results for key legal entities, regions and risk factors. These results are reported to senior market risk management. Senior management regularly reviews and evaluates the results of these tests.

The trading revenue used for backtesting is defined by regulatory agencies in order to most closely align with the VaR component of the regulatory capital calculation. This revenue differs from total trading-related revenue in that it excludes revenue from trading activities that either do not generate market risk or the market risk cannot be included in VaR. Some examples of the types of revenue excluded for backtesting are fees, commissions, reserves, net interest income and intraday trading revenues. In addition, CVA is not included in the VaR component of the regulatory capital calculation and is therefore not included in the revenue used for backtesting of the regulatory VaR results.

During 2014, there were no days in which there was a backtesting excess for our total market-based portfolio, utilizing a one-day holding period. There were three backtesting excesses for our regulatory VaR results, utilizing a one-day holding period, due to increased volatility during the three months ended December 31, 2014.

Total Trading Revenue

Total trading-related revenue, excluding brokerage fees, 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. Trading account assets and liabilities are reported at fair value. For more information on fair value, see Note 20 - Fair Value Measurements to the Consolidated Financial Statements. Trading-related revenues can be volatile and are largely driven by general market conditions and customer demand. Also, trading-related revenues are dependent on the volume and type of transactions, the level of risk assumed, and the volatility of price and rate movements at any given time within the ever-changing market environment. Significant daily revenues by business are monitored and the primary drivers of these are reviewed. When it is deemed material, an explanation of these revenues is provided to the GM subcommittee.

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The histogram below is a graphic depiction of trading volatility and illustrates the daily level of trading-related revenue for 2014 and 2013. During 2014, positive trading-related revenue was recorded for 95 percent of the trading days, of which 72 percent were daily trading gains of over \$25 million and the largest loss

was \$17 million. This compares to 2013 where positive trading-related revenue was recorded for 96 percent of the trading days, of which 74 percent were daily trading gains of over \$25 million and the largest loss was \$54 million.

Histogram of Daily Trading-related Revenue

greater than -100 -100 to -76 -75 to -50 -50 to -25 -25 to 0 0 to 25 25 to 50 50 to 76 75 to 100 (greater than 100)

Revenue (dollars in millions)

D Year Ended December 31, 2013

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 value of our trading portfolio that may result from abnormal market movements.

A set of scenarios, categorized as either historical or hypothetical, are computed daily for the overall trading portfolio and individual businesses. These scenarios include shocks to underlying market risk factors that may be well beyond the shocks found in the historical data used to calculate VaR. Historical scenarios simulate the impact of the market moves that occurred during a period of extended historical market stress. Generally, a 10-business day window or longer representing the most severe point during a crisis is selected for each historical scenario. Hypothetical scenarios provide simulations of the estimated portfolio impact from potential future market stress events. Scenarios are reviewed and updated in response to changing positions and new economic or political information. In addition, new or ad hoc scenarios are developed to address specific potential market events. For

positions and new economic or political information. In addition, new or unique scenarios are developed to address specific potential market events. For example, a stress test was conducted to estimate the impact of a significant increase in global interest rates and the corresponding impact across other asset classes. The stress tests are reviewed on a regular basis and the results are presented to senior management.

Stress testing for the trading portfolio is integrated with enterprise-wide stress testing and incorporated into the limits framework. A process is in place to promote consistency between the scenarios used for the trading portfolio and those used for enterprise-wide stress testing. The scenarios used for enterprise-wide stress testing purposes differ from the typical trading portfolio scenarios in that they have a longer time horizon and the results are forecasted over multiple periods for use in consolidated capital and liquidity planning. For additional information, see Managing Risk - Corporation-wide Stress Testing on page 58.

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Interest Rate Risk Management for Nontrading Activities

The following discussion presents net interest income excluding the impact of trading-related activities.

Interest rate risk represents the most significant market risk exposure to our non-trading balance sheet. Interest rate risk is measured as the potential change in net interest income caused by movements in market interest rates. Client-facing activities, primarily lending and deposit-taking, create interest rate sensitive positions on our balance sheet.

We prepare forward-looking forecasts of net interest income. The baseline forecast takes into consideration expected future business growth, ALM positioning and the direction of interest rate movements as implied by the market-based forward curve. We then measure and evaluate the impact that alternative interest rate scenarios have on the baseline forecast in order to assess interest rate sensitivity under varied conditions. The net interest income forecast is frequently updated for changing assumptions and differing outlooks based on economic trends, market conditions and business strategies. Thus, we continually monitor our balance sheet position in order to maintain an acceptable level of exposure to interest rate changes.

The interest rate scenarios that we analyze incorporate balance sheet assumptions such as loan and deposit growth and pricing, changes in funding mix, product repricing and maturity characteristics. Our overall goal is to manage interest rate risk so that movements in interest rates do not significantly adversely affect earnings and capital.

Table 63 presents the spot and 12-month forward rates used in our baseline forecasts at December 31, 2014 and 2013.

Table 63 Forward Rates

information on net interest income excluding the impact of trading-related activities, see page 33.

We continue to be asset-sensitive to both a parallel move in interest rates and a long-end led steepening of the yield curve. Additionally, rising interest rates impact the fair value of debt securities and, accordingly, for debt securities classified as AFS, may adversely affect accumulated OCI and thus capital levels under the Basel 3 capital rules. Under instantaneous upward parallel shifts, the near term adverse impact to accumulated OCI and Basel 3 capital is reduced over time by offsetting positive impacts to net interest income. For more information on the phase-in provisions of Basel 3 including accumulated OCI, see Capital Management - Regulatory Capital on page 59.

December 31

(Dollars in millions) Curve Change Parallel Shifts +100 bps

Table 64 Estimated Net Interest Income Excluding Trading-related Net Interest Income

	Short Rate (bps)	Long Rate (bps)	2014	2013
-50 bps instantaneous shift				
instantaneous shift	+100	+100	\$ 3,685	\$ 3,229
	-50	-50	(3,043)	(1,616)
-	1,966	2,210		
-50	(1,772)	(641)		
-	(1,261)	(937)		
+100	1,782	1,066		
Flatteners Short-end instantaneous change +100				
Long-end instantaneous change - Steepeners Short-end instantaneous change -50				

Long-end
instantaneous change -

Spot rates
December 31, 2013
0.25% 0.43

3.09% 3.52

0.25% 0.25

12-month forward rates

Spot rates

12-month forward rates

Table 64 shows the pretax dollar impact to forecasted net interest income over the next 12 months from December 31, 2014 and 2013, resulting from instantaneous parallel and non-parallel shocks to the market-based forward curve. Periodically, we evaluate the scenarios presented to ensure that they are meaningful in the context of the current rate environment. For more

The sensitivity analysis in Table 64 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, residential mortgages, and interest rate and foreign exchange derivatives in managing interest rate sensitivity.

The behavior of our deposit 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 64 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 the Corporation's benefit in those scenarios.

Securities

The securities portfolio is an integral part of our interest rate risk management, which includes our ALM positioning, and is primarily comprised of debt securities including MBS and U.S. Treasury securities. As part of the ALM positioning, we use derivatives to hedge interest rate and duration risk. At December 31, 2014 and 2013, our debt securities portfolio had a carrying value of \$380.5 billion and \$323.9 billion.

During 2014 and 2013, we purchased debt securities of \$293.8 billion and \$190.4 billion, sold \$157.7 billion and \$117.7 billion, and had maturities and received paydowns of \$87.6 billion and \$94.0 billion, respectively. We realized \$1.4 billion and \$1.3 billion in net gains on sales of AFS debt securities.

At December 31, 2014, accumulated OCI included after-tax net unrealized gains of \$1.3 billion on AFS debt securities and after-tax net unrealized gains of \$17 million on AFS marketable equity securities compared to after-tax net unrealized losses of \$3.3 billion and after-tax net unrealized losses of \$4 million at December 31, 2013. For more information on accumulated OCI, see Note 14 - Accumulated Other Comprehensive Income (Loss) to the Consolidated Financial Statements. The pretax net amounts in accumulated OCI related to AFS debt securities increased \$7.4 billion during 2014 to a \$2.2 billion net unrealized gain primarily due to the impact of interest rates. For more information on our securities portfolio, see Note 3 - Securities to the Consolidated Financial Statements.

We recognized \$16 million of other-than-temporary impairment (OTTI) losses in earnings on AFS debt securities in 2014 compared to losses of \$20 million in 2013. OTTI losses during 2014 and 2013 were on non-agency RMBS and were recorded in other income on the Consolidated Statement of Income. The recognition of OTTI losses is based on a variety of factors, including the length of time and extent to which the market value has been less than amortized cost, the financial condition of the issuer of the security including credit ratings and any specific events affecting the operations of the issuer, underlying assets that collateralize the debt security, other industry and macroeconomic conditions, and our intent and ability to hold the security to recovery.

Residential Mortgage Portfolio

At December 31, 2014 and 2013, our residential mortgage portfolio was \$216.2 billion and \$248.1 billion excluding \$1.9 billion and \$2.0 billion of consumer residential mortgage loans accounted for under the fair value option at each period end. For more information on consumer fair value option loans, see Consumer Portfolio Credit Risk Management - Consumer Loans

Accounted for Under the Fair Value Option on page 82. The \$31.9 billion decrease in 2014 was primarily due to paydowns, sales, charge-offs and transfers to foreclosed properties. Of the decline, more than 50 percent was due to the sale of \$10.7 billion of loans with standby insurance agreements

transfers to foreclosed properties. Other declines, more than 60 percent was due to the sale of \$10.7 billion of loans with standby insurance agreements and \$6.7 billion of nonperforming and other delinquent loan sales. These were partially offset by new origination volume retained on our balance sheet, as well as repurchases of delinquent loans pursuant to our servicing agreements with GNMA, which are part of our mortgage banking activities.

During 2014, CRES and GWIM originated \$23.2 billion of first-lien mortgages that we retained compared to \$44.5 billion in 2013. We received paydowns of \$37.8 billion in 2014 compared to \$53.0 billion in 2013. We repurchased \$5.0 billion of loans pursuant to our servicing agreements with GNMA and redelivered \$3.6 billion, primarily FHA-insured loans, compared to repurchases of \$10.4 billion and redeliveries of \$5.0 billion in 2013. Sales of loans, excluding redelivered FHA-insured loans, during 2014 were \$17.4 billion compared to \$4.0 billion in 2013. Gains recognized on the sales of residential mortgage loans during 2014 were \$668 million compared to \$75 million in 2013.

Interest Rate and Foreign Exchange Derivative Contracts

Interest rate and foreign exchange derivative contracts are utilized in our ALM activities and serve as an efficient tool to manage our interest rate and foreign exchange risk. We use derivatives to hedge the variability in cash flows or changes in fair value on our balance sheet due to interest rate and foreign exchange components. For more information on our hedging activities, see Note 2 - Derivatives to the Consolidated Financial Statements.

Our interest rate contracts are generally non-leveraged generic interest rate and foreign exchange basis swaps, options, futures and forwards. In addition, we use foreign exchange contracts, including cross-currency interest rate swaps, foreign currency futures contracts, foreign currency forward contracts and options to mitigate the foreign exchange risk associated with foreign currency-denominated assets and liabilities.

Changes to the composition of our derivatives portfolio during 2014 reflect actions taken for interest rate and foreign exchange rate risk management. The decisions to reposition our derivatives portfolio are based on the current assessment of economic and financial conditions including the interest rate and foreign currency environments, balance sheet composition and trends, and the relative mix of our cash and derivative positions.

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Table 65 presents derivatives utilized in our ALM activities including those designated as accounting and economic hedging instruments and shows the notional amount, fair value, weighted-average receive-fixed and pay-fixed rates, expected maturity and average estimated durations of our open ALM derivatives at December 31, 2014 and 2013. These amounts do not include derivative hedges on our MSR's.

Table 65 Asset and Liability Management Interest Rate and Foreign Exchange Contracts

	<u>December 31, 2014</u>								Average
	Value	Total	2015	2016	2017	2018	2019	Thereafter	
(Dollars in millions, average estimated duration in Fair Estimated years)									Duration
Receive-fixed interest rate swaps ^{1,2}	\$ 7,626	4.34							
Notional amount		\$ 113,766	\$ 11,785	\$ 15,339	\$ 21,453	\$ 15,299	\$ 10,233	\$ 39,657	
Weighted-average fixed-rate		2.98%	3.56%	3.12%	3.64%	4.07%	0.49%	2.63%	
Pay-fixed interest rate swaps ^{3,4}	(829)	8.05							
Notional amount	\$ 14,668	\$ 520	\$ 1,025	\$ 1,527	\$ 2,908	\$ 425	\$ 8,263		
Weighted-average fixed-rate	2.27%	2.30%	1.65%	1.84%	1.62%	0.09%	2.77%		
Same-currency basis swaps ⁵ (74)									
Notional amount	\$ 94,413	\$ 18,881	\$ 15,691	\$ 21,068	\$ 11,026	\$ 6,787	\$ 20,960		
Foreign exchange basis swaps ^{2, 5, 6} (2,352)									
Notional amount	161,196	27,629	26,118	27,026	14,255	12,359	53,809		
Option products ^{7, 11}									
Notional amount ⁸	980	964	-	-	-	-	-	16	
Foreign exchange contracts ^{2, 5, 9} 3,700									
Notional amount ⁸	(22,572)	(29,931)	(2,036)		6,134	(2,335)	2,359	3,237	
Futures and forward rate contracts (129)									
Notional amount	(44,640)	(44,640)							

Notional amount
 Net ALM contracts \$ 7,953 (14,949) (14,949)

December 31, 2013

Expected Maturity

(Dollars in millions, average estimated duration in years)

Receive-fixed interest rate swaps u.²>

Notional amount

Weighted-average fixed-rate Pay-fixed interest rate swaps <¹>

Notional amount

Weighted-average fixed-rate Same-currency basis swaps <³>

Notional amount Foreign exchange basis swaps <²s.6>

Notional amount Option products <⁴>

Notional amount⁸¹ Foreign exchange contracts a.6.9>

Notional amount¹⁸¹ Futures and forward rate contracts

Notional amount <⁸>

Net ALM contracts

Fair Value

\$ 5,074 427 6

1,208 21 1,619 147

\$ 8,502
 2014
 Total
 2016
 2017

2015
 3.42%
 3.87%
 3.12%

; 1.025 1.65%

28,157

27.293

3.32%

(669)

520 2.30%

25.171

37,298

(11)

1,873

\$109,539 \$ 7,604 \$ 12,873 \$ 15,339 \$ 19,803 \$
 1,527 1.84%
 3.79%

\$ 28,418 \$ 4.645

15,283 24.304

1.87%

0.54%

\$ 145,184 \$ 47,529

205,560 39,151
 7,224

(19,515)	(35,991)	
(19,427)	(19,427)	
2018	Average Estimated Thereafter Duration	
	4.67	
20,733	\$ 33,187	
3.34%	3.29%	
5.92		
8,529	\$ 12,172	
1.52%	2.62%	
9,156	\$ 19,888	
14,517	62,997	
-	19	
2,026	6.022	

The receive-fixed interest rate swap notional amounts that represent forward starting swaps and which will not be effective until their respective contractual start dates totaled \$600 million at December 31, 2013. There were no forward starting receive-fixed interest rate swap positions at December 31, 2014. There were no forward starting pay-fixed swap positions at December 31, 2014 compared to \$1.1 billion at December 31, 2013.

Does not include basis adjustments on either fixed-rate debt issued by the Corporation or AFS debt securities, which are hedged using derivatives designated as fair value hedging instruments, that substantially offset the fair values of these derivatives.

At December 31, 2014 and 2013, the notional amount of same-currency basis swaps was comprised of \$94.4 billion and \$145.2 billion in both foreign currency and U.S. Dollar-denominated basis swaps in which both sides of the swap are in the same currency.

The change in the fair value for foreign exchange basis swaps was primarily driven by the weakening of foreign currencies against the U.S. Dollar throughout 2014 compared to 2013.

Foreign exchange basis swaps consisted of cross-currency variable interest rate swaps used separately or in conjunction with receive-fixed interest rate swaps.

Does not include foreign currency translation adjustments on certain non-U.S. debt issued by the Corporation that substantially offset the fair values of these derivatives.

The notional amount of option products of \$980 million at December 31, 2014 was comprised of \$974 million in foreign exchange options, \$16 million in purchased caps/floors and \$(10) million in swaptions. Option products of \$(641) million at December 31, 2013 were comprised of \$(2.0) billion in swaptions, \$1.4 billion in foreign exchange options and \$19 million in purchased caps/floors.

Reflects the net of long and short positions. Amounts shown as negative reflect a net short position.

The notional amount of foreign exchange contracts of \$(22.6) billion at December 31, 2014 was comprised of \$21.0 billion in foreign currency-denominated and cross-currency receive-fixed swaps, \$(36.4) billion in net foreign currency forward rate contracts, \$(8.3) billion in foreign currency-denominated pay-fixed swaps and \$1.1 billion in net foreign currency futures contracts. Foreign exchange contracts of \$(19.5) billion at December 31, 2013 were comprised of \$36.1 billion in foreign currency-denominated and cross-currency receive-fixed swaps, \$(49.3) billion in net foreign currency forward rate contracts, \$(10.3) billion in foreign currency-denominated pay-fixed swaps and \$4.0 billion in foreign currency futures contracts.

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We use interest rate derivative instruments to hedge the variability in the cash flows of our assets and liabilities and other forecasted transactions (collectively referred to as cash flow hedges). The net losses on both open and terminated cash flow hedge derivative instruments recorded in accumulated OCI were \$2.7 billion and \$3.6 billion, on a pretax basis, at December 31, 2014 and 2013. These net losses are expected to be reclassified into earnings in the same period as the hedged cash flows affect earnings and will decrease income or increase expense on the respective hedged cash flows. Assuming no change in open cash flow derivative hedge positions and no changes in prices or interest rates beyond what is implied in forward yield curves at December 31, 2014, the pretax net losses are expected to be reclassified into earnings as follows: \$803 million, or 30 percent within the next year, 46 percent in years two through five, and 16 percent in years six through ten, with the remaining eight percent thereafter. For more information on derivatives designated as cash flow hedges, see Note 2 - Derivatives to the Consolidated Financial Statements.

We hedge our net investment in non-U.S. operations determined to have functional currencies other than the U.S. Dollar using forward foreign exchange contracts that typically settle in less than 180 days, cross-currency basis swaps and foreign exchange options. We recorded net after-tax losses on derivatives in accumulated OCI associated with net investment hedges which were offset by gains on our net investments in consolidated non-U.S. entities at December 31, 2014.

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 HFI 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.

Interest rate risk and market risk can be substantial in the mortgage business. Fluctuations in interest rates drive consumer demand for new mortgages and the level of refinancing activity, which in turn affects total origination and servicing income. Hedging the various sources of interest rate risk in mortgage banking is a complex process that requires complex modeling and ongoing monitoring. Typically, an increase in mortgage interest rates will lead to a decrease in mortgage originations and related fees. IRLCs and the related residential first mortgage LHFS are subject to interest rate risk between the date of the IRLC and the date the loans are sold to the secondary market, as an increase in mortgage interest rates will typically lead to a decrease in the value of these instruments.

MSRs are nonfinancial assets created when the underlying mortgage loan is sold to investors and we retain the right to service the loan. Typically, an increase in mortgage rates will lead to an increase in the value of the MSRs driven by lower prepayment expectations. This increase in value from increases in mortgage rates is opposite of, and therefore offsets, the risk described for IRLCs and LHFS. Previously we hedged MSRs separately from the IRLCs and first mortgage LHFS assets. Because the interest rate risks of these two hedged items offset, we decided to combine them into one

overall hedged item with one combined economic hedge portfolio.

Beginning in the fourth quarter of 2014, interest rate and certain market risks of IRLCs and residential mortgage LHFS were economically hedged in combination with MSR. To hedge these combined assets, we use certain derivatives such as interest rate options, interest rate swaps, forward sale commitments, eurodollar and U.S. Treasury futures, and mortgage TBAs, as well as other securities including agency MBS, principal-only and interest-only MBS and U.S. Treasury securities. The fair value and notional amounts of the derivative contracts and the fair value of securities hedging the combined MSR, IRLCs and residential first mortgage LHFS were \$(3.6) billion, \$1.1 trillion and \$558 million at December 31, 2014. The fair value and notional amounts of the derivative contracts and the fair value of securities hedging the MSR at December 31, 2013 were \$(2.9) billion, \$1.8 trillion and \$2.5 billion. The notional amount of derivatives economically hedging only the IRLCs and residential first mortgage LHFS at December 31, 2013 were \$7.9 billion. In 2014, we recorded in mortgage banking income gains of \$1.6 billion related to the change in fair value of the derivative contracts and other securities used to hedge the market risks of the MSR compared to losses of \$1.1 billion for 2013. For more information on MSR, see Note 23 - Mortgage Servicing Rights to the Consolidated Financial Statements and for more information on mortgage banking income, see CRES on page 38.

Compliance Risk Management

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to the reputation of the Corporation in the event of the failure of the Corporation to comply with the requirements of applicable laws, rules, regulations, related self-regulatory organization standards and codes of conduct (collectively, applicable laws, rules and regulations). Global Compliance independently assesses compliance risk, and evaluates adherence to applicable laws, rules and regulations, including identifying compliance issues and risks, performing monitoring and testing, and reporting on the state of compliance activities across the Corporation. Additionally, Global Compliance works with FLUs and control functions so that day-to-day activities operate in a compliant manner. For more information on FLUs and control functions, see Managing Risk on page 55.

The Corporation's approach to the management of compliance risk is further described in the Global Compliance Policy, which outlines the requirements of the Corporation's global compliance program, and defines roles and responsibilities related to the implementation, execution and management of the compliance program by Global Compliance. The requirements work together to drive a comprehensive risk-based approach for the proactive identification, management and escalation of compliance risks throughout the Corporation.

The Global Compliance Policy sets the requirements for reporting compliance risk information to executive management as well as the Board or appropriate Board-level committees with an outline for conducting objective oversight of the Corporation's compliance risk management activities. The Board provides oversight of compliance risks through its Audit Committee and ERC.

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Operational Risk Management

The Corporation defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk may occur anywhere in the Corporation, including outsourced business processes, and is not limited to operations functions. Its effects may extend beyond financial losses. Operational risk includes legal risk. Successful operational risk management is particularly important to diversified financial services companies because of the nature, volume and complexity of the financial services business. Operational risk is a significant component in the calculation of total risk-weighted assets used in the Basel 3 capital estimate under the Advanced approaches. For more information on Basel 3 Advanced approaches, see Capital Management -Advanced Approaches on page 61.

We approach operational risk management from two perspectives within the structure of the Corporation: (1) at the enterprise level to provide independent, integrated management of operational risk across the organization, and (2) at the business and control function levels to address operational risk in revenue producing and non-revenue producing units. The Operational Risk Management Program addresses the overarching processes for identifying, measuring, monitoring and controlling operational risk, and reporting operational risk information to management and the Board. A sound internal governance structure enhances the effectiveness of the Corporation's Operational Risk Management Program and is accomplished at the enterprise level through formal oversight by the Board, the ERC, the CRO and a variety of management committees and risk oversight groups aligned to the Corporation's overall risk governance framework and practices. Of these, the MRC oversees the Corporation's policies and processes for sound operational risk management. The MRC also serves as an escalation point for critical operational risk matters within the Corporation. The MRC reports operational risk activities to the ERC. The independent operational risk management teams oversee the businesses and control functions to monitor adherence to the Operational Risk Management Program and advise and challenge operational risk exposures.

Within the Global Risk Management organization, the Corporate Operational Risk team develops and guides the strategies, enterprise-wide policies, practices, controls and monitoring tools for assessing and managing operational risks across the organization and reports results to businesses, control functions, senior management, governance committees and the ERC and the Board.

The businesses and control functions are responsible for assessing, monitoring and managing all the risks within their units, including operational risks. In addition to enterprise risk management tools such as loss reporting, scenario analysis and RCSAs, operational risk executives, working in conjunction with senior business executives, have developed key tools to help identify, measure, monitor and control risk in each business and control function. Examples of these include personnel management practices; data reconciliation processes; fraud management units; cybersecurity controls, processes and systems; transaction processing, monitoring and analysis; business recovery planning; and new product introduction processes. The business and control functions are also responsible for consistently implementing and monitoring adherence to corporate practices.

Business and control function management uses the enterprise RCSA process to capture the identification and assessment of operational risk exposures and evaluate the status of risk and control issues including mitigation plans, as appropriate. The goals of this process are to assess changing market and business conditions, evaluate key risks impacting each business and control function, and assess the

controls in place to mitigate the risks. Key operational risk indicators for these risks have been developed and are used to assist in identifying trends and issues on an enterprise, business and control function level. Independent review and challenge to the Corporation's overall operational risk management framework is performed by the Corporate Operational Risk Program Adherence Team and reported through the operational risk governance committees and management routines.

Where appropriate, insurance policies are purchased to mitigate the impact of operational losses. These insurance policies are explicitly incorporated in the structural features of operational risk evaluation. As insurance recoveries, especially given recent market events, are subject to legal and financial uncertainty, the inclusion of these insurance policies is subject to reductions in their expected mitigating benefits.

Complex Accounting Estimates

Our significant accounting principles, as described in Note 1 - Summary of Significant Accounting Principles to the Consolidated Financial Statements, 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.

The more judgmental estimates are summarized in the following discussion. We have identified and described the development of the variables most important in the estimation processes that involve mathematical models to derive the estimates. In many cases, there are numerous alternative judgments that could be used in the process of determining the inputs to the models. Where alternatives exist, we have used the factors that we believe represent the most reasonable value in developing the inputs. Actual performance that differs from our estimates of the key variables could impact our results of operations. Separate from the possible future impact to our results of operations from input and model variables, the value of our lending portfolio and market-sensitive assets and liabilities may change subsequent to the balance sheet date, often significantly, due to the nature and magnitude of future credit and market conditions. Such credit and market conditions may change quickly and in unforeseen ways and the resulting volatility could have a significant, negative effect on future operating results. These fluctuations would not be indicative of deficiencies in our models or inputs.

Allowance for Credit Losses

The allowance for credit losses, which includes the allowance for loan and lease losses and the reserve for unfunded lending commitments, represents management's estimate of probable losses inherent in the Corporation's loan portfolio excluding those loans accounted for under the fair value option. Our process for determining the allowance for credit losses is discussed in Note 1 - Summary of Significant Accounting Principles to the Consolidated Financial Statements. We evaluate our allowance at the portfolio segment level and our portfolio segments are Home Loans, Credit Card and Other Consumer, and Commercial. Due to the variability in the drivers of the assumptions used in this

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process, estimates of the portfolio's inherent risks and overall collectability change with changes in the economy, individual industries, countries, and borrowers' ability and willingness to repay their obligations. The degree to which any particular assumption affects the allowance for credit losses depends on the severity of the change and its relationship to the other assumptions.

Key judgments used in determining the allowance for credit losses include risk ratings for pools of commercial loans and leases, market and collateral values and discount rates for individually evaluated loans, product type classifications for consumer and commercial loans and leases, loss rates used for consumer and commercial loans and leases, adjustments made to address current events and conditions, considerations regarding domestic and global economic uncertainty, and overall credit conditions.

Our estimate for the allowance for loan and lease losses is sensitive to the loss rates and expected cash flows from our Home Loans and Credit Card and Other Consumer portfolio segments, as well as our U.S. small business commercial card portfolio within the Commercial portfolio segment. For each one percent increase in the loss rates on loans collectively evaluated for impairment in our Home Loans portfolio segment, excluding PCI loans, coupled with a one percent decrease in the discounted cash flows on those loans individually evaluated for impairment within this portfolio segment, the allowance for loan and lease losses at December 31, 2014 would have increased by \$84 million. PCI loans within our Home Loans portfolio segment are initially recorded at fair value. Applicable accounting guidance prohibits carry-over or creation of valuation allowances in the initial accounting. However, subsequent decreases in the expected cash flows from the date of acquisition result in a charge to the provision for credit losses and a corresponding increase to the allowance for loan and lease losses. We subject our PCI portfolio to stress scenarios to evaluate the potential impact given certain events. A one percent decrease in the expected cash flows could result in a \$169 million impairment of the portfolio. For each one percent increase in the loss rates on loans collectively evaluated for impairment within our Credit Card and Other Consumer portfolio segment and U.S. small business commercial card portfolio, coupled with a one percent decrease in the expected cash flows on those loans individually evaluated for impairment within the Credit Card and Other Consumer portfolio segment and the U.S. small business commercial card portfolio, the allowance for loan and lease losses at December 31, 2014 would have increased by \$45 million.

Our allowance for loan and lease losses is sensitive to the risk ratings assigned to loans and leases within the Commercial portfolio segment (excluding the U.S. small business commercial card portfolio). Assuming a downgrade of one level in the internal risk ratings for commercial loans and leases, except loans and leases already risk-rated Doubtful as defined by regulatory authorities, the allowance for loan and lease losses would have increased by \$2.0 billion at December 31, 2014.

The allowance for loan and lease losses as a percentage of total loans and leases at December 31, 2014 was 1.65 percent and these hypothetical increases in the allowance would raise the ratio to 1.90 percent.

These sensitivity analyses do not represent management's expectations of the deterioration in risk ratings or the increases in loss rates but are provided as hypothetical scenarios to assess the sensitivity of the allowance for loan and lease losses to changes in key inputs. We believe the risk ratings and loss

severities currently in use are appropriate and that the probability of the alternative scenarios outlined above occurring within a short period of time is remote.

The process of determining the level of the allowance for credit losses requires a high degree of judgment. It is possible that others, given the same information, may at any point in time reach different reasonable conclusions.

For more information on the Financial Accounting Standards Board's proposed standard on accounting for credit losses, see Note 1 - Summary of Significant Accounting Principles to the Consolidated Financial Statements.

Mortgage Servicing Rights

MSRs are nonfinancial assets that are created when a mortgage loan is sold and we retain the right to service the loan. We account for consumer MSRs, including residential mortgage and home equity MSRs, at fair value with changes in fair value recorded in mortgage banking income in the Consolidated Statement of Income.

We determine the fair value of our consumer MSRs using a valuation model that calculates the present value of estimated future net servicing income. The model incorporates key economic assumptions including estimates of prepayment rates and resultant weighted-average lives of the MSRs, and the option-adjusted spread levels. These variables can, and generally do, change from quarter to quarter as market conditions and projected interest rates change. These assumptions are subjective in nature and changes in these assumptions could materially affect our operating results. For example, increasing the prepayment rate assumption used in the valuation of our consumer MSRs by 10 percent while keeping all other assumptions unchanged could have resulted in an estimated decrease of \$208 million in both MSRs and mortgage banking income for 2014. This impact does not reflect any hedge strategies that may be undertaken to mitigate such risk.

We manage potential changes in the fair value of MSRs through a comprehensive risk management program. The intent is to mitigate the effects of changes in the fair value of MSRs through the use of risk management instruments. To reduce the sensitivity of earnings to interest rate and market value fluctuations, securities including MBS and U.S. Treasury securities, as well as certain derivatives such as options and interest rate swaps, may be used to hedge certain market risks of the MSRs, but are not designated as accounting hedges. These instruments are carried at fair value with changes in fair value recognized in mortgage banking income. For additional information, see Mortgage Banking Risk Management on page 108.

For more information on MSRs, including the sensitivity of weighted-average lives and the fair value of MSRs to changes in modeled assumptions, see Note 23 - Mortgage Servicing Rights to the Consolidated Financial Statements.

Fair Value of Financial Instruments

We classify the fair values of financial instruments based on the fair value hierarchy established under applicable accounting guidance which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Applicable accounting guidance establishes three levels of inputs used to measure fair value. We carry trading account assets and liabilities, derivative assets and liabilities, AFS debt and equity securities, other debt securities,

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consumer MSRs and certain other assets at fair value. Also, we account for certain loans and loan commitments, LHFS, short-term borrowings, securities financing agreements, asset-backed secured financings, long-term deposits and long-term debt under the fair value option.

The fair values of assets and liabilities may include adjustments, such as market liquidity and credit quality, where appropriate. Valuations of products using models or other techniques are sensitive to assumptions used for the significant inputs. Where market data is available, the inputs used for valuation reflect that information as of our valuation date. Inputs to valuation models are considered unobservable if they are supported by little or no market activity. In periods of extreme volatility, lessened liquidity or in illiquid markets, there may be more variability in market pricing or a lack of market data to use in the valuation process. In keeping with the prudent application of estimates and management judgment in determining the fair value of assets and liabilities, we have in place various processes and controls that include: a model validation policy that requires review and approval of quantitative models used for deal pricing, financial statement fair value determination and risk quantification; a trading product valuation policy that requires verification of all traded product valuations; and a periodic review and substantiation of daily profit and loss reporting for all traded products. Primarily through validation controls, we utilize both broker and pricing service inputs which can and do include both market-observable and internally-modeled values and/or valuation inputs. Our reliance on this information is affected by our understanding of how the broker and/or pricing service develops its data with a higher degree of reliance applied to those that are more directly observable and lesser reliance applied to those developed through their own internal modeling. Similarly, broker quotes that are executable are given a higher level of reliance than indicative broker quotes, which are not executable. These processes and controls are performed independently of the business. For additional information, see Note 20 - Fair Value Measurements and Note 21 - Fair Value Option to the Consolidated Financial Statements.

In 2014, we adopted an FVA into valuation estimates primarily to include funding costs on uncollateralized derivatives and derivatives where we are not permitted to use the collateral received. This change resulted in a pretax net FVA charge of \$497 million. Significant judgment is required in modeling expected exposure profiles and in discounting for the funding risk premium inherent in these derivatives.

Level 3 Assets and Liabilities

Financial assets and liabilities where values are based on valuation techniques that require inputs that are both unobservable and are significant to the overall fair value measurement are classified as Level 3 under the fair value hierarchy established in applicable accounting guidance. The Level 3 financial assets and liabilities include certain loans, MBS, ABS, CDOs, CLOs and structured liabilities, as well as highly structured, complex or long-dated derivative contracts, private equity investments and consumer MSRs. The fair value of these Level 3 financial assets and liabilities is determined using pricing models, discounted cash flow methodologies or similar techniques for which the determination of fair value requires significant management judgment or estimation.

Table 66 Recurring Level 3 Asset and Liability Summary

December 31

2013

(Dollars in millions)

Trading account assets
 Derivative assets
 AFS debt securities
 All other Level 3 assets at fair value
 Total Level 3 assets at fair value

Level 3

6,259 6,851 2,555 6,597
 22,262

Asa % of Total Level 3 Assets

28.12% 30.77 11.48 29.63
 100.00%

0.30% 0.33 0.12 0.31

Level 3 Fair Value

9,044 7,277 4,760 10,697

1.06% \$ 31,778

As a % of Total Level 3 Assets

28.46% 22.90 14.98 33.66
 100.00%

Asa% of Total Assets

0.43% 0.35 0.23 0.50
 1.51%

Level 3 Fair Value

Asa % of Total Level 3 Liabilities

Asa% of Total Liabilities

Level 3 Fair Value

As a % of Total Level 3 Liabilities

As a % of Total Liabilities

Derivative liabilities Long-term debt
 All other Level 3 liabilities at fair value
 Total Level 3 liabilities at fair value <>

7,771 2,362 46

10,179

76.34% 23.20 0.46

100.00%

0.42% 0.13

0.55% \$

7,501 1,990 45

9,536

78.66% 20.87 0.47

100.00%

0 40% 0.11

0.51%

Level 3 total assets and liabilities are shown before the impact of cash collateral and counterparty netting related to our derivative positions

Level 3 financial instruments may be hedged with derivatives classified as Level 1 or 2; therefore, gains or losses associated with Level 3 financial instruments may be offset by gains or losses associated with financial instruments classified in other levels of the fair value hierarchy. The Level 3 gains and losses recorded in earnings did not have a significant impact on our liquidity or capital resources. We conduct a review of our fair value hierarchy classifications on a quarterly basis. Transfers into or out of Level 3 are made if the significant inputs used in the financial models measuring the fair values of the assets and liabilities became unobservable or observable, respectively, in the current marketplace. These transfers are considered to be effective as of the beginning of the quarter in which they occur. For more information on the significant transfers into and out of Level 3

during 2014, see Note 20 - Fair Value Measurements to the Consolidated Financial Statements.

Accrued Income Taxes and Deferred Tax Assets

Accrued income taxes, reported as a component of either other assets or accrued expenses and other liabilities on the Consolidated Balance Sheet, represent the net amount of current income taxes we expect to pay to or receive from various taxing jurisdictions attributable to our operations to date. We currently file income tax returns in more than 100 jurisdictions and consider many factors, including statutory, judicial and regulatory guidance, in estimating the appropriate accrued income taxes for each jurisdiction.

Consistent with the applicable accounting guidance, we monitor relevant tax authorities and change our estimate of accrued income taxes due to changes in income tax laws and their interpretation by the courts and regulatory authorities. These revisions of our estimate of accrued income taxes, which also may result from our income tax planning and from the resolution of income tax controversies, may be material to our operating results for any given period.

Net deferred tax assets, reported as a component of other assets on the Consolidated Balance Sheet, represent the net decrease in taxes expected to be paid in the future because of net operating loss (NOL) and tax credit carryforwards and because of future reversals of temporary differences in the bases of assets and liabilities as measured by tax laws and their bases as reported in the financial statements. NOL and tax credit carryforwards result in reductions to future tax liabilities, and many of these attributes can expire if not utilized within certain periods. We consider the need for valuation allowances to reduce net deferred tax assets to the amounts that we estimate are more-likely-than-not to be realized.

While we have established valuation allowances for certain state and non-U.S. deferred tax assets, we have concluded that no valuation allowance was necessary with respect to all U.S. federal and U.K. deferred tax assets, including NOL and tax credit carryforwards, that are not subject to any special limitations (such as change-in-control limitations) prior to any expiration. Management's conclusion is supported by financial results and forecasts, the reorganization of certain business activities and the indefinite period to carry forward NOLs. The majority of U.K. net deferred tax assets, which consist primarily of NOLs, are expected to be realized by certain subsidiaries over an extended number of years. However, significant changes to our estimates, such as changes that would be caused by substantial and prolonged worsening of the condition of Europe's capital markets, or to applicable tax laws, such as laws affecting the readability of NOLs or other deferred tax assets, could lead management to reassess its U.K. valuation allowance conclusions. See Note 19 - Income Taxes to the Consolidated Financial Statements for a table of significant tax attributes and additional information. For more information, see page 15 under Item 1A. Risk Factors of this Annual Report on Form 10-K.

Goodwill and Intangible Assets Background

The nature of and accounting for goodwill and intangible assets are discussed in Note 1 - Summary of Significant Accounting Principles and Note 8 - Goodwill and Intangible Assets to the Consolidated Financial Statements. Goodwill is reviewed for potential impairment at the reporting unit level on an annual basis, which for the Corporation is as of June 30, and in interim periods if events or circumstances indicate a potential impairment. A reporting unit is an operating segment or one level below. As reporting units are determined after an acquisition or evolve with changes in business strategy, goodwill is assigned to reporting units and it no longer retains its association with a particular acquisition. All of the revenue streams and related activities of a reporting unit, whether acquired or organic, are available to support the value of the goodwill.

For purposes of goodwill impairment testing, the Corporation utilizes allocated equity as a proxy for the carrying value of its reporting units. 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. The goodwill impairment test involves comparing the fair value of each reporting unit with its carrying value, including goodwill, as measured by allocated equity. During 2014, the Corporation made refinements to the amount of capital allocated to each of its businesses based on multiple considerations that included, but were not limited to, risk-weighted assets measured under the Basel 3 Standardized and Advanced approaches, business segment exposures and risk profile, and strategic plans. As a result of this process, in 2014, the Corporation adjusted the amount of capital being allocated to its business segments. This change resulted in a reduction of the unallocated capital, which is reflected in All Other, and an aggregate increase to the amount of capital being allocated to the business segments. An increase in allocated capital in the business segments generally results in a reduction of the excess of the fair value over the carrying value and a reduction to the estimated fair value as a percentage of allocated carrying value for an individual reporting unit.

The Corporation's common stock price improved during 2014; however, its market capitalization remained below its recorded book value. We estimate that the fair value of all reporting units with assigned goodwill in aggregate as of the June 30, 2014 annual goodwill impairment test was \$307.1 billion and the aggregate carrying value of all reporting units with assigned goodwill, as measured by allocated equity, was \$175.7 billion. The common stock capitalization of the Corporation as of June 30, 2014 was \$161.6 billion (\$188.1 billion at December 31, 2014). As none of our reporting units are publicly traded, individual reporting unit fair value determinations do not directly correlate to the Corporation's stock price. Although we believe it is reasonable to conclude that market capitalization could be an indicator of fair value over time, we do not believe that our current market capitalization reflects the aggregate fair value of our individual reporting units.

Estimating the fair value of reporting units is a subjective process that involves the use of estimates and judgments, particularly related to cash flows, the appropriate discount rates and an applicable control premium. We determined the fair values of the reporting units using a combination of valuation techniques consistent with the market approach and the income approach and also utilized independent valuation specialists.

The market approach we used estimates the fair value of the individual reporting units by incorporating any combination of the tangible capital, book capital and earnings multiples from comparable publicly-traded companies in industries similar to that of the reporting unit. The relative weight assigned to these multiples varies among the reporting units based on qualitative and quantitative characteristics, primarily the size and relative profitability of the reporting unit as compared to the comparable publicly-traded companies. Since the fair values determined under the market approach are representative of a noncontrolling interest, we added a control premium to arrive at the reporting units' estimated fair values on a controlling basis.

For purposes of the income approach, we calculated discounted cash flows by taking the net present value of estimated future cash flows and an appropriate terminal value. Our discounted cash flow analysis employs a capital asset pricing model in estimating the discount rate (i.e., cost of equity financing) for each reporting unit. The inputs to this model include the risk-free rate of return, beta, which is a measure of the level of non-diversifiable risk associated with comparable companies for each specific reporting unit, size premium to reflect the historical incremental return on stocks, market equity risk premium and in certain cases an unsystematic (company-specific) risk factor. The unsystematic risk factor is the input that specifically addresses uncertainty related to our projections of earnings and growth, including the uncertainty related to loss expectations. We utilized discount rates that we believe adequately reflect the risk and uncertainty in the financial markets generally and specifically in our internally developed forecasts. We estimated expected rates of equity returns based on historical market returns and risk/return rates for similar industries of each reporting unit. We use our internal forecasts to estimate future cash flows and actual results may differ from forecasted results.

2014 Annual Impairment Test

During the three months ended September 30, 2014, we completed our annual goodwill impairment test as of June 30, 2014 for all of our reporting units that had goodwill. In performing the first step of the annual goodwill impairment analysis, we compared the fair value of each reporting unit to its estimated carrying value as measured by allocated equity, which includes goodwill. During our 2014 annual goodwill impairment test, we also evaluated the U.K. Card business within All Other, as the U.K. Card business comprises the majority of the goodwill included in All Other. To determine fair value, we utilized a combination of the market approach and the income approach. Under the market approach, we compared earnings and equity multiples of the individual reporting units to multiples of public companies comparable to the individual reporting units. The control premium used in the June 30, 2014 annual goodwill impairment test was 30 percent for all reporting units. Under the income approach, we updated our assumptions to reflect the current market environment. The discount rates used in the June 30, 2014 annual goodwill impairment test ranged from 10.5 percent to 13 percent depending on the relative risk of a reporting unit. Growth rates developed by management for individual revenue and expense items in each reporting unit ranged from (2.9) percent to 8.5 percent.

Based on the results of step one of the annual goodwill impairment test, we determined that step two was not required for any of the reporting units as their fair value exceeded their carrying value indicating there was no impairment.

The fair value for Card Services as of June 30, 2014 no longer considers the negative impact of a July 31, 2013 court ruling regarding the Federal Reserve's rules on debit card interchange fees, which would have required the Federal Reserve to reconsider the cap on debit card interchange fees. The fair value as of June 30, 2013 considered that potential negative impact contributing to an estimated fair value as a percent of allocated carrying value of 120.3 percent. The U.S. Supreme Court indicated in January 2015 that it would not hear the challenge to the Federal Reserve's debit card interchange fee rules.

2013 Annual Impairment Tests

During the three months ended September 30, 2013, we completed our annual goodwill impairment test as of June 30, 2013 for all of our reporting units which had goodwill. Additionally, we also evaluated the U.K. Card business within All Other as the U.K. Card business comprises the majority of the goodwill included in All Other.

Based on the results of step one of the annual goodwill impairment test, we determined that step two was not required for any of the reporting units as their respective fair values exceeded their carrying values indicating there was no impairment.

Representations and Warranties Liability

The methodology used to estimate the liability for obligations under representations and warranties related to transfers of residential mortgage loans is a function of the representations and warranties given and considers a variety of factors. Depending upon the counterparty, these factors include actual defaults, estimated future defaults, historical loss experience, estimated home prices, other economic conditions, estimated probability that we will receive a repurchase request, number of payments made by the borrower prior to default and estimated probability that we will be required to repurchase a loan. It also considers other relevant facts and circumstances, such as bulk settlements and identity of the counterparty or type of counterparty, as appropriate. The estimate of the liability for obligations under representations and warranties is based upon currently available information, significant judgment, and a number of factors, including those set forth above, that are subject to change. Changes to any one of these factors could significantly impact the estimate of our liability.

The representations and warranties provision may vary significantly each period as the methodology used to estimate the expense continues to be refined based on the level and type of repurchase requests presented, defects identified, the latest experience gained on repurchase requests and other relevant facts and circumstances. The estimate of the liability for representations and warranties is sensitive to future defaults, loss severity and the net repurchase rate. An assumed simultaneous increase or decrease of 10 percent in estimated future defaults, loss severity and the net repurchase rate would result in an increase or decrease of approximately \$400 million in the representations and warranties liability as of December 31, 2014. These sensitivities are hypothetical and are intended to provide an indication of the

impact of a significant change in these key assumptions on the representations and warranties liability. In reality, changes in one assumption may result in changes in other assumptions, which may or may not counteract the sensitivity.

For more information on representations and warranties exposure and the corresponding estimated range of possible loss, see Off-Balance Sheet Arrangements and Contractual Obligations

- Representations and Warranties on page 50, as well as Note 7
- Representations and Warranties Obligations and Corporate Guarantees and Note 12 - Commitments and Contingencies to the Consolidated Financial Statements.

Litigation Reserve

For a limited number of the matters disclosed in Note 12 -Commitments and Contingencies to the Consolidated Financial Statements for which a loss is probable or reasonably possible in future periods, whether in excess of a related accrued liability or where there is no accrued liability, we are able to estimate a range of possible loss. In determining whether it is possible to provide an estimate of loss or range of possible loss, the Corporation reviews and evaluates its material litigation and regulatory matters on an ongoing basis, in conjunction with any outside counsel handling the matter, in light of potentially relevant factual and legal developments. These may include information learned through the discovery process, rulings on dispositive motions, settlement discussions, and other rulings by courts, arbitrators or others. In cases in which the Corporation possesses sufficient information to develop an estimate of loss or range of possible loss, that estimate is aggregated and disclosed in Note 12 - Commitments and Contingencies to the Consolidated Financial Statements. For other disclosed matters for which a loss is probable or reasonably possible, such an estimate is not possible. Those matters for which an estimate is not possible are not included within this estimated range. Therefore, the estimated range of possible loss represents what we believe to be an estimate of possible loss only for certain matters meeting these criteria. It does not represent the Corporation's maximum loss exposure. Information is provided in Note 12 - Commitments and Contingencies to the Consolidated Financial Statements regarding the nature of all of these contingencies and, where specified, the amount of the claim associated with these loss contingencies.

Consolidation and Accounting for Variable Interest Entities

In accordance with applicable accounting guidance, an entity that has a controlling financial interest in a VIE is referred to as the primary beneficiary and consolidates the VIE. The Corporation is deemed to have a controlling financial interest and is the primary beneficiary of a VIE if it has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and an obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

Determining whether an entity has a controlling financial interest in a VIE requires significant judgment. An entity must assess the purpose and design of the VIE, including explicit and implicit contractual arrangements, and the entity's involvement in both the design of the VIE and its ongoing activities. The entity must then determine which activities have the most significant impact on the economic performance of the VIE and whether the entity has the power to direct such activities. For VIEs that hold financial assets, the party that services the assets or makes investment management decisions may have the power to direct the most significant activities of a VIE. Alternatively, a third party that has the unilateral right to replace the servicer or investment manager or to liquidate the VIE may be deemed to be the party with power. If there are no significant ongoing activities, the party that was responsible for the design of the VIE may be deemed to have power. If the entity determines that it has the power to direct the most significant activities of the VIE, then the entity must determine if it has either an obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. Such economic interests may include investments in debt or equity instruments issued by the VIE, liquidity commitments, and explicit and implicit guarantees.

On a quarterly basis, we reassess whether we have a controlling financial interest and are the primary beneficiary of a VIE. The quarterly reassessment process considers whether we have acquired or divested the power to direct the activities of the VIE through changes in governing documents or other circumstances. The reassessment also considers whether we have acquired or disposed of a financial interest that could be significant to the VIE, or whether an interest in the VIE has become significant or is no longer significant. The consolidation status of the VIEs with which we are involved may change as a result of such reassessments. Changes in consolidation status are applied prospectively, with assets and liabilities of a newly consolidated VIE initially recorded at fair value. A gain or loss may be recognized upon deconsolidation of a VIE depending on the carrying values of deconsolidated assets and liabilities compared to the fair value of retained interests and ongoing contractual arrangements.

2013 Compared to 2012

The following discussion and analysis provide a comparison of our results of operations for 2013 and 2012. This discussion should be read in conjunction with the Consolidated Financial Statements and related Notes. Tables 7 and 8 contain financial data to supplement this discussion.

Overview Net Income

Net income was \$11.4 billion in 2013 compared to \$4.2 billion in 2012. Including preferred stock dividends, net income applicable to common shareholders was \$10.1 billion, or \$0.90 per diluted share for 2013 and \$2.8 billion, or \$0.25 per diluted share for 2012.

Net Interest Income

Net interest income on an RE basis was \$43.1 billion for 2013, an increase of \$1.6 billion compared to 2012. The increase was primarily due to reductions in long-term debt balances, higher yields on debt securities including the impact of market-related premium amortization expense, lower rates paid on deposits, higher commercial loan balances and increased trading-related net interest income, partially offset by lower consumer loan balances as well as lower asset yields and the low rate environment. The net interest yield on an FTE basis was 2.37 percent for 2013, an increase of 13 bps compared to 2012 due to the same factors as described above.

Noninterest Income

Noninterest income was \$46.7 billion in 2013, an increase of \$4.0 billion compared to 2012.

- Card income decreased \$295 million primarily driven by lower revenue from consumer protection products.
- Investment and brokerage services income increased \$889 million primarily driven by the impact of long-term AUM inflows and higher market levels.
- Investment banking income increased \$827 million primarily due to strong equity issuance fees attributable to a significant increase in global equity capital markets volume and higher debt issuance fees, primarily within leveraged finance and investment-grade underwriting.
- Equity investment income increased \$831 million. The results for 2013 included \$753 million of gains related to the sale of our remaining investment in CCB and gains of \$1.4 billion on the sales of a portion of an equity investment. The results for 2012 included \$1.6 billion of gains related to sales of certain equity and strategic investments.
- Trading account profits increased \$1.2 billion. Net debit valuation adjustment (DVA) losses on derivatives were \$509 million in 2013 compared to losses of \$2.5 billion in 2012. Excluding net DVA, trading account profits decreased \$782 million due to decreases in our FICC businesses driven by a challenging trading environment, partially offset by an increase in our equities businesses.
- Mortgage banking income decreased \$876 million primarily driven by lower servicing income and lower core production revenue, partially offset by lower representations and warranties provision.
- Other income (loss) improved \$2.0 billion due to lower negative fair value adjustments on our structured liabilities of \$649 million compared to negative fair value adjustments of \$5.1 billion in 2012. The prior year included gains of \$1.6 billion related to debt repurchases and exchanges of trust preferred securities.

Provision for Credit Losses

The provision for credit losses was \$3.6 billion for 2013, a decrease of \$4.6 billion compared to 2012. The provision for credit losses was \$4.3 billion lower than net charge-offs for 2013, resulting in a reduction in the allowance for credit losses due to continued improvement in the home loans and credit card portfolios. This compared to a \$6.7 billion reduction in the allowance for credit losses in 2012.

Net charge-offs totaled \$7.9 billion, or 0.87 percent of average loans and leases for 2013 compared to \$14.9 billion, or 1.67 percent for 2012. The decrease in net charge-offs was primarily driven by credit quality improvement across all major portfolios. Also, included in 2012 were charge-offs associated with the National Mortgage Settlement and loans discharged in Chapter 7 bankruptcy due to the implementation of regulatory guidance.

Noninterest Expense

Noninterest expense was \$69.2 billion for 2013, a decrease of \$2.9 billion compared to 2012. The decrease was primarily driven by a \$967 million decline in other general operating expense largely due to a provision of \$1.1 billion in 2012 for the 2013 Independent Foreclosure Review (IFR) Acceleration Agreement, lower FDIC expense, and lower default-related servicing expenses in Legacy Assets & Servicing and mortgage-related assessments, waivers and similar costs related to foreclosure delays. Partially offsetting these declines was a \$1.9 billion increase in litigation expense to \$6.1 billion in 2013. Personnel expense decreased \$929 million in 2013 as we continued to streamline processes and achieve cost savings. Professional fees decreased \$690 million due in part to reduced default-related management activities in Legacy Assets & Servicing.

Income Tax Expense

The income tax expense was \$4.7 billion on pretax income of \$16.2 billion for 2013 compared to an income tax benefit of \$1.1 billion on the pretax income of \$3.1 billion for 2012. The effective tax rate for 2013 was driven by our recurring tax preference items and by tax benefits related to non-U.S. restructurings. These benefits were partially offset by the \$1.1 billion charge to reduce the carrying value of certain U.K. deferred tax assets due to the U.K. corporate income tax rate reduction in 2013. The negative effective tax rate for 2012 included a \$1.7 billion tax benefit attributable to the excess of foreign tax credits recognized in the U.S. upon repatriation of the earnings of certain subsidiaries over the related U.S. tax liability. Partially offsetting the benefit was a \$788 million charge to reduce the carrying value of certain U.K. deferred tax assets due to the U.K. corporate income tax rate reduction enacted in 2012.

Business Segment Operations Consumer & Business Banking

CBB recorded net income of \$6.6 billion in 2013 compared to \$5.6 billion in 2012 with the increase primarily due to lower provision for credit losses and noninterest expense. Net interest income remained relatively unchanged as the impact of higher deposit balances was offset by the impact of lower average loan balances. Noninterest income of \$9.8 billion remained relatively unchanged as the allocation of certain card revenue to GWIM for clients with a credit card, and lower deposit service charges were offset by the net impact of consumer protection products primarily due to changes in 2012. The provision for credit losses decreased \$1.0 billion to \$3.1 billion in 2013 primarily as a result of improvements in credit quality. Noninterest expense decreased \$661 million to \$16.3 billion primarily due to lower operating, personnel and FDIC expenses.

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Consumer Real Estate Services

CRES recorded a net loss of \$5.0 billion in 2013 compared to a net loss of \$6.3 billion in 2012 with the decrease in the net loss primarily driven by lower provision for credit losses and lower noninterest expense, partially offset by lower mortgage banking income. Mortgage banking income decreased \$968 million due to both lower servicing income and lower core production revenue, partially offset by a \$3.1 billion decrease in representations and warranties provision as 2012 included provision related to the January 2013 settlement with FNMA. The provision for credit losses improved \$1.6 billion to a benefit of \$156 million due to improved delinquencies, increased home prices and continued loan balance run-off. Noninterest expense decreased \$1.2 billion to \$15.8 billion due to lower operating expenses in Legacy Assets & Servicing, partially offset by higher litigation expense.

Global Wealth & Investment Management

GWIM recorded net income of \$3.0 billion in 2013 compared to \$2.2 billion in 2012 with the increase driven by higher revenue and lower provision for credit losses, partially offset by higher noninterest expense. Revenue increased \$1.3 billion primarily driven by higher asset management fees. The provision for credit losses decreased \$210 million to \$56 million driven by continued improvement in the home equity portfolio. Noninterest expense increased \$311 million to \$13.0 billion due to higher volume-driven expenses and higher support costs, partially offset by lower other personnel costs.

Global Banking

Global Banking recorded net income of \$5.0 billion in 2013 compared to \$5.3 billion in 2012 with the decrease primarily driven by an increase in the provision for credit losses, partially offset by higher revenue. Revenue increased \$810 million to \$16.5 billion in 2013 as higher net interest income due to the impact of loan growth, and higher investment banking fees were partially offset by lower other income due to gains on the liquidation of certain portfolios in 2012. The provision for credit losses increased \$1.4 billion to \$1.1 billion compared to a benefit of \$342 million in 2012 primarily due to increased reserves as a result of commercial loan growth. Noninterest expense remained relatively unchanged in 2013 primarily due to lower personnel expense largely offset by higher litigation expense.

Global Markets

Global Markets recorded net income of \$1.2 billion in 2013 compared to a net loss of \$2.0 billion in 2012. Excluding net DVA and charges of \$1.1 billion related to the U.K. corporate income tax rate reduction in 2013 and \$781 million in 2012, net income decreased \$548 million to \$3.0 billion primarily driven by lower FICC revenue due to a challenging trading environment, and higher noninterest expense, partially offset by an increase in equities revenue. Net DVA losses were \$1.2 billion compared to losses of \$7.6 billion in 2012. Noninterest expense increased \$711 million to \$12.0 billion due to an increase in litigation expense. Income tax expense for both years included a charge for remeasurement of certain deferred tax assets due to the decreases in the U.K. corporate tax rate.

All Other

All Other recorded net income of \$712 million in 2013 compared to a net loss of \$703 million in 2012 with the increase driven by improvement in the provision for credit losses, higher equity investment income and lower noninterest expense, partially offset by a lower income tax benefit and lower gains on sales of debt securities. The provision for credit losses improved \$3.3 billion to a benefit of \$666 million in 2013 primarily driven by continued improvement in portfolio trends including increased home prices in the residential mortgage portfolio. Noninterest expense decreased \$2.0 billion to \$4.6 billion primarily due to lower litigation expense. The income tax benefit was \$2.0 billion in 2013 compared to a benefit of \$4.2 billion in 2012. The decrease was driven by the decline in the pretax loss in All Other and lower tax benefits as 2012 included a \$1.7 billion tax benefit attributable to the excess of foreign tax credits recognized in the U.S. upon repatriation of the earnings of certain subsidiaries over the related U.S. tax liability.

Statistical Tables

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Table I Average Balances and Interest Rates - FTE Basis

2013

(Dollars in millions) Earning assets

Interest-bearing deposits with the Federal Reserve and non-U.S.

central banks of Time deposits placed and other short-term investments Federal funds sold and securities borrowed or purchased under agreements to resell

Trading account assets Debt securities ² Loans and leases ¹

Residential mortgage ⁴

Home equity

U.S. credit card

Non-U.S. credit card

Direct/Indirect consumer ⁵

Other consumer ⁶

Total consumer

U.S. commercial Commercial real estate m Commercial lease financing Non-U.S. commercial

Total commercial

Total loans and leases

Other earning assets

Total earning assets ⁸

Cash and due from banks m

Other assets, less allowance for loan and lease losses

Average Balance

\$ 113,999 \$ 11,032

222,483 145,686 351,702

237,270 89,705 88,962 11,511 82,410 2,028

511.886

230,175 47,524 24,423 89,893

392,015

27,079 303,581

Interest Income/ Expense

308 170

1,039 4.716 8,062

8,462 3,340 8,313 1,200 2,099 139

23.553

11,096

6.630 1.411 837 2,218

51,755

Yield/ Rate

0.27% 1.54

0.47 3.24 2.28

3.57 3.72 9.34 10.42 2.55 6.86 4.60 2.88 2.97 3.43 2.47 2.83 3.83 4.25 2.85

Average Income/ Balance Expense

Interest

\$ 72,574 16,066

224,331 168,998 337,953

542,742
218,874 42,346 23,863 90,816
375,899
36,440 307,525

256,535 100,263 90,369 10,861 82,907 1,807

Yield/ Rate

0.25% 1.16

0.55 2.89 2 89

3.63 3.82 9 73 11.70 2 86 4.02 4.73 3.11 3.29 3.56 2 29
2 96 4 00
3 50 3 07

Interest

Average Income/ Balance Expense

81,741 22.888

236,042 170,647 353,577

576,698
201,352 37,982 21,879 60,857
322,070

264,164 117,339 94,863 13,549 84,424 2,359

88,047
1,851,710
33,998 305,648

Yield/ Rate

0.23%

1 03

0.64 3 11

2 53

3 73 3 77

3 47 3.51

4 00 2.62 3.35 4 36 3 36 3.15

Total assets

10.02 11.60 3.44 5.95 4.92

Interest-bearing liabilities U.S interest-bearing deposits Savings

NOW and money market deposit accounts

Consumer CDs and IRAs

Negotiable CDs, public funds and other deposits

Total U.S. interest-bearing deposits

Non-U.S interest-bearing deposits.

Banks located in non-U S countries

Governments and official institutions

Time, savings and other

Total non-U.S interest-bearing deposits

Total interest-bearing deposits

Federal funds purchased, securities loaned or sold under agreements to repurchase and short-term borrowings

Trading account liabilities

Long-term debt

Total Interest-bearing liabilities <*>

Noninterest-bearing sources* Noninterest-bearmg deposits Other liabilities

Shareholders' equity

\$ 2,145,590

\$ 46,270 518,894 66,798 31.502

663,464

8,744 1,740 60,732

71,216

734.680

257.678 87.151 253.607

389,527 184,471 238,476

316,264 106

3

314

743

1,080

2,578 1,576 5,700
10,934

0.01%
0.06
0.40
0.33
0.10

0.84 0.15 0.52 0.55 015

1.00 1.81 2.25 0.82
\$2,163,513

\$ 43,868 \$ 506,082 79.914 26,553

656,417

69,644
726,061

12,432 1,584 55,628

301,416 88.323 263,417

363,674 186,675 233.947

22 413 471 116

80 3 291

374
1,396

2.923 1.638 6.798
12.755

41.453 466,096 95.559 20,928

0.05% \$ 0.08 0 59
0 43
0 64 0 18 0 52
0 54 0.19

0.97
1 85 2.58 0.92
016 624.036

14,737 1,019 53.318

69,074
693,110

318,400 78.554 316.393

354,672 194,550 235,677

45 693 693 128
1,559

333
 431
 1,990

 3,572 1,763 9.419
 16.744

 0 11% 0 15 0.73 0.61 0.25

 0 64 0.35
 0 63 0.62 0.29

 1.12 2 24 2 98
 1 19

Total liabilities and shareholders' equity
 Net interest spread

Impact of noninterest-bearing sources

Net Interest Income/yield on earning assets

2 03% 0.22

2 25%

2.15% 0.22

2 37%

1.96% 0 28

2 24%

(1) Beginning in 2014, interest-bearing deposits placed with the Federal Reserve and certain non-U S central banks are included in earning assets In prior periods, these balances were included with cash and due from banks in the cash and cash equivalents line, consistent with the Consolidated Balance Sheet presentation Prior periods have been reclassified to conform to current period presentation

<2> Beginning in 2014, yields on debt securities carried at fair value are calculated on the cost basis Prior to 2014, yields on debt securities carried at fair value were calculated based on fair value

rather than the cost basis The use of fair value does not have a material impact on net interest yield ¹³ Nonperforming loans are included in the respective average loan balances Income on these nonperforming loans is generally recognized on a cost recovery basis PCI loans were recorded at fair

value upon acquisition and accrete interest income over the remaining life of the loan hi Includes non-U S. residential mortgage loans of \$2 million, \$79 million and \$90 million in 2014, 2013 and 2012, respectively ¹⁰> Includes non U S consumer loans of \$4 4 billion, \$6 7 billion and \$7 8 billion in 2014, 2013 and 2012, respectively

^{17M} Includes consumer finance loans of \$1 1 billion, \$1 3 billion and \$1 5 billion, consumer leases of \$818 million, \$351 million and \$0, consumer overdrafts of \$148 million, \$153 million and \$128 million, and other non-U S consumer loans of \$3 million, \$5 million and \$699 million, and in 2014, 2013 and 2012, respectively m Includes U S commercial real estate loans of \$46 0 billion, \$40 7 billion and \$36 4 billion, and non-U S commercial real estate loans of \$1 6 billion, \$1 6 billion and \$1 6 billion in 2014, 2013 and 2012, respectively

¹⁸ Interest income includes the impact of interest rate risk management contracts, which decreased interest income on the undetlying assets by \$58 million, \$205 million and \$754 million in 2014, 2013 and 2012, respectively Interest expense includes the impact of interest rate risk management contracts, which decreased interest expense on the underlying liabilities by \$2 5 billion, \$2 4 billion and \$2 3 billion in 2014, 2013 and 2012, respectively For more information on interest rate contacts, see Interest Rate Risk Management for Non-trading Activities on page 105

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Table II Analysis of Changes in Net Interest Income - FTE Basis

From 2012 to 2013
 Due to Change in <»

(Dollars tn millions)

Increase (decrease) In interest Income

Interest-bearing deposits with the Federal Reserve and non-U.S. central banks <2> Time deposits placed and other short-term investments
 Federal funds sold and securities borrowed or purchased under agreements to resell Trading account assets Debt securities Loans and leases:

- Residential mortgage
- Home equity
- U.S. credit card
- Non-U.S. credit card
- Direct/Indirect consumer
- Other consumer

103 \$

(59) (5) (669) 385

(704) (408) (136)

76 (13)

10

Rate

23 42 (185) 506 (2,102)

(151) (87) (343) (147) (258) 57
Net Change

126 \$ (17) (190) (163) (1,717)

(855) (495) (479) (71) (271) 67

Rate

15 22 (207) (377) 1.229

(252) 55
(263) 11
(482) (36)
Net Change

(8) (49) (273) (427) 848

(528) (591) (712) (301) (530) (68)

Total consumer

U.S. commercial Commercial real estate Commercial lease financing Non-U.S. commercial

349 173 18 (24)

(2,104)
(528) (179)
(153) 20
(32) (14)
159 135

616 154 81 785

(786) (95) (104) (296)

(2,730)

(170) 59 (23) 489

Total commercial

Total loans and leases

Other earning assets

Total interest income

Increase (decrease) in interest expense U.S. interest-bearing deposits: Savings

NOW and money market deposit accounts

Consumer CDs and IRAs

Negotiable CDs, public funds and other deposits

• 1 2

(77) 19

(20) (99) (130) (29)

\$ (4,124)

(19) \$ (97) (207) (10)

3 66 (110) 34

(26) (346) (112)
(46)
\$ (2,422)

(23) (280) (222)

(12)

Total U.S. interest-bearing deposits
 Non-U.S. interest-bearing deposits:
 Banks located in non-U.S. countries
 Governments and official institutions
 Time, savings and other
 Total non-U.S. interest-bearing deposits

(24) 25

18

(2)
 (333)

(6) 23
17

(14) 2 17

(3) (59)
 (537)

(14) (1) (42)

(57)

Total interest-bearing deposits

Federal funds purchased, securities loaned or sold under agreements to repurchase and short-term borrowings	(424)	79(345)	(196)	(453)	(649)		
Trading account liabilities	(26)	(36)	(62)	215	(340)	(125)	
Long-term debt	(255)	(843)	(1,098)	(1,569)	(1,052)	(2,621)	

Total interest expense

Net Increase (decrease) in net interest income

⁽¹⁾> The changes for each category of interest income and expense are divided between the portion of change attributable to the variance in volume and the portion of change attributable to the variance in rate for that category. The unallocated change in rate or volume variance is allocated between the rate and volume variances. ⁽²⁾ Beginning in 2014, interest-bearing deposits placed with the Federal Reserve and certain non-U.S. central banks are included in earning assets. In prior periods, these balances were included with cash and due from banks in the cash and cash equivalents line, consistent with the Consolidated Balance Sheet presentation. Prior periods have been reclassified to conform to current period presentation.

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Table III Preferred Stock Cash Dividend Summary w

December 31, 2014 Outstanding Notional Amount (in millions)

Per Annum Dividend Rate

Dividend Per Share

April 10, 2015 January 9, 2015 October 10, 2014 July 11, 2014 April 11, 2014

April 24, 2015 January 23, 2015 October 24, 2014 July 25, 2014

April 25, 2014

7.00%
7.00
7.00
7.00
7.00
1.75 1.75 1.75 1.75 1.75
0.38775 0.38775 0.38775 0.38775 0.38775
6.204%
6.204
6.204
6.204
6.204

February 10, 2015 October 23, 2014 August 6, 2014 June 18, 2014 February 11, 2014
January 9, 2015 October 9, 2014 July 9, 2014 April 2, 2014 January 13, 2014
January 30, 2015 October 31, 2014 July 31, 2014 April 30, 2014 January 31, 2014

Floating Floating Floating Floating Floating
0.25556 0.25556 0.25556 0.24722 0.25556

654 January 9, 2015 February 27, 2015 March 16, 2015
October 9, 2014 November 28, 2014 December 15, 2014
July 9, 2014 August 29, 2014 September 15, 2014
April 2, 2014 May 30, 2014 June 16, 2014
January 13, 2014 February 28, 2014 March 14, 2014
February 17, 2015 November 17, 2014 August 15, 2014 May 15, 2014 February 18, 2014

\$ 1,000.00 1,011.11111 1,022.22222 1,022.22222 1,000.00
March 16, 2015 December 15, 2014 September 15, 2014 June 16, 2014

March 17, 2014

Adjustable Adjustable Adjustable Adjustable Adjustable

141 January 9, 2015 February 27, 2015 March 16, 2015 Floating \$ 1,000.00
October 9, 2014 November 28, 2014 December 15, 2014 Floating 1,011.11111
July 9, 2014 August 29, 2014 September 15, 2014 Floating 1,022.22222
April 2, 2014 May 30, 2014 June 16, 2014 Floating 1,022.22222
January 13, 2014 February 28, 2014 March 17, 2014 Floating 1,000.00

\$ 0.4140625 0.4140625 0.4140625 0.4140625 0.4140625
6.625%
6.625
6.625
6.625
6.625

493 January 9, 2015 February 27, 2015
October 9, 2014 November 28, 2014
July 9, 2014 August 29, 2014
April 2, 2014 May 30, 2014
January 13, 2014 February 28, 2014
January 9, 2015 July 9, 2014 January 13, 2014
January 30, 2015 July 30, 2014 January 30, 2014

Fixed-to-floating Fixed-to-floating Fixed-to-floating
40.00 40.00 40.00

365 January 9, 2015 March 15, 2015 April 1, 2015
October 9, 2014 December 15, 2014 January 2, 2015
July 9, 2014 September 15, 2014 October 1, 2014
April 2, 2014 June 15, 2014 July 1, 2014
January 13, 2014 March 15, 2014 April 1, 2014

December 17, 2014 September 16, 2014 June 18, 2014 March 6, 2014
January 1, 2015 October 1, 2014 July 1, 2014 April 1, 2014
January 30, 2015 October 30, 2014 July 30, 2014 April 30, 2014

7.25% 7.25 7.25 7.25
18.125 18.125 18.125 18.125

January 15, 2015 July 15, 2014 January 15, 2014
October 9, 2014 April 2, 2014
October 31, 2014 April 30, 2014

Fixed-to-floating Fixed-to-floating
40.625 40.625
3,080
1,310
6.00%

6.00
 6.00
 6.00
 6.00
 1,500.00 1,500.00 1,500.00 1,500.00 1,500.00

November 17, 2014 May 15, 2014
 October 9, 2014 April 2, 2014
 December 1, 2014 June 2, 2014

Fixed-to-floating Fixed-to-floating
 26.00 26.00

5,000	February 10, 2015	March 26, 2015	April 10, 2015
October 23, 2014		December 25, 2014	January 10, 2015
August 6, 2014		September 25, 2014	October 10, 2014
June 18, 2014		June 25, 2014	July 10, 2014
March 6, 2014		March 26, 2014	April 10, 2014

1,000
 November 15, 2014 May 15, 2014
 January 9, 2015 October 9, 2014
 February 15, 2015 November 15, 2014
 March 9, 2015 December 9, 2014

Fixed Fixed

\$ 0.4140625 0.4140625

March 5, 2015 Fixed-to-floating \$

¹ Preferred stock cash dividend summary is as of February 25, 2015

² Dividends are cumulative

³ Dividends per depositary share, each representing a 1/1,000th interest in a share of preferred stock

⁴ Initially pays dividends semi-annually

⁵ Dividends per depositary share, each representing a 1/25th interest in a share of preferred stock

⁶ For information on the amendment of the Series T Preferred Stock, see Note 13 - Shareholders' Equity to the Consolidated Financial Statements.

Table III Preferred Stock Cash Dividend Summary w (continued)

December 31, 2014 Outstanding

Notional
 \$
 Amount (in millions)
 98

299

653

210

422

Declaration Date

January 9, 2015 October 9, 2014 July 9, 2014 April 2, 2014 January 13, 2014
January 9, 2015 October 9, 2014 July 9, 2014 April 2, 2014 January 13, 2014
January 9, 2015 October 9, 2014 July 9, 2014 April 2, 2014 January 13, 2014
January 9, 2015 October 9, 2014 July 9, 2014 April 2, 2014 January 13, 2014
January 9, 2015 October 9, 2014 July 9, 2014 April 2, 2014 January 13, 2014

Record Date

February 15, 2015 November 15, 2014 August 15, 2014 May 15, 2014 February 15, 2014
February 15, 2015 November 15, 2014 August 15, 2014 May 15, 2014 February 15, 2014
February 15, 2015 November 15, 2014 August 15, 2014 May 15, 2014 February 15, 2014
February 1, 2015 November 1, 2014 August 1, 2014 May 1, 2014 February 1, 2014

Payment Date

February 27, 2015 November 28, 2014 August 28, 2014 May 28, 2014 February 28, 2014
February 27, 2015 November 28, 2014 August 28, 2014 May 28, 2014 ■ February 28, 2014
March 2, 2015 November 28, 2014 August 28, 2014 May 28, 2014 February 28, 2014
February 27, 2015 November 28, 2014 August 28, 2014 May 28, 2014 February 28, 2014
February 23, 2015 November 21, 2014 August 21, 2014 May 21, 2014 February 21, 2014

Per Annum Dividend Rate

Floating Floating Floating Floating Floating
Floating Floating Floating Floating Floating
6.375%
6.375
6.375
6.375
6.375
Floating Floating Floating Floating Floating
Roating Floating Floating Floating Floating

Dividend Per Share

0.18750 0.18750 0.18750 0.18750 0.18750
0.19167 0.19167 0.19167 0.18542 0.19167
\$ 0.3984375 0.3984375 0.3984375 0.3984375 0.3984375
0.25556 0.25556 0.25556 0.24722 0.25556
0.25556 0.25556 0.25556 0.24722 0.25556
Dividends per depositary share, each representing a 1/1,200th interest in a share of preferred stock

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Table IV Outstanding Loans and Leases

(Dollars in millions)	December 31				
	2014	2013	2012	2011	2010
Consumer					
<u>Residential mortgage</u> << \$ 216,197 \$ 248,066 \$ 252,929 \$ 273,228 \$ 270,901					
Home equity 85,725 93,672 108,140 124,856 138,161					
U.S. credit card 91,879 92,338 94,835 102,291 113,785					
Non-U.S. credit card 10,465 11,541 11,697 14,418 27,465					
Direct/Indirect consumer <*" 80,381 82,192 83,205 89,713 90,308					
Other consumer >>	1,846	1,977	1,628	2,688	2,830
Total consumer loans excluding loans accounted for under the fair value option 486,493 529,786 552,434 607,194 643,450					
Consumer loans accounted for under the fair value option i'''	2,077	2,164	1,005	2,190	-
Total consumer	488,570	531,950	553,439	609,384	643,450
Commercial					
U.S. commercial <5>	233,586	225,851	209,719	193,199	190,305
Commercial real estate <6>	47,682	47,893	38,637	39,596	49,393
Commercial lease financing	24,866	25,199	23,843	21,989	21,942
Non-U.S. commercial "	80,083	89,462	74,184	55,418	32,029
Total commercial loans excluding loans accounted for under the fair value option	386,217	388,405	346,383	310,202	293,669
Commercial loans accounted for under the fair value option <>	6,604	7,878	7,997	6,614	3,321
Total commercial	392,821	396,283	354,380	316,816	296,990
Total loans and leases	\$ 881,391	\$ 928,233	\$ 907,819	\$ 926,200	\$ 940,440

Includes pay option loans of \$3.2 billion, \$4.4 billion, \$6.7 billion, \$9.9 billion and \$11.8 billion and non-U.S. residential mortgage loans of \$2 million, \$0, \$93 million, \$85 million and \$90 million at December 31, 2014, 2013, 2012, 2011 and 2010, respectively. The Corporation no longer originates pay option loans.

Includes dealer financial services loans of \$37.7 billion, \$38.5 billion, \$35.9 billion, \$43.0 billion and \$43.3 billion, unsecured consumer lending loans of \$1.5 billion, \$2.7 billion, \$4.7 billion, \$8.0 billion and \$12.4 billion, U.S. securities-based lending loans of \$35.8 billion, \$31.2 billion, \$28.3 billion, \$23.6 billion and \$16.6 billion, non-U.S. consumer loans of \$4.0 billion, \$4.7 billion, \$8.3 billion, \$7.6 billion and \$8.0 billion, student loans of \$632 million, \$4.1 billion, \$4.8 billion, \$6.0 billion and \$6.8 billion, and other consumer loans of \$761 million, \$1.0 billion, \$1.2 billion, \$1.5 billion and \$3.2 billion at December 31, 2014, 2013, 2012, 2011 and 2010, respectively.

Includes consumer finance loans of \$676 million, \$1.2 billion, \$1.4 billion, \$1.7 billion and \$1.9 billion, consumer leases of \$1.0 billion, \$606 million, \$34 million, \$0 and \$0, consumer overdrafts of \$162 million, \$176 million, \$177 million, \$103 million and \$88 million, and other non-U.S. consumer loans of \$3 million, \$5 million, \$5 million, \$929 million and \$803 million at December 31, 2014, 2013, 2012, 2011 and 2010, respectively.

Consumer loans accounted for under the fair value option were residential mortgage loans of \$1.9 billion, \$2.0 billion, \$1.0 billion and \$2.2 billion, and home equity loans of \$196 million, \$147 million, \$0 and \$0 at December 31, 2014, 2013, 2012 and 2011, respectively. There were no consumer loans accounted for under the fair value option prior to 2011. Commercial loans accounted for under the fair value option were U.S. commercial loans of \$1.9 billion, \$1.5 billion, \$2.3 billion, \$2.2 billion and \$1.6 billion, commercial real estate loans of \$0, \$0, \$0, \$0 and \$79 million, and non-U.S. commercial loans of \$4.7 billion, \$6.4 billion, \$5.7 billion, \$4.4 billion and \$1.7 billion at December 31, 2014, 2013, 2012, 2011 and 2010, respectively.

Includes U.S. small business commercial loans, including card-related products, of \$13.3 billion, \$13.3 billion, \$12.6 billion, \$13.3 billion and \$14.7 billion at December 31, 2014, 2013, 2012, 2011 and 2010, respectively.

Includes U.S. commercial real estate loans of \$45.2 billion, \$46.3 billion, \$37.2 billion, \$37.8 billion and \$46.9 billion, and non-U.S. commercial real estate loans of \$2.5 billion, \$1.6 billion, \$1.5 billion, \$1.8 billion and \$2.5 billion at December 31, 2014, 2013, 2012, 2011 and 2010, respectively.

Table V Nonperforming Loans, Leases and Foreclosed Properties w

(Dollars in millions) Consumer									
Residential mortgage									
Home equity									
Direct/Indirect consumer Other consumer									
Total consumer «>									
Commercial U.S. commercial Commercial real estate Commercial lease financing Non-U.S. commercial									
U.S. small business commercial									
Total commercial ⁽²⁾ >									
Total nonperforming loans and leases									
Foreclosed properties									
2013									
2011									
2010									
December 31									
2012									
6,889	\$	11,712	\$	15,055	\$	16,259	\$	18,020	
3,901		4,075		4,282		2,4542,696			
						28		35	92
									40
									90
20,854									
15,840									
18,768									
						1		18	2
									15
									48
									701 321 3 1
									819 322 16 64
									2,174 3,880 26 143
									3,453 5,829 117 233
19,431									
									1,026 87
									1,221 88
									6,223 114
									9,632 204
									1,484 1,513 44 68
1,113									
1,309									
6,337									
9,836									
									17,149 623
25,105 2,603									
30,690 1,974									
3,224									3,109 115
									22,655 900
12,629	\$	17,772	\$	23,555	\$	27,708	\$	32,664	

¹ Balances do not include PCI loans even though the customer may be contractually past due. PCI loans were recorded at fair value upon acquisition and accrete interest income over the remaining life of the loan. In addition, balances do not include foreclosed properties that are insured by the FHA and have entered foreclosure of \$1.1 billion, \$1.4 billion, \$2.5 billion and \$1.4 billion at December 31, 2014, 2013, 2012 and 2011, respectively. ⁽²⁾ In 2014, \$1.8 billion in interest income was estimated to be contractually due on \$10.8 billion of consumer loans and leases classified as nonperforming, at December 31, 2014, as presented in the table above, plus \$20.6 billion of TDRs classified as performing at December 31, 2014. Approximately \$960 million of the estimated \$1.8 billion in contractual interest was received and included in interest income for 2014.

⁽³⁾ In 2014, \$110 million in interest income was estimated to be contractually due on \$11 billion of commercial loans and leases classified as nonperforming, at December 31, 2014, as presented in the table above, plus \$1.1 billion of TDRs classified as performing at December 31, 2014. Approximately \$66 million of the estimated \$110 million in contractual interest was received and included in interest income for 2014.

96 216
21,747

236 47 18 6

307 325
Total commercial
12,654 \$ 18,759 \$ 24,582 \$ 24,636 \$ 22,379

hi Our policy is to classify consumer real estate-secured loans as nonperforming at 90 days past due, except the PCI loan portfolio, the fully-insured loan portfolio and loans accounted for under the fair value option as referenced in footnote 3 ⁽²⁾>
Balances are fully-insured loans.

. ⁽³⁾ Balances exclude loans accounted for under the fair value option At December 31, 2014 and 2013, \$5 million and \$8 million of loans accounted for under the fair value option were past due 90 days or more and still accruing interest At December 31, 2012, 2011 and 2010. there were no loans accounted for under the fair value option that were past due 90 days or more and still accruing interest

Table VII Allowance for Credit Losses

(Dollars in millions)

Allowance for loan and lease losses, January 1ui Loans and leases charged off

- Residential mortgage
- Home equity
- U.S. credit card
- Non-U.S. credit card
- Direct/Indirect consumer
- Other consumer

<u>Total consumer charge-offs</u>	
U.S. commercial <2> Commercial real estate Commercial lease financing Non-U.S. commercial	
<u>Total commercial charge-offs</u>	
2010	
2012	
2011	
	2013
(855) (1,364) (3,068) (357) (456) (268)	
	(1,508) (2,258) (4,004) (508) (710) (273)
(3,276) (4,573) (5,360)	
(835) (1,258)	
(274)	
(4,294) (4,997) (8,114) (1,691) (2,190) (252)	
17,428 \$ 24,179 \$ 33,783 \$ 41,885 \$ 47,988	
(6,368)	
(9,261)	
(15,576)	
(21,538)	
(584) (29) (10) (35)	
	(774) (251) (4) (79)
	(1,309) (719) (32) (36)
	(1,690) (1,298) (61) (155)
(3,843) (7,072) (13,818) (2,424) (4,303) (320)	
(31,780)	
(658)	
(1,108)	
(2,096)	
(3,204)	
	(3,190) (2,185) (96) (139)
(5,610)	
<u>Total loans and leases charged off</u>	
Recoveries of loans and leases previously charged off Residential mortgage Home equity U.S. credit card Non-U.S. credit card Direct/Indirect consumer Other consumer	
(7,026)	
969 457 430 115 287 39	
(10,369)	
424 455 628 109 365 39	
(17,672)	
165 331 728 254 495 42	
(24,742)	
377 517 838 522 714 50	
(37,390)	
117 279 791 217 967 59	
<u>Total consumer recoveries</u>	
U.S. commercial <3> Commercial real estate Commercial lease financing Non-U.S. commercial	
<u>Total commercial recoveries</u>	
2,297	
	214 112 19 1
346	
2,020	
	287 102 29 34
452	
2,015	
	368 335 38 8
749	
3,018	
	500 351 37 3
891	
2,430	
	391 168 39 28
626	
<u>Total recoveries of loans and leases previously charged off</u>	
<u>Net charge-offs</u>	
Write-offs of PCI loans	
Provision for loan and lease losses	
Other (*)	
(4,383)	

(7,897)	(810) 2,231 (47)
(14,908)	(2,336) 3,574 (92)
(20,833)	(2,820) 8,310 (186)
	13,629 (898)
(34,334)	28,195 36
Allowance for loan and lease losses, December 31	
Reserve for unfunded lending commitments, January 1 Provision for unfunded lending commitments Other (=)	
Reserve for unfunded lending commitments, December 31	
14,419	
484 44	
528	
17,428	
513 (18) (11)	
484	
24,179	714 (141) (60)
513	
33,783	
1,188 (219) (255)	
714	
41,885	
1,487 240 (539)	
1,188	
14,947 \$ 17,912 \$ 24,692 \$ 34,497 \$ 43,073	

n> The 2010 balance includes \$10.8 billion of allowance for loan and lease losses related to the adoption of consolidation guidance that was effective January 1, 2010.
 ^> Includes U.S. small business commercial charge-offs of \$345 million, \$457 million, \$799 million, \$1.1 billion and \$2.0 billion in 2014, 2013, 2012, 2011 and 2010, respectively.
 oi Includes U.S. small business commercial recoveries of \$63 million, \$98 million, \$100 million, \$106 million and \$107 million in 2014, 2013, 2012, 2011 and 2010, respectively.
 hi The 2014, 2013, 2012 and 2011 amounts primarily represent the net impact of portfolio sales, consolidations and deconsolidations, and foreign currency translation adjustments. In addition, the 2011 amount includes a \$449 million reduction in the allowance for loan and lease losses related to Canadian consumer card loans that were transferred to LHFS.¹⁹
 Primarily represents accretion of the Merrill Lynch purchase accounting adjustment and the impact of funding previously unfunded positions.

Table VII Allowance for Credit Losses (continued)

(Dollars in millions)	2014	2013	2012	2011	2010
Loan and allowance ratios:					
Loans and leases outstanding at December 31 ¹⁶ :	\$ 872,710	\$ 918,191	\$ 898,817	\$ 917,396	\$ 937,119
Allowance for loan and lease losses as a percentage of total loans and leases outstanding at December 31 («>	1.65%	1.90%	2.69%	3.68%	4.47%
Consumer allowance for loan and lease losses as a percentage of total consumer loans and leases outstanding at December 31 ¹⁷	2.05	2.53	3.81	4.88	5.40
Commercial allowance for loan and lease losses as a percentage of total commercial					

loans and leases outstanding at December 31 <sup>8>	1.15	1.03	0.90		1.33	2.44
Average loans and leases outstanding <sup>9>		\$ 894,001	\$ 909,127	\$ 890,337	\$ 929,661	\$ 954,278
Net charge-offs as a percentage of average loans and leases outstanding <sup>9>	0.49%	0.87%	1.67%		2.24%	3.60%
Net charge-offs and PCI write-offs as a percentage of average loans and leases outstanding <sup>9>	0.58	1.13	1.99		2.24	3.60
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases at December 31 <sup>10>			1.21	1.02	1.07	1.35
Ratio of the allowance for loan and lease losses at December 31 to net charge-offs <sup>9>		3.29	2.21	1.62	1.62	1.22
Ratio of the allowance for loan and lease losses at December 31 to net charge-offs and PCI write-offs <sup>11>		2.78	1.70	1.36	1.62	1.22
Amounts included in allowance for loan and lease losses for loans and leases that are excluded from nonperforming loans and leases at December 31		\$ 5,944	\$ 7,680	\$ 12,021	\$ 17,490	\$ 22,908
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 December 31 <sup>12>		71%	57%	54%	65%	62%
Loan and allowance ratios excluding PCI loans and the related valuation allowance: <sup>13>						
Allowance for loan and lease losses as a percentage of total loans and leases outstanding at December 31 <sup>8>	1.50%	1.67%	2.14%	2.86%	3.94%	
Consumer allowance for loan and lease losses as a percentage of total consumer loans and leases outstanding at December 31 <sup>14>		1.79	2.17	2.95	3.68	4.66
Net charge-offs as a percentage of average loans and leases outstanding <sup>15>	0.50	0.90	1.73	2.32	3.73	
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases at December 31 <sup>16>		107	87	82	101	116
Ratio of the allowance for loan and lease losses at December 31 to net charge-offs		2.91	1.89	1.25	1.22	1.04

<sup>8> Outstanding loan and lease balances and ratios do not include loans accounted for under the fair value option of \$8.7 billion, \$10.0 billion, \$9.0 billion, \$8.8 billion and \$3.3 billion at December 31, 2014, 2013, 2012, 2011 and 2010, respectively. Average loans accounted for under the fair value option were \$9.9 billion, \$9.5 billion, \$8.4 billion, \$8.4 billion and \$4.1 billion in 2014, 2013, 2012, 2011 and 2010, respectively.

<sup>9> Excludes consumer loans accounted for under the fair value option of \$2.1 billion, \$2.2 billion, \$1.0 billion and \$2.2 billion at December 31, 2014, 2013, 2012 and 2011. There were no consumer loans accounted for under the fair value option prior to 2011. <sup>10> Excludes commercial loans accounted for under the fair value option of \$6.6 billion, \$7.9 billion, \$8.0 billion, \$6.6 billion and \$3.3 billion at December 31, 2014, 2013, 2012, 2011 and 2010, respectively.

<sup>11> Net charge-offs exclude \$810 million, \$2.3 billion and \$2.8 billion of write-offs in the PCI loan portfolio in 2014, 2013 and 2012. These write-offs decreased the PCI valuation allowance included as part of the allowance for loan and lease losses. For more information on PCI write-offs, see Consumer Portfolio Credit Risk Management - Purchased Credit-impaired Loan Portfolio on page 78. nui

<sup>12> There were no write-offs of PCI loans in 2011 and 2010.

<sup>13> For more information on our definition of nonperforming loans, see pages 82 and 89.

<sup>14> Primarily includes amounts allocated to U.S. credit card and unsecured lending portfolios in CBB, PCI loans and the non-U.S. credit portfolio in All Other. <sup>15> For more information on the PCI loan portfolio and the valuation allowance for PCI loans, see Note 4 - Outstanding Loans and Leases and Note 5 - Allowance for Credit Losses to the Consolidated Financial Statements.

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

December 31

2010

(Dollars in millions)

Allowance for loan and lease losses Residential mortgage Home equity U.S. credit card Non-U.S. credit card Direct/Indirect consumer Other consumer
 Total consumer
 U.S. commercial <sup>1> Commercial real estate Commercial lease financing Non-U.S. commercial

2013, 2012, 2011 and 2010, respectively

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Table IX Selected Loan Maturity Data i¹⁻²>

December 31, 2014

(Dollars in millions)

U.S. commercial
U.S. commercial real estate
Non-U.S. and other 0)
Total selected loans

Due In One Year or Less

136,277

66,039 8,714 61,524

Due After One Year Through Five Years

, 126,522 31,825 21,015
179,362

Due After Five Years

42,916 \$ 4,648 4,752
52,316

Total
235,477 45,187 87,291
 367,955
 Percent of total
 Sensitivity of selected loans to changes in interest rates for loans due after one year: Fixed interest rates
 Floating or adjustable interest rates
 Total
49%

14,070 165,292
179,362 \$
14%

27,379 24,937
52,316

in Loan maturities are based on the remaining maturities under contractual terms.
 <?> Includes loans accounted for under the fair value option.
 <?> Loan maturities include non-U S. commercial and commercial real estate loans.

Table X Non-exchange Traded Commodity Contracts

(Dollars in millions)	Positions	Positions	Asset Liability
Net fair value of contracts outstanding, January 1, 2014 \$ 4,376 \$ 4,240			
<u>Effect of legally enforceable master netting agreements</u>	<u>4,625</u>		<u>4,625</u>
Gross fair value of contracts outstanding, January 1, 2014 9,001 8,865			
Contracts realized or otherwise settled (4,738) (4,581)			
Fair value of new contracts 8,281 7,833			
Other changes in fair value	1,014		1,982
Gross fair value of contracts outstanding, December 31, 2014 13,558 14,099			
Less: Legally enforceable master netting agreements	(5,506)		(5,506)
Net fair value of contracts outstanding, December 31, 2014	\$ 8,052		\$ 8,593

Table XI Non-exchange Traded Commodity Contract Maturities

(Dollars in millions)	Positions	Positions	2014 Asset Liability
Less than one year \$ 8,262 \$ 9,114			
Greater than or equal to one year and less than three years 2,598 2,798			
Greater than or equal to three years and less than five years 599 533			
Greater than or equal to five years	2,099		1,654
Gross fair value of contracts outstanding 13,558 14,099			
Less: Legally enforceable master netting agreements	(5,506)		(5,506)
Net fair value of contracts outstanding	\$ 8,052		\$ 8,593

Table XII Selected Quarterly Financial Data

(In millions, except per share information) Income statement

Net interest income
 Noninterest income
 Total revenue, net of interest expense
 Provision for credit losses
 Noninterest expense
 Income (loss) before income taxes
 Income tax expense (benefit)
 Net income (loss)
 Net income (loss) applicable to common shareholders Average common shares issued and outstanding Average diluted common shares issued and outstanding >

Performance ratios

Return on average assets
 Four quarter trailing return on average assets ^{2>}
 Return on average common shareholders' equity
 Return on average tangible common shareholders' equity ^{<3>}
 Return on average tangible shareholders' equity ¹³ⁱ
 Total ending equity to total ending assets
 Total average equity to total average assets
 Dividend payout

Per common share data

Earnings (loss) Diluted earnings (loss)^j Dividends paid Book value
 Tangible book value ^{4,5}

Market price per share of common stock Closing High closing

Low closing

Market capitalization

10,219 10,990 21,209 636 20,142 431 663 (232) (470) 10,516 10,516
 10,013 11,734 21,747 411 18,541 2,795 504 2,291 2,035 10,519 11,265
 10,786 10,702 21,488 336 17,307 3,845 406 3,439 3,183 10,633 11,404
 10,266 11,264 21,530 296 16,389 4,845 2,348 2,497 2,218 10,719 11,482

n/m 0 24% n/m n/m n/m 11.24 11.14 n/m
 n/m 0 45% n/m n/m n/m 10 79 11.06 n/m
 0 64% 0.53 5 74 8 61 8.53 11 07 10.93 3 33
 0 47% 0.40 4 06 6 15 6.32 10 92 10 85 4.82
 0.74% 0 30 6 55 9 88 9 98 10 88 10 76 3.01

0.57%
 0.23
 4.84
7.15
 7.08
11.57
11.39
19.21

10,085 12,481 22,566 1,009 22,238 (681) (405) (276) (514) 10,561 10,561
0 26 0.25 0.05 21.32 14.43

(0.04) (0.04) 0 05 20.99 14 09

0.19 0.19 0 01 21 16 14 24
 0 30 0 29 0.01 20 71 13 79
 0.21 0.20 0 01 20 50 13 62
 0.33 0 32 0 01 20 18 13 32
 0 10 0 10 0.01 20.19 13 36

0 42% 0 37 3.68 5.47 5.64 10.94 10.87 5.16

17.89 18.13 15.76
 17.05 17.18 14 98
 15 37 17 34 14 51
 15 57 15.88 13 69
 13 80
 14 95 12 83
 12 86
 13 83 11 44
 12 18 12 78 11 03

\$ (0.05) (0.05) 0 01 20.75 13 81

17 20 17 92 16 10
 \$ 188,141 \$ 179,296 \$ 161,628 \$ 181,117 \$ 164,914 \$ 147,429 \$ 138,156 \$ 131,817

The diluted earnings (loss) per common share excluded the effect of any equity instruments that are antidilutive to earnings per share There were no potential common shares that were dilutive in the third and first quarters of 2014 because of the net loss applicable to common shareholders. ^{<7i} Calculated as total net income (loss) for four consecutive quarters divided by annualized average assets for four consecutive quarters

ⁱ) Tangible equity ratios and tangible book value per share of common stock are non-GAAP financial measures. Other companies may define or calculate these measures differently. For more information

on these ratios, see Supplemental Financial Data on page 32, and for corresponding reconciliations to GAAP financial measures, see Statistical Table XVII. ^{hi} For more information on the impact of the purchased credit-impaired loan portfolio on asset quality, see Consumer Portfolio Credit Risk Management on page 70 ^{isi} Includes the allowance for loan and lease losses and the reserve for unfunded lending commitments.

^{15a} 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 82 and corresponding Table 39, and Commercial Portfolio Credit Risk Management -Nonperforming Commercial Loans, Leases and Foreclosed Properties Activity on

page 89 and corresponding table 48
⁽⁷⁾ Primarily includes amounts allocated to the U S credit card and unsecured consumer lending portfolios in CBB, purchased credit-impaired loans and the non-U S credit card portfolio in All Other.
 Net charge-offs exclude \$13 million, \$246 million, \$160 million and \$391 million of write-offs in the purchased credit-impaired loan portfolio in the fourth, third, second and first quarters of 2014, respectively, and \$74 million, \$443 million, \$313 million and \$839 million in the fourth, third, second and first quarters of 2013, respectively. These write-offs decreased the purchased credit-impaired valuation allowance included as part of the allowance for loan and lease losses. For more information on purchased credit-impaired write-offs, see Consumer Portfolio Credit Risk Management - Purchased Credit-impaired Loan Portfolio on page 78.
⁽⁸⁾ On January 1, 2014, the Basel 3 rules became effective, subject to transition provisions primarily related to regulatory deductions and adjustments impacting Common equity tier 1 capital and Tier 1 capital. We reported under Basel 1 (which included the Market Risk Final Rules) for 2013.
 n/a = not applicable
 n/m = not meaningful

Table XII Selected Quarterly Financial Data (continued)

\$ 884,733 2,137,551 1,122,514 249,221 224,473 243,448

(Dollars in millions) Average balance sheet

Total loans and leases

Total assets

Total deposits

Long-term debt

Common shareholders' equity Total shareholders' equity

Asset quality ¹

Allowance for credit losses ¹⁵⁾ \$ 14,947

Nonperforming loans, leases and foreclosed properties ¹⁶⁾ 12,629 Allowance for loan and lease losses as a percentage of total loans and leases outstanding ¹⁷⁾ 1.65%

Allowance for loan and lease losses as a percentage of total nonperforming loans and leases ¹⁸⁾ 121

Allowance for loan and lease losses as a percentage of total nonperforming loans and leases, excluding the PCI loan portfolio ¹⁶⁾ 107

Amounts included in allowance for loan and lease losses for loans and

leases that are excluded from nonperforming loans and leases \$ 5,944

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 ¹⁹⁾ 71%

Net charge-offs ²⁰⁾ \$ 879

Annualized net charge-offs as a percentage of average loans and

leases outstanding ²¹⁾ 0.40%

Annualized net charge-offs as a percentage of average loans and

leases outstanding, excluding the PCI loan portfolio ²²⁾ 0.41

Annualized net charge-offs and PCI write-offs as a percentage of average loans and leases outstanding ²³⁾ 0.40

Nonperforming loans and leases as a percentage of total loans and leases outstanding ²⁴⁾ 1.37

Nonperforming loans, leases and foreclosed properties as a percentage of total loans, leases and foreclosed properties ²⁵⁾ 1.45

Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs ¹⁸⁾ 4.14

Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs, excluding the PCI loan portfolio 3.66

Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs and PCI write-offs 4.08

12.3%

n/a 13.4 16.5

8.2

84

7.5

Capital ratios at period end ²⁶⁾ Risk-based capital.

Common equity tier 1 capital

Tier 1 common capital

Tier 1 capital

Total capital

Tier 1 leverage

Tangible equity <3>

Tangible common equity <3>

For footnotes see page 129

2013 Quarters

\$ 919,482 \$ 929,777 2,139,266 2,134,875
\$ 914,234 \$ 906,259 2,184,610 2,212,430

\$ 923,978 2,123,430 1,090,611 258.717 216,766 230.392

2014 Quarters

1,079,956 270,198 218,790 235,063
1,118,178 253,678 223.201 236.553
1,112.674 251,055 220,088 233,415
1,075,280 273,999 218,225 236,995

\$ 899,241 \$ 912,580
2.136,109 2,169,555
222,215 235,797
1,127,488 1,128,563

251,772 259,825
\$ 15.635 \$ 16,314 14.232 15,300

222,368 238,034

2.33% 103 84

\$ 17.127 \$ 17,912 \$ 19,912 \$ 21,709 \$ 22,927
17.732 17,772 20,028 21.280 22,842

97 85

2.49% 102 82

67% 64% \$ 1,043 \$ 1,073

\$ 6,013 \$ 6,488 \$ 7,143 \$ 7,680 \$ 8,972 \$ 9,919 \$ 10.690

1.14% 1 18 1 52 2.44 2.53

0 48% 0.49 0 55 1.63 1.70 3 67 3 25

0.68% 0.70 1 00

187 1.93

278 2 38

0 94%

0 97

1 07

2 26 2 33 2 51 2.04 2 18

0.46% 0 48

0 57

1 53 1 61 3.65 3 27 2.95

55% 57% 54% 55% 53%

1,388 \$ 1,582 \$ 1,687 \$ 2,111 \$ 2,517

0 64 0.79 1.89

1 96

12 0%

n/a 12 5 15 3

7 7

7 9

7 1

12 0%

n/a 12 8 15 8

7 9

8 1

7 2

11.8%

n/a 11 9 14 8

7.4
7.7
7.0
n/a 10.9% 12.2 lb.1
7.7
7.9
7.2
n/a 10.6% 11.9 151
7.4
7.7
7.0
n/a 10.3% 12.0 15.3
7.4
7.8
6.9

0.73% 0.75 0.92 2.10 2.17 2.90 2.42 2.30

n/a 10.8% 12.1 15.1
7.6
7.7
7.1

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Table XIII Quarterly Average Balances and Interest Rates - FTE Basis

Fourth Quarter 2014

(Dollars in millions) Earning assets

Interest-bearing deposits with the Federal Reserve and non-U.S. central banks¹⁾ Time deposits placed and other short-term investments

Federal funds sold and securities borrowed or purchased under agreements to resell Trading account assets Debt securities ⁽²⁾ Loans and leases ⁽³⁾

Residential mortgage <4>

Home equity

U.S. credit card

Non-U.S. credit card

Direct/Indirect consumer <5>

Other consumer i<6>

Total consumer

U.S. commercial Commercial real estate <7> Commercial lease financing Non-U.S. commercial

Total commercial

Total loans and leases

Other earning assets

Total earning assets <8>

Cash and due from banks ⁽¹⁾

Other assets, less allowance for loan and lease losses

Average Balance

\$ 109,042 9,339 217,982 144,147 371,014

223,132 86,825 89,381 10,950 83,121 2,031
495,440

231,217 46,993 24,238 86,845

389,293

27,590 . 307,840

Interest Income/ Expense

74 41

238 1,141 1,687

1,946 809

2,086 280 522 85

5.728

1 . 648 342 198 546

2,734

Yield/ Rate

0.27%

1.73

0.43

3.15

182

3.49 3.70 9.26

10.14 2.49

16.75 4.60 2.83 2.89 3.28 2.49 2.79 3.80 4.46 2.74

Average Balance

110,876 10,457 223,978 143,282 359,653

235,271 88,590 88,866 11,784 82,669 2,111

509,291

230,891 46,071 24,325 88,663

389,950

25,120 297,507

Interest Income/ Expense

77 41 239 1,148 2,236

2,083 836

2,093 304 523 19

5,858

1,658 344 212 560

2,774

8,632

Yield/ Rate

0.28%

1.54

0.42

3.18

2.48

3.54 3.76 9.34 10.25 2.51

3 44

4 58 2.85 2.96 3.48 2 51 2.83 3.82 4 27 2 87

Total assets

Interest-bearing liabilities U S interest-bearing deposits Savings

NOW and money market deposit accounts

Consumer CDs and IRAs

Negotiable CDs, public funds and other deposits

Total U S interest-bearing deposits

Non-U S. interest-bearing deposits

Banks located in non-U S countries

Governments and official institutions

Time, savings and other

Total non-U.S. interest-bearing deposits

Total interest-bearing deposits

Federal funds purchased, securities loaned or sold under agreements to repurchase and short-term borrowings

Trading account liabilities

Long-term debt

Noninterest-bearing sources	Noninterest-bearing deposits	Other liabilities	Total Interest-bearing liabilities ■
Shareholders' equity			
Total liabilities and shareholders' equity			
Net interest spread			
Impact of noninterest-bearing sources			
* 2,137,551			
654,447			\$ 45,621 515,995 61,880 30,951
64,090			5,413 1,647 57,030
718,537			251,432 78,173 249,221
403,977 192,763			
76 51 23			_ 1 73
237			615 351 1,314 2,517
0.88 0.15 0 51 0.53 0.13			
0 01% \$ 46,803 \$			
0.06 517,043			
0.33 65,579			
0.29 31,806			
0.09 661,231			
71,059			8,022 1,706 61.331
732,290			255,111 84.988 251,772
0.97 1.78			
2.10			
0.77 1,324.161			
395,198 178,716			
\$2,136,109			
1.97% 0.21			
1 78 59 27			22 1 82
270			
2,639			591 392 1.386
0 01% 0.06 0.35 0.34 0 10			
110 0.15 0.54 0.59 0.15			
0.92 1.83 2 19 0.79			

2.08% 0.21

Net Interest income/yield on earning assets

ⁱ¹ Beginning in 2014, interest-bearing deposits placed with the Federal Reserve and certain non-U.S. central banks are included in earning assets. In prior periods, these balances were included with cash and due from banks in the cash and cash equivalents line, consistent with the Consolidated Balance Sheet presentation. Prior periods have been reclassified to conform to current period presentation.

ⁱ² Beginning in 2014, yields on debt securities carried at fair value are calculated on the cost basis. Prior to 2014, yields on debt securities carried at fair value were calculated based on fair value rather than the cost basis. The use of fair value did not have a material impact on net interest yield. ⁱ³ Nonperforming loans are included in the respective average loan balances. Income on these nonperforming loans is generally recognized on a cost recovery basis. Purchased credit-impaired loans were recorded at fair value upon acquisition and accrete interest income over the remaining life of the loan. ⁱ⁴ Includes non-U.S. residential mortgage loans of \$3 million, \$3 million, \$2 million and \$0 million in the fourth, third, second and first quarters of 2014, and \$56 million in the fourth quarter of 2013, respectively.

ⁱ⁵ Includes non-U.S. consumer loans of \$4.2 billion, \$4.3 billion, \$4.4 billion and \$4.6 billion in the fourth, third, second and first quarters of 2014, and \$5.1 billion in the fourth quarter of 2013, respectively. ⁱ⁶ Includes consumer finance loans of \$907 million, \$1.1 billion, \$1.1 billion and \$1.2 billion in the fourth, third, second and first quarters of 2014, and \$1.2 billion in the fourth quarter of 2013, respectively, consumer leases of \$965 million, \$887 million, \$762 million and \$656 million in the fourth, third, second and first quarters of 2014, and \$549 million in the fourth quarter of 2013, respectively, consumer overdrafts of \$156 million, \$161 million, \$137 million and \$140 million in the fourth, third, second and first quarters of 2014, and \$163 million in the fourth quarter of 2013, respectively, and other non-U.S. consumer loans of \$3 million for each of the quarters of 2014, and \$2 million in the fourth quarter of 2013.

ⁱ⁷ Includes U.S. commercial real estate loans of \$45.1 billion, \$45.0 billion, \$46.7 billion and \$47.0 billion in the fourth, third, second and first quarters of 2014, and \$44.5 billion in the fourth quarter of 2013, respectively, and non-U.S. commercial real estate loans of \$1.9 billion, \$1.0 billion, \$1.6 billion and \$1.6 billion in the fourth, third, second and first quarters of 2014, and \$1.8 billion in the fourth quarter of 2013, respectively.

ⁱ⁸ Interest income includes the impact of interest rate risk management contracts, which decreased interest income on the underlying assets by \$10 million, \$30 million, \$13 million and \$5 million in the fourth, third, second and first quarters of 2014, and \$0 million in the fourth quarter of 2013, respectively. Interest expense includes the impact of interest rate risk management contracts, which decreased interest expense on the underlying liabilities by \$659 million, \$602 million, \$621 million and \$592 million in the fourth, third, second and first quarters of 2014, and \$588 million in the fourth quarter of 2013, respectively. For more information on interest rate contracts, see Interest Rate Risk Management for Non-trading Activities on page 105.

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Table XIII Quarterly Average Balances and Interest Rates - FTE Basis (continued)

Second Quarter 2014

(Dollars in millions) Earning assets

Interest-bearing deposits with the Federal Reserve and non-U.S. central banks ^{o1}

Time deposits placed and other short-term investments Federal funds sold and securities borrowed or purchased under agreements to resell

Trading account assets Debt securities ^{c2} Loans and leases ^{c3}:

Residential mortgage ^{c4}

Home equity

U.S. credit card

Non-U.S. credit card

Direct/Indirect consumer ^{c5}

Other consumer ^{c6}

Total consumer

U.S. commercial Commercial real estate ^{c7} Commercial lease financing Non-U.S. commercial

Total commercial

Total loans and leases

Other earning assets

Total earning assets ^{c8}

Cash and cash equivalents ^{o2}

Other assets, less allowance for loan and lease losses

Total assets

Interest-bearing liabilities U.S. interest-bearing deposits Savings

NOW and money market deposit accounts

Consumer CDs and IRAs

Negotiable CDs, public funds and other deposits

Total U.S. interest-bearing deposits

Non-U.S. interest-bearing deposits-Banks located in non-U.S. countries Governments and official institutions Time, savings and other

Total non-U.S. interest-bearing deposits

Total interest-bearing deposits

Federal funds purchased, securities loaned or sold under agreements to repurchase and short-term borrowings

Trading account liabilities

Long-term debt

Total interest-bearing liabilities ^{c9}

Noninterest-bearing sources Noninterest-bearing deposits Other liabilities Shareholders' equity

Interest

Average Income/ Yield/
85.39

297,121,213,4

2,195,842

2,042,308,524,17

Balance Expense Rate

212,504 147,583 329,711

247,561 92,754 89,545 11,554 81,728 1,962

0.51 3.29 2.46

3.61 3.72 9.30 10.51 2.56 3.60 4.58 2.91

2.97

3.16 2.50 2.84 3.83 4.09 2.86

\$ 123,582 \$ 10,509

235,393 147,798 345,889
525,104
5,928
228,058 48,753 24,727 92,840
1,673 357 193 569

243,405 90,729 88,058 11,759 82,102 2,012
518,065
394,378
2,792
230,486 48,315 24,409 91,305
394,515
27,377 301,328
912,580
\$ 2,169,555
28,258 307,710

79 70 29
\$ 2,139,266

47,450 519,399 68,706 33,412

-% \$ 45,196

0.06523,237
0.41 71.141
668,967
0.35 29,826

10,538 1,754 64,091
11,071 1,857 60,506

011 669,400
73,434
76,383
742,834
745,350
282

0 72 0 14 0 53 0 55

252,971 90,448 253,678
271,247 95,153 259,825
763 398 1,485

2,928
1,371,575
383,213 178,970 235,797
375,344 187,438 236,553
0 15

1 13 1.68 2.29 0 86

Interest

Average Income/ Yield/
59 48

304 1,182 2,454

2,373 954
2,125 310 565 17
Balance Expense Rate

90,196 \$ 15.782

203,415 156,194 325,119
6,344
1,700 373 206 544

253,988 95,374 90,057 11.171 82,990 1,929
535,509
2,823

225,596 46,341 24,468 97,863
394,268
929,777
35,063 301.115

5 89 96 29
\$ 2,134,875

0 01% \$ 43,665
0.06 514,220
0.48 74,635
0.37 29,060
0.12 661,580

First

\$ 10,875 23,408 2.36%
83.31

i" FTE basis is a non-GAAP financial measure. RE basis is a performance measure used by management in operating the business that management believes provides investors with a more accurate picture of the interest margin for comparative purposes For more information on these performance measures and ratios, see Supplemental Financial Data on page 32 and for corresponding reconciliations to GAAP financial measures, see Statistical Table XVII

Beginning in 2014, interest-bearing deposits placed with the Federal Reserve and certain non-U.S. central banks are included in earning assets Prior period yields have been reclassified to conform to current period presentation.

<u>Tangible common shareholders' equity</u>					
Reconciliation of average shareholders' equity to average tangible shareholders' equity				Shareholders' equity	Goodwill
Intangible assets (excluding MSRs)				Related deferred tax liabilities	
				238,476 (69,809) (5,109)	2,090
				\$ 233,947 (69,910) (6.132)	2,328
235,677	\$ (69,974)				
(7,366)					
2,593					
150,238	\$ 144,754	\$ 142,249	\$ 133,093	\$ 125,307	
229,095	\$ 233,235				
(72,334)	(82,600)				
(9,180)	(10,985)				
2,898	3,306				
Tangible common shareholders' equity					
Reconciliation of year-end shareholders' equity to year-end tangible shareholders' equity				Shareholders' equity	Goodwill
Intangible assets (excluding MSRs)				Related deferred tax liabilities	
Tangible shareholders' equity					
Reconciliation of year-end assets to year-end tangible assets				Assets	Goodwill
Intangible assets (excluding MSRs)				Related deferred tax liabilities	
Tangible assets					
165,648					
160,233					
160,930	\$	150,479	\$	142,956	
211,704	1,211,686				
(69,967)	(73,861)				
(8,021)	(9,923)				
130,938					
2,702	3,036				
				243,471 (69,777) (4,612)	1,960
232,685	\$ (69,844)				
(5,574)					
2,166					
236,956	\$ (69,976) (6,684)	2,428			
151,733	\$	146,081	\$	143,956	\$ 136,418
230,101	\$ 228,248				
(69,967)	(73,861)				
(8,021)	(9,923)				
147,500					
154,815					
2,702	3,036				
2,129,046	\$ 2,264,909				
				(69,967)	(73,861)
(8,021)	(9,923)				
2,702	3,036				
\$ 171,042	\$	159,433	\$	162,724	
\$ 2,104,534	\$ 2,102,273	\$ 2,209,974	\$		
(69,777)(69,844) (69,976)					
(4,612)(5,574) (6,684)					
1,960,216	2,428				
<u>\$ 2,032,105</u>	<u>\$ 2,029,021</u>	<u>\$ 2,135,742</u>	<u>\$ 2,053,760</u>	<u>\$ 2,184,161</u>	

Presents reconciliations of non-GAAP financial measures to GAAP financial measures We believe the use of these non-GAAP of the Corporation Other companies may define or calculate these measures differently. For more information on non-GAAP Corporation, see Supplemental Financial Data on page 32
 financial measures provides additional financial measures and ratios we use
 clarity in assessing the results in assessing the results of the

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Table XVI Two-year Reconciliations to GAAP Financial Measures ^{1!!}

(Dollars in millions)

Consumer & Business Banking

Reported net income

Adjustment related to intangibles ³

\$ 7,096 \$ 4
2013

6,647 7

7,100 \$ 6,654

Average allocated equity <^>

Adjustment related to goodwill and a percentage of intangibles

Average allocated capital
30,000

\$ 61,449 \$ 62,037 (31,949) (32,037)

29,500

Deposits Reported net income Adjustment related to intangibles ^3»

2,123 1

2,847 \$ 2,124

Average allocated equity <^>

Adjustment related to goodwill and a percentage of intangibles

Average allocated capital

\$ 36,484 \$ 35,392 (19,984) (19,992)

16,500 \$ 15,400

Consumer Lending Reported net income Adjustment related to intangibles <

4,249 \$ 4

4,524

7

4,253 \$ 4,531

Average allocated equity ^4^

Adjustment related to goodwill and a percentage of intangibles

\$ 24,965 \$ 26,644 (11,965) (12,044)

\$ 13,000 \$ 14,600

Global Wealth & Investment Management Reported net income Adjustment related to intangibles 1^3)

Adjusted net income

2,974 13

2,987 \$

2,977 16

2,993

Average allocated equity i^>

Adjustment related to goodwill and a percentage of intangibles

Average allocated capital

\$ 22,214 \$ 20,292 (10,214) (10,292)

12,000 \$ 10,000

Global Banking Reported net income Adjustment related to intangibles <^3>

5,435 2

Adjusted net income

4,973 3

Average allocated equity w

Adjustment related to goodwill and a percentage of intangibles

Average allocated capital
45,412 (22,412)

\$ 53,404 (22,404)

\$ 31,000 \$ 23,000

Global Markets

Reported net income

Adjustment related to intangibles ^

2,712 2

2,719.9

1,153.9

Adjusted net income

Average allocated equity ¹¹

Adjustment related to goodwill and a percentage of intangibles

39,374 (5,374)

35,370 (5,370)

Average allocated capital

¹¹ Presents reconciliations of non-GAAP financial measures to GAAP financial measures. We believe the use of these non-GAAP financial measures provides additional clarity in assessing the results of the Corporation and our segments. Other companies may define or calculate these measures differently. 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 32.

¹³¹ There are no adjustments to reported net income (loss) or average allocated equity for CRES.

^{3>} Represents cost of funds, earnings credits and certain expenses related to intangibles.

^(a) Average allocated equity is comprised of average allocated capital plus capital for the portion of goodwill and intangibles specifically assigned to the business segment. For more information on allocated capital, see Business Segment Operations on page 34 and Note 8 - Goodwill and Intangible Assets to the Consolidated Financial Statements.

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Table XVII Quarterly Reconciliations to GAAP Financial Measures <«

2013 Quarters

(Dollars in millions)

Reconciliation of net Interest Income to net Interest Income on a fully taxable-equivalent basis

Net interest income

Fully taxable-equivalent adjustment

9,635.230

10,219.225

10,013.213

10,085.201

10,786.213

10,266.213

10,549.222

10,664.211

9,865 \$ 10,444 \$ 10,226 \$ 10,286 \$ 10,999 \$ 10,479 \$ 10,771

Reconciliation of total revenue, net of Interest expense to total revenue, net of Interest expense on a fully taxable-equivalent basis

Total revenue, net of interest expense

Fully taxable-equivalent adjustment

18,725.230

(5,337) 2,100

(5,574) 2,166

\$ 218,536 \$ 219,333 (69,842) (69,844)

\$ 218,967 (69,891) (5,843) 2,231

\$ 216,791 (69,930) (6,104) 2,297

218,513 (69,930) (6,379) 2,363

\$ 151,733 \$ 148,154 \$ 149,734 \$ 145,457 \$ 146,081 \$ 145,464 \$ 143,054 \$ 144,567

Reconciliation of period-end shareholders' equity to period-end tangible shareholders' equity

Shareholders' equity Goodwill

Intangible assets (excluding MSRs) Related deferred tax liabilities

Tangible shareholders' equity

Reconciliation of period-end assets to period-end tangible assets

Assets Goodwill

Intangible assets (excluding MSRs) Related deferred tax liabilities

Tangible assets

\$ 243,471	\$ 238,681	\$ 237,411	\$ 231,888	\$ 232,685	\$ 232,282	\$ 231,032	\$ 237,293						
					(69,777)	(69,784)	(69,810)	(69,842)	(69,844)	(69,891)	(69,930)	(69,930)	
(4,612)	(4,849)	(5,099)	(5,337)	(5,574)	(5,843)	(6,104)	(6,379)						
1,960	2,019	2,078	2,100	2,166	2,231	2,297	2,363						
\$ 171,042	\$ 166,067	\$ 164,580	\$ 158,809	\$ 159,433	\$ 158,779	\$ 157,295	\$ 163,347						
\$2,104,534	\$2,123,613	\$2,170,557	\$2,149,851	\$2,102,273	\$2,126,653	\$2,123,320	\$2,174,819						
					(69,777)	(69,784)	(69,810)	(69,842)	(69,844)	(69,891)	(69,930)	(69,930)	
(4,612)	(4,849)	(5,099)	(5,337)	(5,574)	(5,843)	(6,104)	(6,379)						
1,960	2,019	2,078	2,100	2,166	2,231	2,297	2,363						
\$2,032,105	\$2,050,999	\$2,097,726	\$2,076,772	\$2,029,021	\$2,053,150	\$2,049,583	\$2,100,873						

⁽¹⁾ Presents reconciliations of non-GAAP financial measures to GAAP financial measures. We believe the use of these non-GAAP financial measures provides additional clarity in assessing the results of the Corporation. Other companies may define or calculate these measures differently. 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 32.

Glossary

Alt-A Mortgage - A type of U.S. mortgage that, for various reasons, is considered riskier than A-paper, or "prime," and less risky than "subprime," the riskiest category. Alt-A interest rates, which are determined by credit risk, therefore tend to be between those of prime and subprime home loans. Typically, Alt-A mortgages are characterized by borrowers with less than full documentation, lower credit scores and higher LTVs.

Assets in Custody - Consist largely of custodial and non-discretionary trust assets excluding brokerage assets administered for clients. Trust assets encompass a broad range of asset types including real estate, private company ownership interest, personal property and investments.

Assets Under Management (AUM) - The total market value of assets under the investment advisory and 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. AUM is classified in two categories, Liquidity AUM and Long-term AUM. Liquidity AUM are assets under advisory and discretion of GWIM in which the investment strategy seeks to maximize income while maintaining liquidity and capital preservation. The duration of these strategies is primarily less than

one year. Long-term AUM are assets under advisory and discretion of GVIM in which the duration or investment strategy is longer than one year.

Carrying Value (with respect to loans) - The amount at which a loan is recorded on the balance sheet. For loans recorded at amortized cost, carrying value is the unpaid principal balance net of unamortized deferred loan origination fees and costs, and unamortized purchase premium or discount. For loans that are or have been on nonaccrual status, the carrying value is also reduced by any net charge-offs that have been recorded and the amount of interest payments applied as a reduction of principal under the cost recovery method. For PCI loans, the carrying value equals fair value upon acquisition adjusted for subsequent cash collections and yield accreted to date. For credit card loans, the carrying value also includes interest that has been billed to the customer. For loans classified as held-for-sale, carrying value is the lower of carrying value as described in the sentences above, or fair value. For loans for which we have elected the fair value option, the carrying value is fair value.

Client Brokerage Assets - Include client assets which are held in brokerage accounts. This includes non-discretionary brokerage and fee-based assets which generate brokerage income and asset management fee revenue.

Committed Credit Exposure - Includes 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 credit event on one or more referenced obligations. The nature of a credit event is established by the protection purchaser and protection seller at the inception of the transaction, and such events generally include bankruptcy or insolvency of the referenced credit entity, failure to meet payment obligations when due, as well as acceleration of indebtedness and payment repudiation or moratorium. The purchaser of the credit derivative pays a periodic fee in return for a payment by the protection seller upon the occurrence, if any, of such a credit event. A credit default swap is a type of a credit derivative.

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, including interest rate and price, 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 that is reported in terms of ending and average LTV. Ending LTV is calculated as the outstanding carrying value of the loan at the end of the period divided by the estimated value of the property securing the loan. An additional metric related to LTV is combined loan-to-value (CLTV) which is similar to the LTV metric, yet combines the outstanding balance on the residential mortgage loan and the outstanding carrying value on the home equity loan or available line of credit, both of which are secured by the same property, divided by the estimated value of the property. A LTV of 100 percent reflects a loan that is currently secured by a property valued at an amount exactly equal to the carrying value or available line of the loan. Estimated property values are generally determined through the use of automated valuation models (AVMs) or the CoreLogic Case-Shiller Index. An AVM is a tool that estimates the value of a property by reference to large volumes of market data including sales of comparable properties and price trends specific to the MSA in which the property being valued is located. CoreLogic Case-Shiller is a widely used index based on data from repeat sales of single family homes. CoreLogic Case-Shiller indexed-based values are reported on a three-month or one-quarter lag.

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

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Matched Book- Repurchase and resale agreements and securities borrowed and loaned transactions entered into to accommodate customers and earn interest rate spreads.

Mortgage Servicing Right (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.

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

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 (TDRs). Loans accounted for under the fair value option, PCI loans and LHFS are not reported as nonperforming loans and leases. Consumer credit card loans, business card loans, consumer loans secured by personal property (except for certain secured consumer loans, including those that have been modified in a TDR), and consumer loans secured by real estate that are insured by the FHA or through long-term credit protection agreements with FNMA and FHLMC (fully-insured loan portfolio) are not placed on nonaccrual status and are, therefore, not reported as nonperforming loans and leases.

Purchased Credit-impaired (PCI) Loan - A loan purchased as an individual loan, in a portfolio of loans or in a business combination with evidence of deterioration in credit quality since origination for which it is probable, upon acquisition, that the investor will be unable to collect all contractually required payments. These loans are recorded at fair value upon acquisition.

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, including individuals with one or a combination of high credit risk factors, such as low FICO scores, high debt to income ratios and inferior payment history.

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. Concessions could include a reduction in the interest rate to a rate that is below market on the loan, payment extensions, forgiveness of principal, forbearance, loans discharged in bankruptcy or other actions intended to maximize collection. Secured consumer loans that have been discharged in Chapter 7 bankruptcy and have not been reaffirmed by the borrower are classified as TDRs at the time of discharge from bankruptcy. TDRs are generally reported as nonperforming loans and leases while on nonaccrual status. Nonperforming TDRs may be returned to accrual status when, among other criteria, payment in full of all amounts due under the restructured terms is expected and the borrower has demonstrated a sustained period of repayment performance, generally six months. TDRs that are on accrual status are reported as performing TDRs through the end of the calendar year in which the restructuring occurred or the year in which they are returned to accrual status. In addition, if accruing TDRs bear less than a market rate of interest at the time of modification, they are reported as performing TDRs throughout their remaining lives unless and until they cease to perform in accordance with their modified contractual terms, at which time they would be placed on nonaccrual status and reported as nonperforming 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.

Acronyms

ABS	Asset-backed securities
AFS	Available-for-sale
ALM	Asset and liability management
ARM	Adjustable-rate mortgage
AUM	Assets under management
BHC	Bank holding company
CCAR	Comprehensive Capital Analysis and Review

CDO	Collateralized debt obligation
CGA	Corporate General Auditor
CLO	Collateralized loan obligation
CRA	Community Reinvestment Act
CVA	Credit valuation adjustment
DVA	Debit valuation adjustment
EAD	Exposure at default
ERC	Enterprise Risk Committee
FDIC	Federal Deposit Insurance Corporation
FHA	Federal Housing Administration
FHFA	Federal Housing Finance Agency
FHLB	Federal Home Loan Bank
FHLMC	Freddie Mac
FICC	Fixed-income, currencies and commodities
FICO	Fair Isaac Corporation (credit score)
FLUs	Front line units
FNMA	Fannie Mae
FTE	Fully taxable-equivalent
FVA	Funding valuation adjustment
GAAP	Accounting principles generally accepted in the United States of America
GM&CA	Global Marketing and Corporate Affairs
GNMA	Government National Mortgage Association
GSE	Government-sponsored enterprise
HELOC	Home equity lines of credit
HFI	Held-for-investment
HUD	U.S. Department of Housing and Urban Development
IRM	Independent risk management
LCR	Liquidity Coverage Ratio
LGD	Loss-given default
LHFS	Loans held-for-sale
LIBOR	London InterBank Offered Rate
LTV	Loan-to-value
MD&A	Management's Discussion and Analysis of

Financial Condition and Results of Operations

MI	Mortgage insurance
MRC	Management Risk Committee
MSA	Metropolitan statistical area
MSR	Mortgage servicing right
NSFR	Net Stable Funding Ratio
OCC	• Office of the Comptroller of the Currency
OCI	Other comprehensive income
OTC	Over-the-counter
OTTI	Other-than-temporary impairment
PCI	Purchased credit-impaired
PPI	Payment protection insurance
RCsAs	Risk and Control Self Assessments
RMBS	Residential mortgage-backed securities
SBLCs	Standby letters of credit
SEC	Securities and Exchange Commission
SLR	Supplementary leverage ratio
TDR	Troubled debt restructurings
VIE	Variable interest entity

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

See Market Risk Management on page 99 in the MD&A and the sections referenced therein for Quantitative and Qualitative Disclosures about Market Risk.

Item 8. Financial Statements and Supplementary Data

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Report of Management on Internal Control Over Financial Reporting

The management of Bank of America Corporation is responsible for establishing and maintaining adequate internal control over financial reporting.

The Corporation's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. The Corporation's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Corporation are being made only in accordance with authorizations of management and directors of the Corporation; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Corporation's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2014 based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control - Integrated Framework (2013)*. Based on that assessment, management concluded that, as of December 31, 2014, the Corporation's internal control over financial reporting is effective based on the criteria established in *Internal Control - Integrated Framework (2013)*.

The Corporation's internal control over financial reporting as of December 31, 2014 has been audited by PricewaterhouseCoopers, LLP an independent registered public accounting firm, as stated in their accompanying report which expresses an unqualified opinion on the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2014.

Brian T. Moynihan
Chairman, Chief Executive Officer and President

Bruce R. Thompson
Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Bank of America Corporation:

In our opinion, the accompanying Consolidated Balance Sheet and the related Consolidated Statement of Income, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Shareholders' Equity and Consolidated Statement of Cash Flows present fairly, in all material respects, the financial position of Bank of America Corporation and its subsidiaries at December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Corporation's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Corporation's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect

on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Charlotte, North Carolina February 25, 2015

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Bank of America Corporation and Subsidiaries

Consolidated Statement of Income

(Dollars in millions, except per share information) Interest Income

Loans and leases
Debt securities
Federal funds sold and securities borrowed or purchased under agreements to resell Trading account assets Other interest income

2014

34,307 8,021 1,039 4,561 2,958

2013

36,470 9,749 1,229 4,706 2,866

2012

38,880 8,908 1,502 5,094 3,016

Total interest income

Interest expense Deposits

Short-term borrowings

Trading account liabilities

Long-term debt

Total interest expense

1,080 2,578 1,576 5,700

10,934

1,396 2,923 1,638 6,798

12,755

1,990 3,572 1,763 9,419

16,744

± 0, / 2 =

Net Interest income

Noninterest Income Card income Service charges

Investment and brokerage services Investment banking income Equity investment income Trading account profits Mortgage banking income Gains on sales of debt securities Other income (loss)

5,944 7,443 13,284 6,065 1,130 6,309 1,563 1,354 1,203

5,826 7,390 12,282 6,126 2,901 7,056 3,874 1,271 (49)

6,121 7,600 11,393 5,299 2,070 5,870 4,750 n 1,662 (2,087)

Total noninterest income

Total revenue, net of interest expense

Provision for credit losses

Noninterest expense Personnel Occupancy Equipment Marketing Professional fees Amortization of intangibles Data processing Telecommunications Other general operating

33,787 4,260 2,125 1,829 2,472 936 3,144 1,259

25,305

34,719 4,475 2,146 1,834 2,884 1,086 3,170 1,593

17,307

35,648 4,570 2,269 1,873 3,574 1,264 2,961 1,660

18,274

Total noninterest expense

Income before income taxes Income tax expense (benefit)

Net Income

6,855 2,022

69.214

16,172 4,741

4,833 \$ 11,431

72,093

3,072 (1,116)

4,188

Preferred stock dividends

Net income applicable to common shareholders

Per common share information Earnings Diluted earnings Dividends paid

0.36 0.36 0.12

0.94 0.90 0.04

0.26 0.25 0.04

Average common shares issued and outstanding (in thousands)

Average diluted common shares issued and outstanding (in thousands)

See accompanying Notes to Consolidated Financial Statements.

Bank of America Corporation and Subsidiaries

Consolidated Statement of Comprehensive Income

(Dollars in millions)

Net income

	2014	2013	2012
Net income	\$ 4,833	\$ 11,431	\$ 4,188

Other comprehensive Income (loss), net-of-tax:

Net change in available-for-sale debt and marketable equity securities

Net change in available-for-sale debt and marketable equity securities	4,621	(8,166)	1,802
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Net change in derivatives

Net change in derivatives	616	592	916
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Employee benefit plan adjustments

Employee benefit plan adjustments	(943)	2,049	(65)
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Net change in foreign currency translation adjustments

Net change in foreign currency translation adjustments	(157)	(135)	(13)
--	-------	-------	------

<u>Other comprehensive Income (loss)</u>	4,137	(5,660)	2,640
<u>Comprehensive Income</u>	<u>\$ 8,970</u>	<u>\$ 5,771</u>	<u>\$ 6,828</u>

See accompanying Notes to Consolidated Financial Statements.

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Bank of America Corporation and Subsidiaries

Consolidated Balance Sheet

(Dollars in millions) Assets
Cash and due from banks
Interest-bearing deposits with the Federal Reserve and non-U.S. central banks
2014

2014
December 31
2013

\$ 33,118 \$ 105,471

138,589		
131,322		
Cash and cash equivalents		
Time deposits placed and other short-term investments	7,510	11,540
Federal funds sold and securities borrowed or purchased under agreements to resell value)	(includes \$62,182 and \$68,656 measured at fair value)	191,823 190,328
Trading account assets (includes \$110,923 and \$111,817 pledged as collateral)		191,785 200,993
Derivative assets	52,682	47,495
Debt securities:		
Carried at fair value (includes \$46,976 and \$52,283 pledged as collateral)		320,695 268,795
Held-to-maturity, at cost (fair value - \$59,641 and \$52,430; \$17,124 and \$20,869 pledged as collateral)		59,766 55,150
Total debt securities		
Loans and leases (includes \$8,681 and \$10,042 measured at fair value and \$52,959 and \$71,579 pledged as collateral) Allowance for loan and lease losses		
380,461		
881,391 (14,419)		
323,945		
928,233 (17,428)		
Loans and leases, net of allowance		
Premises and equipment, net		
Mortgage servicing rights (includes \$3,530 and \$5,042 measured at fair value) Goodwill		
Intangible assets		
Loans held-for-sale (includes \$6,801 and \$6,656 measured at fair value) Customer and other receivables		
Other assets (includes \$13,873 and \$18,055 measured at fair value)		
866,972		
10,049 3,530		
69,777 4,612		
12,836		
61,845 112,063		
910,805		
10,475 5,052		
69,844 5,574		
11,362		
59,448 124,090		
\$ 2,104,534 \$ 2,102,273		
Assets of consolidated variable interest entities included in total assets above (isolated to settle the liabilities of the variable interest entities)		
Trading account assets	\$	6,890 \$ 8,412
Derivative assets		6 185
Loans and leases		95,187 109,118
Allowance for loan and lease losses		(1,968) (2,674)
Loans and leases, net of allowance		
Loans held-for-sale All other assets		
93,219		
1,822 2,763		
106,444		
1,384 4,577		
Total assets of consolidated variable interest entities		

See accompanying Notes to Consolidated Financial Statements.

Bank of America Corporation and Subsidiaries

Consolidated Balance Sheet (continued)

	December 31	
	<u>2014</u>	<u>2013</u>
<u>(Dollars in millions)</u>		
Liabilities		
Deposits in U.S. offices:		
Noninterest-bearing	\$ 392,790	\$ 373,070
Interest-bearing (includes \$1,469 and \$1,899 measured at fair value) • 660,161		667,714
Deposits in non-U.S. offices:		
Noninterest-bearing	7,542	8,255
Interest-bearing		<u>58,443</u>
<u>Total deposits</u>		<u>70,232</u>
	<u>1,118,936</u>	<u>1,119,271</u>
Federal funds purchased and securities loaned or sold under agreements to repurchase (includes \$35,357 and \$26,500 measured at fair value)	201,277	198,106
Trading account liabilities	74,192	83,469
Derivative liabilities	46,909	37,407
Short-term borrowings (includes \$2,697 and \$1,520 measured at fair value) 31,172		45,999
Accrued expenses and other liabilities (includes \$12,055 and \$11,233 measured at fair value and \$528 and \$484 of reserve for unfunded lending commitments)	145,438	135,662
<u>Long-term debt (includes \$36,404 and \$47,035 measured at fair value)</u>	<u>243,139</u>	<u>249,674</u>
<u>Total liabilities</u>		<u>1,869,588</u>
	<u>1,861,063</u>	
<i>Commitments and contingencies (Note 6 - Securitizations and Other Variable Interest Entities, Note 7 - Representations and Warranties Obligations and Corporate Guarantees and Note 12 - Commitments and Contingencies) Shareholders' equity</i>		
Preferred stock, \$0.01 par value; authorized - 100,000,000 shares; issued and outstanding - 3,647,790 and 3,407,790 shares	19,309	13,352
Common stock and additional paid-in capital, \$0.01 par value; authorized -12,800,000,000 shares; issued and outstanding - 10,516,542,476 and 10,591,808,296 shares	153,458	155,293
Retained earnings	75,024	72,497
Accumulated other comprehensive income (loss)		<u>(4,320)</u>
		<u>(8,457)</u>
<u>Total shareholders' equity</u>		<u>243,471</u>
		<u>232,685</u>
<u>Total liabilities and shareholders' equity</u>		<u>\$ 2,104,534</u>
		<u>\$ 2,102,273</u>
Liabilities of consolidated variable Interest entities included in total liabilities above		
Short-term borrowings (includes \$0 and \$77 of non-recourse borrowings)	\$ 1,032	\$ 1,150
Long-term debt (includes \$11,943 and \$16,209 of non-recourse debt)	13,307	19,448
<u>All other liabilities (includes \$84 and \$138 of non-recourse liabilities)</u>	<u>138</u>	<u>253</u>
<u>Total liabilities of consolidated variable Interest entities</u>		<u>\$ 14,477</u>
		<u>\$ 20,851</u>

See accompanying Notes to Consolidated Financial Statements.

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Bank of America Corporation and Subsidiaries

Consolidated Statement of Changes in Shareholders' Equity

(Dollars in millions, shares in thousands)

Balance, December 31, 2011	
Net income	
Net change in available-for-sale debt and marketable equity securities	
Net change in derivatives	
Employee benefit plan adjustments	
Net change in foreign currency translation adjustments	
Dividends paid:	
Common	
Preferred Net issuance of preferred stock	
Common stock issued in connection with exchanges of preferred stock and trust preferred securities	
Common stock issued under employee plans and related tax effects	
Balance, December 31, 2012	
Net income	
Net change in available-for-sale debt and marketable equity securities	
Net change in derivatives	
Employee benefit plan adjustments	
Net change in foreign currency translation adjustments	
Dividends paid:	
Common	
Preferred Issuance of preferred stock	
Redemption of preferred stock	
Common stock issued under employee plans and related tax effects	
Common stock repurchased	
Other	Common Stock and Additional Paid-in Capital
Shares	
Amount	
Preferred Stock	
667 (296)	
412 1,109	
\$ 18,397 10,535,938	\$ 156,621 \$
158,142	

49,867 192,459
18,768 10,778,264
371 (3,220)

4,833					
(1,262)	(1,044)				
(8,457)					
4,621	616	(943)	(157)		
232,685					
					4,833 4,621 616 (943) (157)
(1,262)	(1,044)	5,957	(160)	(1,675)	
Balance, December 31, 2014					

See accompanying Notes to Consolidated Financial Statements.

Bank of America Corporation and Subsidiaries

Consolidated Statement of Cash Flows

(Dollars in millions)

Operating activities	Net income
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	Provision for credit losses
	Gains on sales of debt securities
	Fair value adjustments on structured liabilities
	Depreciation and premises improvements amortization
	Amortization of intangibles
Net amortization of premium/discount on debt securities	Deferred income taxes
Loans held-for-sale:	Originations and purchases
Proceeds from sales and paydowns of loans originally classified as held-for-sale	Net change in: Trading and derivative instruments
Other assets	Accrued expenses and other liabilities
Other operating activities, net	
<u>Net cash provided by (used in) operating activities</u>	
Investing activities	Net change in: Time deposits placed and other short-term investments
	Federal funds sold and securities borrowed or purchased under agreements to resell
	Debt securities carried at fair value:
	Proceeds from sales
	Proceeds from paydowns and maturities
Purchases:	Held-to-maturity debt securities:
	Proceeds from paydowns and maturities
Purchases:	Loans and leases:
	Proceeds from sales
	Purchases
	Other changes in loans and leases, net
	Net sales (purchases) of premises and equipment
	Proceeds from sales of foreclosed properties
	Proceeds from sales of investments
Other investing activities, net	
<u>Net cash provided by (used in) investing activities</u>	
Financing activities	
Net change in: Deposits	
	Federal funds purchased and securities loaned or sold under agreements to repurchase
	Short-term borrowings
	Long-term debt:
	Proceeds from issuance
	Retirement of long-term debt
	Preferred stock:
	Proceeds from issuance
	Redemption
	Common stock repurchased
	Cash dividends paid
Excess tax benefits on share-based payments	
Other financing activities, net	
<u>Net cash provided by (used in) financing activities</u>	
<u>Effect of exchange rate changes on cash and cash equivalents</u>	
	Net increase (decrease) in cash and cash equivalents
	Cash and cash equivalents at January 1

Cash and cash equivalents at January 1
 Cash and cash equivalents at December 31

Supplemental cash flow disclosures Interest paid Income taxes paid Income taxes refunded

2014									
2012	4,833								
									2,275 (1,354) (407) 1,586 936 2,688 726
	(40,113) 38,528								
	<u>6,621 2,380 9,702 (1,662)</u>								
	4,188								
	8,169 (1,662) 5,107 1,774 1,264 2,580 (2,735)								
	(59,540) 54,817								
									<u>(47,606) (11,424) 24,061 4,951</u>
	2013								
	11,431 \$								
	3,556 (1,271) 649 1,597 1,086 1,577 3,262								
	(65,688) 77,707								
	<u>26,739</u>								
	<u>(16,056)</u>								<u>33,870 35,154 (12,919) 2,806</u>
	4,030 (1,495)								
									159,071 79,704 (280,571)
	7,889 (13,274)								
									<u>28,765 (10,609) 22,635 (1,160) 855 1,577 (1,621)</u>
	7,310 (8,741)								
									74,068 71,509 (164,491)
	6,261 (20,991)								
									1,837 (9,178) 2,557 5
	92,817								<u>2,799 2,396 (320)</u>
	7,154 29,596								
									119,013 85,554 (175,983)
	8,472 (14,388)								
	<u>(4,204)</u>								
	<u>(34,979)</u>								<u>12,331 (16,734) (34,256) (521) 1,099 4,818 (1,097)</u>
	72,220 78,395 (5,017)								
	22,200 (124,389)								
	14,010 (95,153) 16,009								667
	45,658 (65,602)								
	<u>1,008 (6,461) (3,220) (1,677) 12 (26)</u>								
	25,058								
									(335) 3,171 (14,827)
	51,573 (53,749)								
									(1,909) 13 236
	5,957								
	<u>(95,442)</u>								
	42,416								

(1,675) (2,306) 34

(1,863)			
(731)			
SfiL			
7,267	131,322		
20,570	110,752		
(12,201)			
(3,067)			
(9,350)	120,102		
			11,082 2,558 (144)
			18,268 1,372 (338)
\$ 138,589	\$ 131,322	\$ 110,752	

12,912 1,559 (244)

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 (together with its consolidated subsidiaries, the Corporation), a bank holding company (BHC) 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.

The Corporation conducts its activities through banking and nonbank subsidiaries. Prior to October 1, 2014, the Corporation operated its banking activities primarily under two charters: Bank of America, National Association (Bank of America, N.A. or BANA) and, to a lesser extent, FIA Card Services, National Association (FIA Card Services, N.A. or FIA). On October 1, 2014, FIA was merged into BANA.

Principles of Consolidation and Basis of Presentation

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

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.

New Accounting Pronouncements

In August 2014, the Financial Accounting Standards Board (FASB) issued new accounting guidance on classification and measurement of foreclosed mortgage loans that are government guaranteed. This new guidance states that such foreclosed properties should be classified as other assets and measured based on the amount of the loan balance expected to be recovered from the guarantor. The new guidance is effective beginning on January 1, 2015 using either a prospective or modified retrospective transition method. This new guidance will not have a material impact on the Corporation's consolidated financial position or results of operations.

In August 2014, the FASB issued new accounting guidance that provides a measurement alternative for entities that consolidate a collateralized financing entity (CFE). The new guidance allows an entity to measure both the financial assets and financial liabilities of a CFE using the fair value of either the financial assets or financial liabilities, whichever is more observable. This alternative is available for CFEs where the financial assets and financial liabilities are carried at fair value and changes in fair value are reported in earnings. The new guidance is effective beginning on January 1, 2016. This new guidance will not have a material impact on the Corporation's consolidated financial position or results of operations.

In June 2014, the FASB issued new guidance on accounting and disclosure of repurchase-to-maturity (RTM) transactions and repurchase financings (repos). Under this new accounting guidance, RTMs will be accounted for as secured borrowings rather than sales of an asset, and transfers of financial assets with a contemporaneous repo will no longer be evaluated to determine whether they should be accounted for on a combined basis as forward contracts. The new guidance also prescribes additional disclosures particularly on the nature of collateral pledged in repos accounted for as secured borrowings. The new guidance is effective beginning on January 1, 2015. This new guidance will not have a material impact on the Corporation's consolidated financial position or results of operations.

In May 2014, the FASB issued new accounting guidance to clarify the principles for recognizing revenue from contracts with customers. The new

accounting guidance, which does not apply to financial instruments, is effective on a retrospective basis beginning on January 1, 2017. The Corporation does not expect the new guidance to have a material impact on its consolidated financial position or results of operations.

In January 2014, the FASB issued new guidance on accounting for qualified affordable housing projects which permits entities to make an accounting policy election to apply the proportional amortization method when specific conditions are met. The new accounting guidance is effective on a retrospective basis beginning on January 1, 2015 with early adoption permitted. The Corporation is currently assessing whether it will adopt the proportional amortization method. If adopted, the Corporation does not expect it to have a material impact on its consolidated financial position or results of operations.

In December 2012, the FASB issued a proposed standard on accounting for credit losses. It would replace multiple existing impairment models, including an "incurred loss" model for loans, with an "expected loss" model. The FASB has not yet established an effective date but a final standard is expected to be issued in the second half of 2015. The final standard may materially reduce retained earnings in the period of adoption.

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Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash items in the process of collection, cash segregated under federal and other brokerage regulations, and amounts due from correspondent banks, the Federal Reserve Bank and certain non-U.S. central banks.

Securities Financing Agreements

Securities borrowed or purchased under agreements to resell and securities loaned or sold under agreements to repurchase (securities financing agreements) are treated as collateralized financing transactions except in instances where the transaction is required to be accounted for as individual sale and purchase transactions. Generally, these agreements are recorded at the amounts at which the securities were acquired or sold plus accrued interest, except for certain securities financing agreements that the Corporation accounts for under the fair value option. Changes in the fair value of securities financing agreements that are accounted for under the fair value option are recorded in trading account profits in the Consolidated Statement of Income. For more information on securities financing agreements that the Corporation accounts for under the fair value option, see Note 21 - Fair Value Option.

The Corporation's policy is to obtain possession of collateral with a market value equal to or in excess of the principal amount loaned under resale agreements. To ensure that the market value of the underlying collateral remains sufficient, collateral is generally valued daily and the Corporation may require counterparties to deposit additional collateral or may return collateral pledged when appropriate. Securities financing agreements give rise to negligible credit risk as a result of these collateral provisions and, accordingly, no allowance for loan losses is considered necessary.

Substantially all repurchase and resale activities are transacted under legally enforceable master repurchase agreements that give the Corporation, in the event of default by the counterparty, the right to liquidate securities held and to offset receivables and payables with the same counterparty. The Corporation offsets repurchase and resale transactions with the same counterparty on the Consolidated Balance Sheet where it has such a legally enforceable master netting agreement and the transactions have the same maturity date.

In transactions where the Corporation acts as the lender in a securities lending agreement and receives securities that can be pledged or sold as collateral, it recognizes an asset on the Consolidated Balance Sheet at fair value, representing the securities received, and a liability, representing the obligation to return those securities.

In repurchase transactions, typically, the termination date for a repurchase agreement is before the maturity date of the underlying security. However, in certain situations, the Corporation may enter into repurchase agreements where the termination date of the repurchase transaction is the same as the maturity date of the underlying security and these transactions are referred to as "repo-to-maturity" (RTM) transactions. In accordance with applicable accounting guidance, the Corporation accounts for RTM transactions as sales and purchases when the transferred securities are highly liquid. In instances where securities are considered sold or purchased, the Corporation removes the securities from or recognizes the securities on the Consolidated Balance Sheet and, in the case of sales, recognizes a gain or loss, where applicable, in the Consolidated Statement of Income. At December 31, 2014 and 2013, the Corporation had no outstanding RTM transactions that had been accounted for as sales and an immaterial amount of transactions that had been accounted for as purchases.

Collateral

The Corporation accepts securities as collateral that it is permitted by contract or custom to sell or repledge. At December 31, 2014 and 2013, the fair value of this collateral was \$519.2 billion and \$575.3 billion, of which \$424.5 billion and \$430.4 billion was sold or repledged. The primary source of this collateral is securities borrowed or purchased under agreements to resell. The Corporation also pledges company-owned securities and loans as collateral in transactions that include repurchase agreements, securities loaned, public and trust deposits, U.S. Treasury tax and loan notes, and short-term borrowings. This collateral, which in some cases can be sold or repledged by the counterparties to the transactions, is parenthetically disclosed on the Consolidated Balance Sheet.

In certain cases, the Corporation has transferred assets to consolidated VIEs where those restricted assets serve as collateral for the interests issued by the VIEs. These assets are included on the Consolidated Balance Sheet in Assets of Consolidated VIEs.

In addition, the Corporation obtains collateral in connection with its derivative contracts. "Required collateral levels vary depending on the credit risk rating and the type of counterparty. Generally, the Corporation accepts collateral in the form of cash, U.S. Treasury securities and other marketable securities. Based on provisions contained in master netting agreements, the Corporation nets cash collateral received against derivative assets. The

Corporation also pledges collateral on its own derivative positions which can be applied against derivative liabilities.

Trading Instruments

Financial instruments utilized in trading activities are carried at fair value. Fair value is generally based on quoted market prices or quoted market prices for similar assets and liabilities. If these market prices are not available, fair values are estimated based on dealer quotes, pricing models, discounted cash flow methodologies, or similar techniques where the determination of fair value may require significant management judgment or estimation. Realized gains and losses are recorded on a trade-date basis. Realized and unrealized gains and losses are recognized in trading account profits.

Derivatives and Hedging Activities

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 are both designated in qualifying accounting hedge relationships and derivatives used to hedge market risks in relationships that are not designated in qualifying accounting hedge relationships (referred to as other risk management activities). Derivatives utilized by the Corporation include swaps, financial futures and forward settlement contracts, and option contracts. A swap agreement is a contract between two parties to exchange cash flows based on specified underlying notional amounts, assets and/or indices. Financial futures and forward settlement contracts

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are agreements to buy or sell a quantity of a financial instrument (including another derivative financial instrument), index, currency or commodity at a predetermined rate or price during a period or at a date in the future. Option agreements can be transacted on organized exchanges or directly between parties.

All derivatives are recorded on the Consolidated Balance Sheet at fair value, taking into consideration the effects of legally enforceable master netting agreements that allow the Corporation to settle positive and negative positions and offset cash collateral held with the same counterparty on a net basis. For exchange-traded contracts, fair value is based on quoted market prices in active or inactive markets or is derived from observable market-based pricing parameters, similar to those applied to over-the-counter (OTC) derivatives. For non-exchange traded contracts, fair value is based on dealer quotes, pricing models, discounted cash flow methodologies or similar techniques for which the determination of fair value may require significant management judgment or estimation.

Valuations of derivative assets and liabilities reflect the value of the instrument including counterparty credit risk. These values also take into account the Corporation's own credit standing.

Trading Derivatives and Other Risk Management Activities

Derivatives held for trading purposes are included in derivative assets or derivative liabilities on the Consolidated Balance Sheet with changes in fair value included in trading account profits.

Derivatives used for other risk management activities are included in derivative assets or derivative liabilities. Derivatives used in other risk management activities have not been designated in a qualifying accounting hedge relationship because they did not qualify or the risk that is being mitigated pertains to an item that is reported at fair value through earnings so that the effect of measuring the derivative instrument and the asset or liability to which the risk exposure pertains will offset in the Consolidated Statement of Income to the extent effective. The changes in the fair value of derivatives that serve to mitigate certain risks associated with mortgage servicing rights (MSRs), interest rate lock commitments (IRLCs) and first mortgage loans held-for-sale (LHFS) that are originated by the Corporation are recorded in mortgage banking income. Changes in the fair value of derivatives that serve to mitigate interest rate risk and foreign currency risk are included in other income (loss). Credit derivatives are also used by the Corporation to mitigate the risk associated with various credit exposures. The changes in the fair value of these derivatives are included in other income (loss).

Derivatives Used For Hedge Accounting Purposes (Accounting Hedges)

For accounting hedges, the Corporation formally documents at inception all relationships between hedging instruments and hedged items, as well as the risk management objectives and strategies for undertaking various accounting hedges. Additionally, the Corporation primarily uses regression analysis at the inception of a hedge and for each reporting period thereafter to assess whether the derivative used in a hedging transaction is expected to be and has been highly effective in offsetting changes in the fair value or cash flows of a hedged item or forecasted transaction. The Corporation discontinues hedge accounting when it is determined that a derivative is not expected to be or has ceased to be highly effective as a hedge, and then reflects changes in fair value of the derivative in earnings after termination of the hedge relationship.

The Corporation uses its accounting hedges as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations. The Corporation manages interest rate and foreign currency exchange rate sensitivity predominantly through the use of derivatives. Fair value hedges are used to protect against changes in the fair value of the Corporation's assets and liabilities that are attributable to interest rate or foreign exchange volatility. Cash flow hedges are used primarily to minimize the variability in cash flows of assets or liabilities, or forecasted transactions caused by interest rate or foreign exchange fluctuations. For terminated cash flow hedges, the maximum length of time over which forecasted transactions are hedged is approximately 25 years, with a substantial portion of the hedged transactions being less than 10 years. For open or future cash flow hedges, the maximum length of time over which forecasted transactions are or will be hedged is less than seven years.

Changes in the fair value of derivatives designated as fair value hedges are recorded in earnings, together and in the same income statement line item with changes in the fair value of the related hedged item. Changes in the fair value of derivatives designated as cash flow hedges are recorded in accumulated other comprehensive income (OCI) and are reclassified into the line item in the income statement in which the hedged item is recorded in the same period the hedged item affects earnings. Hedge ineffectiveness and gains and losses on the excluded component of a derivative in assessing hedge effectiveness are recorded in earnings in the same income statement line item. The Corporation records changes in the fair value of derivatives

used as hedges of the net investment in foreign operations, to the extent effective, as a component of accumulated OCI.

If a derivative instrument in a fair value hedge is terminated or the hedge designation removed, the previous adjustments to the carrying value of the hedged asset or liability are subsequently accounted for in the same manner as other components of the carrying value of that asset or liability. For interest-earning assets and interest-bearing liabilities, such adjustments are amortized to earnings over the remaining life of the respective asset or liability. If a derivative instrument in a cash flow hedge is terminated or the hedge designation is removed, related amounts in accumulated OCI are reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings. If it becomes probable that a forecasted transaction will not occur, any related amounts in accumulated OCI are reclassified into earnings in that period.

Interest Rate Lock Commitments

The Corporation enters into IRLCs in connection with its mortgage banking activities to fund residential mortgage loans at specified times in the future. IRLCs that relate to the origination of mortgage loans that will be classified as held-for-sale are considered derivative instruments under applicable accounting guidance. As such, these IRLCs are recorded at fair value with changes in fair value recorded in mortgage banking income, typically resulting in recognition of a gain when the Corporation enters into IRLCs.

In estimating the fair value of an IRLC, the Corporation assigns a probability that the loan commitment will be exercised and the loan will be funded. The fair value of the commitments is derived from the fair value of related mortgage loans which is based on observable market data and includes the expected net future cash

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flows related to servicing of the loans. Changes in the fair value of IRLCs are recognized based on interest rate changes, changes in the probability that the commitment will be exercised and the passage of time. Changes from the expected future cash flows related to the customer relationship are excluded from the valuation of IRLCs.

Outstanding IRLCs expose the Corporation to the risk that the price of the loans underlying the commitments might decline from inception of the rate lock to funding of the loan. To manage this risk, the Corporation utilizes forward loan sales commitments and other derivative instruments, including interest rate swaps and options, to economically hedge the risk of potential changes in the value of the loans that would result from the commitments. The changes in the fair value of these derivatives are recorded in mortgage banking income.

Securities

Debt securities are recorded on the Consolidated Balance Sheet as of their trade date. Debt securities bought principally with the intent to buy and sell in the short term as part of the Corporation's trading activities are reported at fair value in trading account assets with unrealized gains and losses included in trading account profits. Debt securities purchased for longer term investment purposes, as part of asset and liability management (ALM) and other strategic activities are generally reported at fair value as available-for-sale (AFS) securities with net unrealized gains and losses net-of-tax included in accumulated OCI. Certain other debt securities purchased for ALM and other strategic purposes are reported at fair value with unrealized gains and losses reported in other income (loss). These are referred to as other debt securities carried at fair value. AFS securities and other debt securities carried at fair value are reported in debt securities on the Consolidated Balance Sheet. The Corporation may hedge these other debt securities with risk management derivatives with the unrealized gains and losses also reported in other income (loss). The debt securities are carried at fair value with unrealized gains and losses reported in other income (loss) to mitigate accounting asymmetry with the risk management derivatives and to achieve operational simplifications. Debt securities which management has the intent and ability to hold to maturity are reported at amortized cost. Certain debt securities purchased for use in other risk management activities, such as hedging certain market risks related to MSRs, are reported in other assets at fair value with unrealized gains and losses reported in the same line item as the item being hedged.

The Corporation regularly evaluates each AFS and held-to-maturity (HTM) debt security where the value has declined below amortized cost to assess whether the decline in fair value is other than temporary. In determining whether an impairment is other than temporary, the Corporation considers the severity and duration of the decline in fair value, the length of time expected for recovery, the financial condition of the issuer, and other qualitative factors, as well as whether the Corporation either plans to sell the security or it is more-likely-than-not that it will be required to sell the security before recovery of the amortized cost. If the impairment of the AFS or HTM debt security is credit-related, an other-than-temporary impairment (OTTI) loss is recorded in earnings. For AFS debt securities, the non-credit-related impairment loss is recognized in accumulated OCI. If the Corporation intends to sell an AFS debt security or believes it will

more-likely-than-not be required to sell a security, the Corporation records the full amount of the impairment loss as an OTTI loss.

Interest on debt securities, including amortization of premiums and accretion of discounts, is included in interest income. Premiums and discounts are amortized to interest income over the estimated lives of the securities. Prepayment experience, which is primarily driven by interest rates, is continually evaluated to determine the estimated lives of the securities. When a change is made to the estimated lives of the securities, the related premium or discount is adjusted, with a corresponding charge or credit to interest income, to the appropriate amount had the current estimated lives been applied since the acquisition of the securities. Realized gains and losses from the sales of debt securities are determined using the specific identification method.

Marketable equity securities are classified based on management's intention on the date of purchase and recorded on the Consolidated Balance Sheet as of the trade date. Marketable equity securities that are bought and held principally for the purpose of resale in the near term are classified as trading and are carried at fair value with unrealized gains and losses included in trading account profits. Other marketable equity securities are accounted for as AFS and classified in other assets. All AFS marketable equity securities are carried at fair value with net unrealized gains and losses included in accumulated OCI on an after-tax basis. If there is an other-than-temporary decline in the fair value of any individual AFS marketable equity security, the cost basis is reduced and the Corporation reclassifies the associated net unrealized loss out of accumulated OCI with a corresponding charge to equity investment income. Dividend income on AFS marketable equity securities is included in equity investment income. Realized gains and

losses on the sale of all AFS marketable equity securities, which are recorded in equity investment income, are determined using the specific identification method.

Certain equity investments held by Global Principal Investments (GPI), the Corporation's diversified equity investor in private equity, real estate and other alternative investments, are subject to investment company accounting under applicable accounting guidance and, accordingly, are carried at fair value with changes in fair value reported in equity investment income. These investments are included in other assets. Initially, the transaction price of the investment is generally considered to be the best indicator of fair value. Thereafter, valuation of direct investments is based on an assessment of each individual investment using methodologies that include publicly-traded comparables derived by multiplying a key performance metric of the portfolio company by the relevant valuation multiple observed for comparable companies, acquisition comparables, entry level multiples and discounted cash flow analyses, and are subject to appropriate discounts for lack of liquidity or marketability. For fund investments, the Corporation generally records the fair value of its proportionate interest in the fund's capital as reported by the respective fund managers.

Loans and Leases

Loans, with the exception of loans accounted for under the fair value option, are measured at historical cost and reported at their outstanding principal balances net of any unearned income, charge-offs, unamortized deferred fees and costs on originated loans, and for purchased loans, net of any unamortized premiums or discounts. Loan origination fees and certain direct origination

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costs are deferred and recognized as adjustments to interest income over the lives of the related loans. Unearned income, discounts and premiums are amortized to interest income using a level yield methodology. The Corporation elects to account for certain consumer and commercial loans under the fair value option with changes in fair value reported in other income (loss).

Under applicable accounting guidance, for reporting purposes, the loan and lease portfolio is categorized by portfolio segment and, within each portfolio segment, by class of financing receivables. A portfolio segment is defined as the level at which an entity develops and documents a systematic methodology to determine the allowance for credit losses, and a class of financing receivables is defined as the level of disaggregation of portfolio segments based on the initial measurement attribute, risk characteristics and methods for assessing risk. The Corporation's three portfolio segments are Home Loans, Credit Card and Other Consumer, and Commercial. The classes within the Home Loans portfolio segment are core portfolio residential mortgage, Legacy Assets & Servicing residential mortgage, core portfolio home equity and Legacy Assets & Servicing home equity. The classes within the Credit Card and Other Consumer portfolio segment are U.S. credit card, non-U.S. credit card, direct/indirect consumer and other consumer. The classes within the Commercial portfolio segment are U.S. commercial, commercial real estate, commercial lease financing, non-U.S. commercial and U.S. small business commercial.

Purchased Credit-impaired Loans

The Corporation purchases loans with and without evidence of credit quality deterioration since origination. Evidence of credit quality deterioration as of the purchase date may include statistics such as past due status, refreshed borrower credit scores and refreshed loan-to-value (LTV) ratios, some of which are not immediately available as of the purchase date. Purchased loans with evidence of credit quality deterioration for which it is probable that the Corporation will not receive all contractually required payments receivable are accounted for as purchased credit-impaired (PCI) loans. The excess of the cash flows expected to be collected on PCI loans, measured as of the acquisition date, over the estimated fair value is referred to as the accretable yield and is recognized in interest income over the remaining life of the loan using a level yield methodology. The difference between contractually required payments as of the acquisition date and the cash flows expected to be collected is referred to as the nonaccretable difference. PCI loans that have similar risk characteristics, primarily credit risk, collateral type and interest rate risk, are pooled and accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows. Once a pool is assembled, it is treated as if it was one loan for purposes of applying the accounting guidance for PCI loans. An individual loan is removed from a PCI loan pool if it is sold, foreclosed, forgiven or the expectation of any future proceeds is remote. When a loan is removed from a PCI loan pool and the foreclosure or recovery value of the loan is less than the loan's carrying value, the difference is first applied against the PCI pool's nonaccretable difference. If the nonaccretable difference has been fully utilized, only then is the PCI pool's basis applicable to that loan written-off against its valuation reserve; however, the integrity of the pool is maintained and it continues to be accounted for as if it was one loan.

The Corporation continues to estimate cash flows expected to be collected over the life of the PCI loans using internal credit risk, interest rate and prepayment risk models that incorporate management's best estimate of current key assumptions such as default rates, loss severity and prepayment speeds. If, upon subsequent evaluation, the Corporation determines it is probable that the present value of the expected cash flows has decreased, the PCI loan is considered to be further impaired resulting in a charge to the provision for credit losses and a corresponding increase to a valuation allowance included in the allowance for loan and lease losses. The present value of the expected cash flows is then recalculated each period, which may result in additional impairment or a reduction of the valuation allowance. If there is no valuation allowance and it is probable that there is a significant increase in the present value of the expected cash flows, the Corporation recalculates the amount of accretable yield as the excess of the revised expected cash flows over the current carrying value resulting in a reclassification from nonaccretable difference to accretable yield. Reclassifications from nonaccretable difference can also occur if there is a change in the expected lives of the loans. The present value of the expected cash flows is determined using the PCI loans' effective interest rate, adjusted for changes in the PCI loans' interest rate indices.

Leases

The Corporation provides equipment financing to its customers through a variety of lease arrangements. Direct financing leases are carried at the aggregate of lease payments receivable plus estimated residual value of the leased property less unearned income. Leveraged leases, which are a form of financing leases, are reported net of non-recourse debt. Unearned income on leveraged and direct financing leases is accreted to interest

income over the lease terms using methods that approximate the interest method.

Allowance for Credit Losses

The allowance for credit losses, which includes the allowance for loan and lease losses and the reserve for unfunded lending commitments, represents management's estimate of probable losses inherent in the Corporation's lending activities. The allowance for loan and lease losses and the reserve for unfunded lending commitments exclude amounts for loans and unfunded lending commitments accounted for under the fair value option as the fair values of these instruments reflect a credit component. The allowance for loan and lease losses does not include amounts related to accrued interest receivable, other than billed interest and fees on credit card receivables, as accrued interest receivable is reversed when a loan is placed on nonaccrual status. The allowance for loan and lease losses represents the estimated probable credit losses on funded consumer and commercial loans and leases while the reserve for unfunded lending commitments, including standby letters of credit and binding unfunded loan commitments, represents estimated probable credit losses on these unfunded credit instruments based on utilization assumptions. Lending-related credit exposures deemed to be uncollectible, excluding loans carried at fair value, are charged off against these accounts. Write-offs on PCI loans on which there is a valuation allowance are written-off against the valuation allowance. For additional information, see Purchased Credit-impaired Loans in this Note. Cash recovered on previously charged-off amounts is recorded as a recovery to these accounts.

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Management evaluates the adequacy of the allowance for credit losses based on the combined total of the allowance for loan and lease losses and the reserve for unfunded lending commitments.

The Corporation performs periodic and systematic detailed reviews of its lending portfolios to identify credit risks and to assess the overall collectability of those portfolios. The allowance on certain homogeneous consumer loan portfolios, which generally consist of consumer real estate within the Home Loans portfolio segment and credit card loans within the Credit Card and Other Consumer portfolio segment, is based on aggregated portfolio segment evaluations generally by product type. Loss forecast models are utilized for these portfolios which consider a variety of factors including, but not limited to, historical loss experience, estimated defaults or foreclosures based on portfolio trends, delinquencies, bankruptcies, economic conditions and credit scores.

The Corporation's Home Loans portfolio segment is comprised primarily of large groups of homogeneous consumer loans secured by residential real estate. The amount of losses incurred in the homogeneous loan pools is estimated based on the number of loans that will default and the loss in the event of default. Using modeling methodologies, the Corporation estimates the number of homogeneous loans that will default based on the individual loans' attributes aggregated into pools of homogeneous loans with similar attributes. The attributes that are most significant to the probability of default and are used to estimate defaults include refreshed LTV or, in the case of a subordinated lien, refreshed combined LTV, borrower credit score, months since origination (referred to as vintage) and geography, all of which are further broken down by present collection status (whether the loan is current, delinquent, in default or in bankruptcy). This estimate is based on the Corporation's historical experience with the loan portfolio. The estimate is adjusted to reflect an assessment of environmental factors not yet reflected in the historical data underlying the loss estimates, such as changes in real estate values, local and national economies, underwriting standards and the regulatory environment. The probability of default on a loan is based on an analysis of the movement of loans with the measured attributes from either current or any of the delinquency categories to default over a 12-month period. On home equity loans where the Corporation holds only a second-lien position and foreclosure is not the best alternative, the loss severity is estimated at 100 percent.

The allowance on certain commercial loans (except business card and certain small business loans) is calculated using loss rates delineated by risk rating and product type. Factors considered when assessing loss rates include the value of the underlying collateral, if applicable, the industry of the obligor, and the obligor's liquidity and other financial indicators along with certain qualitative factors. These statistical models are updated regularly for changes in economic and business conditions. Included in the analysis of consumer and commercial loan portfolios are reserves which are maintained to cover uncertainties that affect the Corporation's estimate of probable losses including domestic and global economic uncertainty and large single-name defaults.

The remaining portfolios, including nonperforming commercial loans, as well as consumer and commercial loans modified in a troubled debt restructuring (TDR), are reviewed in accordance with applicable accounting guidance on impaired loans and TDRs. If necessary, a specific allowance is established for these loans if they are deemed to be impaired. A loan is considered impaired when, based on current information and events, it is probable that

the Corporation will be unable to collect all amounts due, including principal and/or interest, in accordance with the contractual terms of the agreement, or the loan has been modified in a TDR. Once a loan has been identified as impaired, management measures impairment primarily based on the present value of payments expected to be received, discounted at the loans' original effective contractual interest rates, or discounted at the portfolio average contractual annual percentage rate, excluding promotionally priced loans, in effect prior to restructuring. Impaired loans and TDRs may also be measured based on observable market prices, or for loans that are solely dependent on the collateral for repayment, the estimated fair value of the collateral less costs to sell. If the recorded investment in impaired loans exceeds this amount, a specific allowance is established as a component of the allowance for loan and lease losses unless these are secured consumer loans that are solely dependent on the collateral for repayment, in which case the amount that exceeds the fair value of the collateral is charged off.

Generally, when determining the fair value of the collateral securing consumer real estate-secured loans that are solely dependent on the collateral for repayment, prior to performing a detailed property valuation including a walk-through of a property, the Corporation initially estimates the fair value of the collateral securing these consumer loans using an automated valuation method (AVM). An AVM is a tool that estimates the value of a property by reference to market data including sales of comparable properties and price trends specific to the Metropolitan Statistical Area in which the property being valued is located. In the event that an AVM value is not available, the Corporation utilizes publicized indices or if these methods provide less reliable valuations, the Corporation uses appraisals or broker price opinions to estimate the fair value of the collateral. While there is inherent imprecision in these valuations, the Corporation believes that they are representative of the portfolio in the aggregate.

In addition to the allowance for loan and lease losses, the Corporation also estimates probable losses related to unfunded lending commitments, such as letters of credit and financial guarantees, and binding unfunded loan commitments. The reserve for unfunded lending commitments excludes commitments accounted for under the fair value option. Unfunded lending commitments are subject to individual reviews and are analyzed and segregated by risk according to the Corporation's internal risk rating scale. These risk classifications, in conjunction with an analysis of historical loss experience, utilization assumptions, current economic conditions, performance trends within the portfolio and any other pertinent information, result in the estimation of the reserve for unfunded lending commitments.

The allowance for credit losses related to the loan and lease portfolio is reported separately on the Consolidated Balance Sheet whereas the reserve for unfunded lending commitments is reported on the Consolidated Balance Sheet in accrued expenses and other liabilities. The provision for credit losses related to the loan and lease portfolio and unfunded lending commitments is reported in the Consolidated Statement of Income.

Nonperforming Loans and Leases, Charge-offs and Delinquencies

Nonperforming loans and leases generally include 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

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experiencing financial difficulties. Loans accounted for under the fair value option, PCI loans and LHFS are not reported as nonperforming.

In accordance with the Corporation's policies, consumer real estate-secured loans, including residential mortgages and home equity loans, are generally placed on nonaccrual status and classified as nonperforming at 90 days past due unless repayment of the loan is insured by the Federal Housing Administration or through individually insured long-term standby agreements with Fannie Mae or Freddie Mac (the fully-insured portfolio). Residential mortgage loans in the fully-insured portfolio are not placed on nonaccrual status and, therefore, are not reported as nonperforming. Junior-lien home equity loans are placed on nonaccrual status and classified as nonperforming when the underlying first-lien mortgage loan becomes 90 days past due even if the junior-lien loan is current. Accrued interest receivable is reversed when a consumer loan is placed on nonaccrual status. Interest collections on nonaccruing consumer loans for which the ultimate collectability of principal is uncertain are generally applied as principal reductions; otherwise, such collections are credited to interest income when received. These loans may be restored to accrual 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. The outstanding balance of real estate-secured loans that is in excess of the estimated property value less costs to sell is charged off no later than the end of the month in which the loan becomes 180 days past due unless the loan is fully insured. The estimated property value less costs to sell is determined using the same process as described for impaired loans in Allowance for Credit Losses in this Note.

Consumer loans secured by personal property, credit card loans and other unsecured consumer loans are not placed on nonaccrual status prior to charge-off and, therefore, are not reported as nonperforming loans, except for certain secured consumer loans, including those that have been modified in a TDR. Personal property-secured loans are charged off to collateral value no later than the end of the month in which the account becomes 120 days past due or, for loans in bankruptcy, 60 days past due. Credit card and other unsecured consumer loans are charged off no later than the end of the month in which the account becomes 180 days past due or within 60 days after receipt of notification of death or bankruptcy.

Commercial loans and leases, excluding business card loans, that are past due 90 days or more as to principal or interest, or where reasonable doubt exists as to timely collection, including loans that are individually identified as being impaired, are generally placed on nonaccrual status and classified as nonperforming unless well-secured and in the process of collection.

Accrued interest receivable is reversed when commercial loans and leases are placed on nonaccrual status. Interest collections on nonaccruing commercial loans and leases for which the ultimate collectability of principal is uncertain are applied as principal reductions; otherwise, such collections are credited to income when received. Commercial loans and leases may be restored to accrual 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. Business card loans are charged off no later than the end of the month in which the account becomes 180 days past due or 60 days after receipt of notification of death or bankruptcy. These loans are not placed on nonaccrual status prior to charge-off and, therefore, are not reported as nonperforming loans. Other commercial loans and leases are generally charged off when all or a portion of the principal amount is determined to be uncollectible.

The entire balance of a consumer loan or commercial loan or lease is contractually delinquent if the minimum payment is not received by the specified due date on the customer's billing statement. Interest and fees continue to accrue on past due loans and leases until the date the loan is placed on nonaccrual status, if applicable.

PCI loans are recorded at fair value at the acquisition date. Although the PCI loans may be contractually delinquent, the Corporation does not classify these loans as nonperforming as the loans were written down to fair value at the acquisition date and the accretible yield is recognized in interest income over the remaining life of the loan. In addition, reported net charge-offs exclude write-offs on PCI loans as the fair value already considers the estimated credit losses.

Troubled Debt Restructurings

Consumer loans and commercial loans and leases whose contractual terms have been restructured in a manner that grants a concession to a borrower experiencing financial difficulties are classified as TDRs. Concessions could include a reduction in the interest rate to a rate that is below market on the loan, payment extensions, forgiveness of principal, forbearance or other actions designed to maximize collections. Secured consumer loans that have been discharged in Chapter 7 bankruptcy and have not been reaffirmed by the borrower are classified as TDRs at the time of discharge. Consumer real estate-secured loans for which a binding offer to restructure has been extended are also classified as TDRs. Loans classified as TDRs are considered impaired loans. Loans that are carried at fair value, LHFS and PCI loans are not classified as TDRs.

Secured consumer loans whose contractual terms have been modified in a TDR and are current at the time of restructuring generally remain on accrual status if there is demonstrated performance prior to the restructuring and payment in full under the restructured terms is expected. Otherwise,

the loans are placed on nonaccrual status and reported as nonperforming, except for the fully-insured loans, until there is sustained repayment performance for a reasonable period, generally six months. If accruing consumer TDRs cease to perform in accordance with their modified contractual terms, they are placed on nonaccrual status and reported as nonperforming TDRs. Consumer TDRs that bear a below-market rate of interest are generally reported as TDRs throughout their remaining lives. Secured consumer loans that have been discharged in Chapter 7 bankruptcy are placed on nonaccrual status and written down to the estimated collateral value less costs to sell no later than at the time of discharge. If these loans are contractually current, interest collections are generally recorded in interest income on a cash basis. Credit card and other unsecured consumer loans that have been renegotiated in a TDR are not placed on nonaccrual status. Credit card and other unsecured consumer loans that have been renegotiated and placed on a fixed payment plan after July 1, 2012 are generally charged off no later than the end of the month in which the account becomes 120 days past due.

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Commercial loans and leases whose contractual terms have been modified in a TDR are typically placed on nonaccrual status and reported as nonperforming until the loans or leases have performed for an adequate period of time under the restructured agreement, generally six months. If the borrower had demonstrated performance under the previous terms and the underwriting process shows the capacity to continue to perform under the modified terms, the loan may remain on accrual status. Accruing commercial TDRs are reported as performing TDRs through the end of the calendar year in which the loans are returned to accrual status. In addition, if accruing commercial TDRs bear less than a market rate of interest at the time of modification, they are reported as performing TDRs throughout their remaining lives unless and until they cease to perform in accordance with their modified contractual terms, at which time they are placed on nonaccrual status and reported as nonperforming TDRs.

A loan that had previously been modified in a TDR and is subsequently refinanced under current underwriting standards at a market rate with no concessionary terms is accounted for as a new loan and is no longer reported as a TDR.

Loans Held-for-sale

Loans that are intended to be sold in the foreseeable future, including residential mortgages, loan syndications, and to a lesser degree, commercial real estate, consumer finance and other loans, are reported as LHFS and are carried at the lower of aggregate cost or fair value. The Corporation accounts for certain LHFS, including residential mortgage LHFS, under the fair value option. Loan origination costs related to LHFS that the Corporation accounts for under the fair value option are recognized in noninterest expense when incurred. Loan origination costs for LHFS carried at the lower of cost or fair value are capitalized as part of the carrying value of the loans and recognized as a reduction of noninterest income upon the sale of such loans. LHFS that are on nonaccrual status and are reported as nonperforming, as defined in the policy herein, are reported separately from nonperforming loans and leases.

Premises and Equipment

Premises and equipment are carried at cost less accumulated depreciation and amortization. Depreciation and amortization are recognized using the straight-line method over the estimated useful lives of the assets. Estimated lives range up to 40 years for buildings, up to 12 years for furniture and equipment, and the shorter of lease term or estimated useful life for leasehold improvements.

The Corporation capitalizes the costs associated with certain computer hardware, software and internally developed software, and amortizes the costs over the expected useful life. Direct project costs of internally developed software are capitalized when it is probable that the project will be completed and the software will be used for its intended function.

Mortgage Servicing Rights

The Corporation accounts for consumer MSR, including residential mortgage and home equity MSR, at fair value with changes in fair value recorded in mortgage banking income. To reduce the volatility of earnings related to interest rate and market value fluctuations, U.S. Treasury securities, mortgage-backed securities and derivatives such as options and interest rate swaps may be used to hedge certain market risks of the MSR. Such derivatives are not designated as qualifying accounting hedges. These instruments are carried at fair value with changes in fair value recognized in mortgage banking income.

The Corporation estimates the fair value of consumer MSR using a valuation model that calculates the present value of estimated future net servicing income and, when available, quoted prices from independent parties. The present value calculation is based on an option-adjusted spread (OAS) valuation approach that factors in prepayment risk. This approach consists of projecting servicing cash flows under multiple interest rate scenarios and discounting these cash flows using risk-adjusted discount rates. The key economic assumptions used in MSR valuations include weighted-average lives of the MSR and the OAS levels. The OAS represents the spread that is added to the discount rate so that the sum of the discounted cash flows equals the market price; therefore, it is a measure of the extra yield over the reference discount factor that the Corporation expects to earn by holding the asset.

Goodwill and Intangible Assets

Goodwill is the purchase premium after adjusting for the fair value of net assets acquired. Goodwill is not amortized but is reviewed for potential impairment on an annual basis, or when events or circumstances indicate a potential impairment, at the reporting unit level. A reporting unit, as defined under applicable accounting guidance, is a business segment or one level below a business segment. The goodwill impairment analysis is a two-step test. The first step of the goodwill impairment test involves comparing the fair value of each reporting unit with its carrying value, including goodwill, as measured by allocated equity. In certain circumstances, the first step may be performed using a qualitative assessment. If the fair value of the reporting unit exceeds its carrying value, goodwill of the reporting unit is considered not impaired; however, if the carrying value of the reporting unit exceeds its

fair value, the second step must be performed to measure potential impairment.

The second step involves calculating an implied fair value of goodwill for each reporting unit for which the first step indicated possible impairment. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination, which is the excess of the fair value of the reporting unit, as determined in the first step, over the aggregate fair values of the assets, liabilities and identifiable intangibles as if the reporting unit was being acquired in a business combination. Measurement of the fair values of the assets and liabilities of a reporting unit is consistent with the requirements of the fair value measurements accounting guidance, as described in Fair Value in this Note. The adjustments to measure the assets, liabilities and intangibles at fair value are for the purpose of measuring the implied fair value of goodwill and such adjustments are not reflected on the Consolidated Balance Sheet. If the implied fair value of goodwill exceeds the goodwill assigned to the reporting unit, there is no impairment. If the goodwill assigned to a reporting unit exceeds the implied fair value of goodwill, an impairment charge is recorded for the excess. An impairment loss recognized cannot exceed the amount of goodwill assigned to a reporting unit. An impairment loss establishes a new basis in the goodwill and subsequent reversals of goodwill impairment losses are not permitted under applicable accounting guidance.

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For intangible assets subject to amortization, an impairment loss is recognized if the carrying value of the intangible asset is not recoverable and exceeds fair value. The carrying value of the intangible asset is considered not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use of the asset.

Variable Interest Entities

A VIE is an entity that lacks equity investors or whose equity investors do not have a controlling financial interest in the entity through their equity investments. The entity that has a controlling financial interest in a VIE is referred to as the primary beneficiary and consolidates the VIE. The Corporation is deemed to have a controlling financial interest and is the primary beneficiary of a VIE if it has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and an obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. On a quarterly basis, the Corporation reassesses whether it has a controlling financial interest in and is the primary beneficiary of a VIE. The quarterly reassessment process considers whether the Corporation has acquired or divested the power to direct the activities of the VIE through changes in governing documents or other circumstances. The reassessment also considers whether the Corporation has acquired or disposed of a financial interest that could be significant to the VIE, or whether an interest in the VIE has become significant or is no longer significant. The consolidation status of the VIEs with which the Corporation is involved may change as a result of such reassessments. Changes in consolidation status are applied prospectively, with assets and liabilities of a newly consolidated VIE initially recorded at fair value. Again or loss may be recognized upon deconsolidation of a VIE depending on the carrying values of deconsolidated assets and liabilities compared to the fair value of retained interests and ongoing contractual arrangements.

The Corporation primarily uses VIEs for its securitization activities, in which the Corporation transfers whole loans or debt securities into a trust or other vehicle such that the assets are legally isolated from the creditors of the Corporation. Assets held in a trust can only be used to settle obligations of the trust. The creditors of these trusts typically have no recourse to the Corporation except in accordance with the Corporation's obligations under standard representations and warranties.

When the Corporation is the servicer of whole loans held in a securitization trust, including non-agency residential mortgages, home equity loans, credit cards, automobile loans and student loans, the Corporation has the power to direct the most significant activities of the trust. The Corporation generally does not have the power to direct the most significant activities of a residential mortgage agency trust except in certain circumstances in which the Corporation holds substantially all of the issued securities and has the unilateral right to liquidate the trust. The power to direct the most significant activities of a commercial mortgage securitization trust is typically held by the special servicer or by the party holding specific subordinate securities which embody certain controlling rights. The Corporation consolidates a whole-loan securitization trust if it has the power to direct the most significant activities and also holds securities issued by the trust or has other contractual arrangements, other than standard representations and warranties, that could potentially be significant to the trust.

The Corporation may also transfer trading account securities and AFS securities into municipal bond or resecuritization trusts. The Corporation consolidates a municipal bond or resecuritization trust if it has control over the ongoing activities of the trust such as the remarketing of the trust's liabilities or, if there are no ongoing activities, sole discretion over the design of the trust, including the identification of securities to be transferred in and the structure of securities to be issued, and also retains securities or has liquidity or other commitments that could potentially be significant to the trust. The Corporation does not consolidate a municipal bond or resecuritization trust if one or a limited number of third-party investors share responsibility for the design of the trust or have control over the significant activities of the trust through liquidation or other substantive rights.

Other VIEs used by the Corporation include collateralized debt obligations (CDOs), investment vehicles created on behalf of customers and other investment vehicles. The Corporation does not routinely serve as collateral manager for CDOs and, therefore, does not typically have the power to direct the activities that most significantly impact the economic performance of a CDO. However, following an event of default, if the Corporation is a majority holder of senior securities issued by a CDO and acquires the power to manage the assets of the CDO, the Corporation consolidates the CDO.

The Corporation consolidates a customer or other investment vehicle if it has control over the initial design of the vehicle or manages the assets in the vehicle and also absorbs potentially significant gains or losses through an investment in the vehicle, derivative contracts or other arrangements. The Corporation does not consolidate an investment vehicle if a single investor controlled the initial design of the vehicle or manages the assets in the vehicles or if the Corporation does not have a variable interest that could potentially be significant to the vehicle.

Retained interests in securitized assets are initially recorded at fair value. In addition, the Corporation may invest in debt securities issued by unconsolidated VIEs. Fair values of these debt securities, which are classified as trading account assets, debt securities carried at fair value or held-to-maturity securities, are based primarily on quoted market prices in active or inactive markets. Generally, quoted market prices for retained residual interests are not available; therefore, the Corporation estimates fair values based on the present value of the associated expected future cash flows.

This may require management to estimate credit losses, prepayment speeds, forward interest yield curves, discount rates and other factors that impact the value of retained interests. Retained residual interests in unconsolidated securitization trusts are classified in trading account assets or other assets with changes in fair value recorded in earnings. The Corporation may also enter into derivatives with unconsolidated VIEs, which are carried at fair value with changes in fair value recorded in earnings.

Fair Value

The Corporation measures the fair values of its assets and liabilities, where applicable, in accordance with accounting guidance that requires an entity to base fair value on exit price. A three-level hierarchy, provided in the applicable accounting guidance, for inputs is utilized in measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used to determine the exit price when available. Under applicable accounting guidance, the Corporation categorizes its financial

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instruments, based on the priority of inputs to the valuation technique, into this three-level hierarchy, as described below. Trading account assets and liabilities, derivative assets and liabilities, AFS debt and equity securities, other debt securities carried at fair value, consumer MSR's and certain other assets are carried at fair value in accordance with applicable accounting guidance. The Corporation has also elected to account for certain assets and liabilities under the fair value option, including certain commercial and consumer loans and loan commitments, LHFS, short-term borrowings, securities financing agreements, long-term deposits and long-term debt. The following describes the three-level hierarchy.

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market, as well as certain U.S. Treasury securities that are highly liquid and are actively traded in OTC markets.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts where fair value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes U.S. government and agency mortgage-backed and asset-backed securities, corporate debt securities, derivative contracts, certain loans and LHFS.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the overall fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments for which the determination of fair value requires significant management judgment or estimation. The fair value for such assets and liabilities is generally determined using pricing models, market comparables, discounted cash flow methodologies or similar techniques that incorporate the assumptions a market participant would use in pricing the asset or liability. This category generally includes certain private equity investments and other principal investments, retained residual interests in securitizations, consumer MSR's, certain asset-backed securities, highly structured, complex or long-dated derivative contracts, certain loans and LHFS, IRLCs and certain CDOs where independent pricing information cannot be obtained for a significant portion of the underlying assets.

Income Taxes

There are two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. These gross deferred tax assets and liabilities represent

decreases or increases in taxes expected to be paid in the future because of future reversals of temporary differences in the bases of assets and liabilities as measured by tax laws and their bases as reported in the financial statements. Deferred tax assets are also recognized for tax attributes such as net operating loss carryforwards and tax credit carryforwards. Valuation allowances are recorded to reduce deferred tax assets to the amounts management concludes are more-likely-than-not to be realized.

Income tax benefits are recognized and measured based upon a two-step model: first, a tax position must be more-likely-than-not to be sustained based solely on its technical merits in order to be recognized, and second, the benefit is measured as the largest dollar amount of that position that is more-likely-than-not to be sustained upon settlement. The difference between the benefit recognized and the tax benefit claimed on a tax return is referred to as an unrecognized tax benefit. The Corporation records income tax-related interest and penalties, if applicable, within income tax expense.

Retirement Benefits-

The Corporation has retirement plans covering substantially all full-time and certain part-time employees. Pension expense under these plans is charged to current operations and consists of several components of net pension cost based on various actuarial assumptions regarding future experience under the plans.

In addition, the Corporation has unfunded supplemental benefit plans and supplemental executive retirement plans (SERPs) for selected officers of the Corporation and its subsidiaries that provide benefits that cannot be paid from a qualified retirement plan due to Internal Revenue Code restrictions. The Corporation's current executive officers do not earn additional retirement income under SERPs. These plans are nonqualified under the Internal Revenue Code and assets used to fund benefit payments are not segregated from other assets of the Corporation; therefore, in general, a participant's or beneficiary's claim to benefits under these plans is as a general creditor. In addition, the Corporation has several postretirement healthcare and life insurance benefit plans.

Accumulated Other Comprehensive Income

The Corporation records unrealized gains and losses on AFS debt and marketable equity securities, gains and losses on cash flow accounting hedges, certain employee benefit plan adjustments, foreign currency translation adjustments and related hedges of net investments in foreign operations, and the cumulative adjustment related to certain accounting changes in accumulated OCI, net-of-tax. Unrealized gains and losses on AFS debt and marketable equity securities are reclassified to earnings as the gains or losses are realized upon sale of the securities. Unrealized losses on AFS securities deemed to represent OTTI are reclassified to earnings at the time of the impairment charge. For AFS debt securities that the Corporation does not intend to sell or it is not more-likely-than-not that it will be required to sell, only the credit component of an unrealized loss is reclassified to earnings. Gains or losses on derivatives accounted for as cash flow hedges are reclassified to earnings when the hedged transaction affects earnings. Translation gains or losses on foreign currency translation adjustments are reclassified to earnings upon the substantial sale or liquidation of investments in foreign operations.

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Revenue Recognition

The following summarizes the Corporation's revenue recognition policies as they relate to certain noninterest income line items in the Consolidated Statement of Income.

Card income is derived from fees such as interchange, cash advance, annual, late, over-limit and other miscellaneous fees, which are recorded as revenue when earned, primarily on an accrual basis. Uncollected fees are included in the customer card receivables balances with an amount recorded in the allowance for loan and lease losses for estimated uncollectible card receivables. Uncollected fees are written off when a card receivable reaches 180 days past due.

Service charges include fees for insufficient funds, overdrafts and other banking services and are recorded as revenue when earned. Uncollected fees are included in outstanding loan balances with an amount recorded for estimated uncollectible service fees receivable. Uncollected fees are written off when a fee receivable reaches 60 days past due.

Investment and brokerage services revenue consists primarily of asset management fees and brokerage income that are recognized over the period the services are provided or when commissions are earned. Asset management fees consist primarily of fees for investment management and trust services and are generally based on the dollar amount of the assets being managed. Brokerage income is generally derived from commissions and fees earned on the sale of various financial products.

Investment banking income consists primarily of advisory and underwriting fees that are recognized in income as the services are provided and no contingencies exist. Revenues are generally recognized net of any direct expenses. Non-reimbursed expenses are recorded as noninterest expense.

Earnings Per Common Share

Earnings per common share (EPS) is computed by dividing net income (loss) allocated to common shareholders by the weighted-average common shares outstanding, except that it does not include unvested common shares subject to repurchase or cancellation. Net income (loss) allocated to common shareholders represents net income (loss) applicable to common shareholders which is net income (loss) adjusted for preferred stock dividends including dividends declared, accretion of discounts on preferred stock including accelerated accretion when preferred stock is repaid early, and cumulative dividends related to the current dividend period that have not been declared as of period end, less income allocated to participating securities (see below for more information). Diluted EPS is computed by dividing income (loss) allocated to common shareholders plus dividends on dilutive convertible preferred stock and preferred stock that can be tendered to exercise warrants, by the weighted-average common shares outstanding plus amounts representing the dilutive effect of stock options outstanding, restricted stock, restricted stock units, outstanding warrants and the dilution resulting from the conversion of convertible preferred stock, if applicable.

Unvested share-based payment awards that contain nonforfeitable rights to dividends are participating securities that are included in computing EPS using the two-class method. The two-class method is an earnings allocation formula under which EPS is calculated for common stock and participating securities according to dividends declared and participating rights in undistributed earnings. Under this method, all earnings, distributed and undistributed, are allocated to participating securities and common shares based on their respective rights to receive dividends.

In an exchange of non-convertible preferred stock, income allocated to common shareholders is adjusted for the difference between the carrying value of the preferred stock and the fair value of the consideration exchanged. In an induced conversion of convertible preferred stock, income allocated to common shareholders is reduced by the excess of the fair value of the consideration exchanged over the fair value of the common stock that would have been issued under the original conversion terms.

Foreign Currency Translation

Assets, liabilities and operations of foreign branches and subsidiaries are recorded based on the functional currency of each entity. For certain of the foreign operations, the functional currency is the local currency, in which case the assets, liabilities and operations are translated, for consolidation purposes, from the local currency to the U.S. Dollar reporting currency at period-end rates for assets and liabilities and generally at average rates for results of operations. The resulting unrealized gains or losses, as well as gains and losses from certain hedges, are reported as a component of accumulated OCI, net-of-tax. When the foreign entity's functional currency is determined to be the U.S. Dollar, the resulting remeasurement gains or losses on foreign currency-denominated assets or liabilities are included in earnings.

Credit Card and Deposit Arrangements

Endorsing Organization Agreements

The Corporation contracts with other organizations to obtain their endorsement of the Corporation's loan and deposit products. This endorsement may provide to the Corporation exclusive rights to market to the organization's members or to customers on behalf of the Corporation. These organizations endorse the Corporation's loan and deposit products and provide the Corporation with their mailing lists and marketing activities. These agreements generally have terms that range from two to five years. The Corporation typically pays royalties in exchange for the endorsement. Compensation costs related to the credit card agreements are recorded as contra-revenue in card income.

Cardholder Reward Agreements

The Corporation offers reward programs that allow its cardholders to earn points that can be redeemed for a broad range of rewards including cash, travel and gift cards. The Corporation establishes a rewards liability based upon the points earned that are expected to be redeemed and the average cost per point redeemed. The points to be redeemed are estimated based on past redemption behavior, card product type, account transaction activity and other historical card performance. The liability is reduced as the points are redeemed. The estimated cost of the rewards programs is recorded as contra-revenue in card income.

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NOTE 2 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. The following tables present derivative instruments included on the Consolidated Balance Sheet in derivative assets and liabilities at December 31, 2014 and 2013. 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 the cash collateral received or paid.

		December 31, 2014				
		Gross Derivative Assets		Gross Derivative Liabilities		
		Trading and	Trading and			
(Dollars in billions)		Interest rate contracts				
Swaps \$						
Futures and forwards						
Written options						
Purchased options Foreign exchange contracts						
Swaps						
Spot, futures and forwards		Written options	Purchased options	Equity contracts	Swaps	
Futures and forwards		Written options	Purchased options	Commodity contracts	Swaps	
Futures and forwards		Written options	Purchased options	Credit derivatives	Purchased credit derivatives:	
Credit default swaps						
Total return swaps/other		Written credit derivatives:				
Credit default swaps						
Total return swaps/other						
Gross derivative assets/liabilities		Less: Legally enforceable master netting agreements				
Less: Cash collateral received/paid						
Total derivative assets/liabilities						
w Represents the total contract/notional amount of derivative assets and liabilities outstanding.						
Contract/ Notional i ¹	Other Risk	Qualifying Management Derivatives	Other Risk Accounting Hedges	Qualifying Management Accounting Total	Derivatives	Hedges Total
29,445.4	\$	658.5	\$	8.5	\$ 667.0	\$ 658.2
10,159.4		1.7		1.7	2.0	2.0
1,725.2		-			85.4	85.4
1,739.8		85.6		85.6	-	-
2,159.1		51.5		52.3	54.6	56.5
4,226.4		68.9		70.4	72.4	72.6
600.7		-		-16.0	-16.0	
6		15.1		-15.1	--	
7		3.2		-3.24		

7	69.5	2.1	-2.11.8	-1.8		
341.0	-	-	-26.0	-26.0		
4	27.9	-27.9-	--			
74.3	5.8	-	5.88.5	-8.5		
5	4.5 -	4.51.8 -1.8				
5	129.5	-11.5 -11.5				
5	141.3	10.7	-10.7			
1,034.8	13.3	-	13.3	23.4	- 23.4	
44.3	0.2	-	0.2	1.4	- 1.4	
1,073.1	24.5	-	24.5	11.9	- 11.9	
61.0	05	-	05	03	-	03_
\$	974.0	\$ 10.8	\$ 984.8	\$ 979.2	\$ 2.6	\$ 981.8
	(47.3)	(50.1)				(884.8) (884.8)
	52.7			\$ 46.9		

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December 31, 2013

(Dollars in billions) Interest rate contracts Swaps

Futures and forwards Written options Purchased options Foreign exchange contracts Swaps

Spot, futures and forwards Written options Purchased options Equity contracts Swaps

Futures and forwards Written options Purchased options Commodity contracts Swaps

Futures and forwards Written options Purchased options Credit derivatives Purchased credit derivatives:

Credit default swaps

Total return swaps/other Written credit derivatives:

Credit default swaps

Total return swaps/other

Gross derivative assets/liabilities Less: Legally enforceable master netting agreements

Less: Cash collateral received/paid

Total derivative assets/liabilities

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

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. Where legally enforceable, these master netting agreements give the Corporation, in the event of default by the counterparty, the right to liquidate securities held as collateral and to offset receivables and payables with the same counterparty. For purposes of the Consolidated Balance Sheet, the Corporation offsets derivative assets and liabilities and cash collateral held with the same counterparty where it has such a legally enforceable master netting agreement.

The Offsetting of Derivatives table presents derivative instruments included in derivative assets and liabilities on the Consolidated Balance Sheet at December 31, 2014 and 2013 by primary risk (e.g., interest rate risk) and the platform, where applicable, on which these derivatives are transacted. Exchange-traded derivatives include listed options transacted on an exchange. Over-the-counter (OTC) derivatives include bilateral transactions between the Corporation and a particular counterparty. OTC-cleared derivatives include bilateral transactions between the Corporation and a counterparty where the transaction is cleared through a clearinghouse. Balances are

(825.5) (825.5)

(47.3)

(43.5)

\$ 47.5

\$ 37.4

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 includes reducing the balance for counterparty netting and cash collateral received or paid.

Other gross derivative assets and liabilities in the table represent derivatives entered into under master netting agreements where uncertainty exists as to the enforceability of these agreements under bankruptcy laws in some countries or industries and, accordingly, receivables and payables with counterparties in these countries or industries are reported on a gross basis.

Also included in the table is financial instrument collateral related to legally enforceable master netting agreements that represents securities collateral received or pledged and customer cash collateral held at third-party custodians. These amounts are not offset on the Consolidated Balance Sheet but are shown as a reduction to total derivative assets and liabilities in the table to derive net derivative assets and liabilities.

For more information on offsetting of securities financing agreements, see Note 10 - Federal Funds Sold or Purchased, Securities Financing Agreements and Short-term Borrowings.

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Offsetting of Derivatives

December 31, 2013

(Dollars in billions)

Interest rate contracts

Over-the-counter

Exchange-traded

Over-the-counter cleared Foreign exchange contracts

Over-the-counter Equity contracts

Over-the-counter

Exchange-traded Commodity contracts

Over-the-counter

Exchange-traded

Over-the-counter cleared Credit derivatives

Over-the-counter

Over-the-counter cleared

Total gross derivative assets/liabilities, before netting Over-the-counter Exchange-traded Over-the-counter cleared Less: Legally enforceable master netting agreements and cash collateral received/paid

Over-the-counter Exchange-traded Over-the-counter cleared

Derivative assets/liabilities, after netting Other gross derivative assets/liabilities

Total derivative assets/liabilities Less: Financial instruments collateral m

Total net derivative assets/liabilities:

Derivative Assets

386.6 0.1 365.7

133.0

19.5 8.6

10.2 7.4 0.1

30.8 7.0

580.1 16.1 372.8

(545.7) (13.9) (372.5)

36.9 15.8

52.7 (13.3)

39.4

Derivative Liabilities

373.2 0.1 368.7

139.9

16.7 7.8

11.9 7.7 0.6	
30.2 6.8	
	571.9 15.6 376.1
	' (545.5) (13.9) (375.5)
28.7 18.2	
46.9 (8.9)	
38.0 \$	
Derivative Assets	
	381.7 0.4 351.2
82.9	
20.3 8.4	
6.3 3.3	
44.0 5.8	
	535.2 12.1 357.0
	(505.0) (11.2) (356.6)
31.5 16.0	
47.5 (10.1)	
37.4 \$	
Derivative Liabilities	
	365.9 0.3 356.5
83.9	
17.6 9.8	
7.4 2.9	
38.9 5.9	
	513.7 13.0 362.4
	(495.4) (11.2) (362.4)
20.1 17.3	
37.4 (4.6)	
32.8	

! These amounts are limited to the derivative asset/liability balance and, accordingly, do not include excess collateral received/pledged

ALM and Risk Management Derivatives

The Corporation's asset and liability management (ALM) and risk management activities include the use of derivatives to mitigate risk to the Corporation including derivatives designated in qualifying hedge accounting relationships and derivatives used in other risk management activities. Interest rate, foreign exchange, equity, commodity and credit contracts are utilized in the Corporation's ALM and risk management activities.

The Corporation maintains an overall interest rate risk management strategy that incorporates the use of interest rate contracts, which are generally non-leveraged generic interest rate and basis swaps, options, futures and forwards, to minimize significant fluctuations in earnings caused by interest rate volatility. The Corporation's goal is to manage interest rate sensitivity and volatility so that movements in interest rates do not significantly adversely affect earnings or capital. As a result of interest rate fluctuations, hedged fixed-rate assets and liabilities appreciate or depreciate in fair value. Gains or losses on the derivative instruments that are linked to the hedged fixed-rate assets and liabilities are expected to substantially offset this unrealized appreciation or depreciation.

Market risk, including interest rate risk, can be substantial in the mortgage business. Market risk is the risk that values of mortgage assets or revenues will be adversely affected by changes in market conditions such as interest rate movements. To mitigate the interest rate risk in mortgage banking production income, the

Corporation utilizes forward loan sale commitments and other derivative instruments, including purchased options, and certain debt securities. The Corporation also utilizes derivatives such as interest rate options, interest rate swaps, forward settlement contracts and eurodollar futures to hedge certain market risks of mortgage servicing rights (MSRs). For more information on MSRs, see Note 23 - Mortgage Servicing Rights.

The Corporation uses foreign exchange contracts to manage the foreign exchange risk associated with certain foreign currency-denominated assets and liabilities, as well as the Corporation's investments in non-U.S. subsidiaries. Foreign exchange contracts, which include spot and forward contracts, represent agreements to exchange the currency of one country for the currency of another country at an agreed-upon price on an agreed-upon settlement date. Exposure to loss on these contracts will increase or decrease over their respective lives as currency exchange and interest rates fluctuate.

The Corporation enters into derivative commodity contracts such as futures, swaps, options and forwards as well as non-derivative commodity contracts to provide price risk management services to customers or to manage price risk associated with its physical and financial commodity positions. The non-derivative commodity contracts and physical inventories of commodities expose the Corporation to earnings volatility. Cash flow and fair value accounting hedges provide a method to mitigate a portion of this earnings volatility.

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The Corporation purchases credit derivatives to manage credit risk related to certain funded and unfunded credit exposures. Credit derivatives include credit default swaps (CDS), total return swaps and swaptions. These derivatives are recorded on the Consolidated Balance Sheet at fair value with changes in fair value recorded in other income (loss).

Derivatives Designated as Accounting Hedges

The Corporation uses various types of interest rate, commodity and foreign exchange derivative contracts to protect against changes in the fair value of its assets and liabilities due to fluctuations in interest rates, commodity prices and exchange rates (fair value hedges). The Corporation also uses these types of contracts and equity derivatives 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 2014, 2013 and 2012, including hedges of interest rate risk on long-term debt that were acquired as part of a business combination and redesignated. At redesignation, the fair value of the derivatives was positive. As the derivatives mature, the fair value will approach zero. As a result, ineffectiveness will occur and the fair value changes in the derivatives and the long-term debt being hedged may be directionally the same in certain scenarios. Based on a regression analysis, the derivatives continue to be highly effective at offsetting changes in the fair value of the long-term debt attributable to interest rate risk.

Derivatives Designated as Fair Value Hedges

Gains(Losses)

(Dollars in millions)

Interest rate risk on long-term debt u>

Interest rate and foreign currency risk on long-term debt ui

Interest rate risk on available-for-sale securities ¹²¹

Price risk on commodity inventory <³

Total

2,144 (2,212) (35) 21

(82) \$

2014

Hedge Ineffectiveness

(2,935) \$ 2,120 3

(909)

(15)

(827) \$

Interest rate risk on long-term debt u>

Interest rate and foreign currency risk on long-term debt ">

Interest rate risk on available-for-sale securities <²)

Price risk on commodity inventory <³>

Total		(4,704) (1,291) 839 (13)
(5,169)		
2013		3,925 1,085 (840) 11
4,181 \$		
(988)		(779) (206) (1) (2)

Interest rate risk on long-term debt <»

Interest rate and foreign currency risk on long-term debt¹

Interest rate risk on available-for-sale securities <²>

Price risk on commodity inventory ³>

Total		(195) (1,482) (4) (6)
(1,687) \$		
2012		(770) 1,225 91 6
552 \$		
(1,135)		(965) (257) 87

(1,135)
n> Amounts are recorded in interest expense on long-term debt and in other income (loss)
<³> Amounts are recorded in interest income on debt securities.
³> Amounts relating to commodity inventory are recorded in trading account profits

Cash Flow and Net Investment Hedges

The table below summarizes certain information related to cash flow hedges and net investment hedges for 2014, 2013 and 2012. Of the \$1.7 billion net loss (after-tax) on derivatives in accumulated other comprehensive income (OCI) for 2014, \$803 million (\$502 million after-tax) is expected to be reclassified into earnings in the next 12 months. These net losses reclassified into earnings are expected to primarily reduce net interest income related to the respective hedged items. Amounts related to price risk on restricted stock awards reclassified from accumulated OCI are recorded in personnel expense.

Derivatives Designated as Cash Flow and Net Investment Hedges

2014

(Dollars in millions, amounts pretax)

Cash flow hedges

Interest rate risk on variable-rate portfolios

Price risk on restricted stock awards

Total

Net Investment hedges Foreign exchange risk

Gains (Losses) Recognized In Accumulated OCI on Derivatives

68 \$ 127

195 \$

3,021 \$

Hedge Ineffectiveness and Amounts Excluded from Effectiveness Testing <<

(1,119) \$ 359

(760) \$

21 \$

Cash flow hedges Interest rate risk on variable-rate portfolios Price risk on restricted stock awards

(321) 477

Total

(1,102) 329

Net investment hedges Foreign exchange risk

Cash flow hedges Interest rate risk on variable-rate portfolios Price risk on restricted stock awards

Total

Net investment hedges Foreign exchange risk

10 420

430 \$

(771) \$

(957) (78)

(1,035) \$

(26)

i¹⁴ Amounts related to derivatives designated as cash flow hedges represent hedge ineffectiveness and amounts related to net investment hedges represent amounts excluded from effectiveness testing

Other Risk Management Derivatives

Other risk management derivatives are used by the Corporation to reduce certain risk exposures. These derivatives are not qualifying accounting hedges because either they did not qualify for or were not designated as accounting hedges. The table below presents gains (losses) on these derivatives for 2014, 2013 and

2012. These gains (losses) are largely offset by the income or expense that is recorded on the hedged item. The change in the impact of interest rate and foreign currency risk on ALM activities was primarily driven by decreasing interest rates and foreign currency weakening against the U.S. Dollar throughout 2014 compared to strengthening during 2013.

Other Risk Management Derivatives

2014			
2013			
2012			
1,324 (95) 424			
1,008 58			
			1,017 16 (3,683) 600 (9)
			(619) (47) 2,501 865 (19)

Gains (Losses)

(Dollars in millions)

Interest rate risk on mortgage banking income <» Credit risk on loans <2>

Interest rate and foreign currency risk on ALM activities <3>

Price risk on restricted stock awards <4>

Other

Net gains (losses) on these derivatives are recorded in mortgage banking income as they are used to mitigate the interest rate risk related to MSR's, interest rate lock commitments and mortgage loans held-for-sale, all of which are measured at fair value with changes in fair value recorded in mortgage banking income. The net gains on interest rate lock commitments related to the origination of mortgage loans that are held-for-sale, which are not included in the table but are considered derivative instruments, were \$776 million, \$927 million and \$3.0 billion for 2014, 2013 and 2012, respectively.

<2> Net gains (losses) on these derivatives are recorded in other income (loss).

<3> Primarily related to hedges of debt securities carried at fair value and hedges of foreign currency-denominated debt. Gains (losses) on these derivatives and the related hedged items are recorded in other income (loss). <4> Gains (losses) on these derivatives are recorded in personnel expense.

Sales and Trading Revenue

The Corporation enters into trading derivatives to facilitate client transactions and to manage risk exposures arising from trading account assets and liabilities. It is the Corporation's policy to include these derivative instruments in its trading activities which include derivatives and non-derivative cash instruments. The resulting risk from these derivatives is managed on a portfolio basis as part of the Corporation's Global Markets business segment. The related sales and trading revenue generated within Global Markets is recorded in various income statement line items including trading account profits and net interest income as well as other revenue categories. However, the majority of income related to derivative instruments is recorded in trading account profits.

Sales and trading revenue includes changes in the fair value and realized gains and losses on the sales of trading and other assets, net interest income, and fees primarily from commissions on equity securities. Revenue is generated by the difference in the client price for an instrument and the price at which the trading desk can execute the trade in the dealer market. For equity securities, commissions related to purchases and sales are recorded in the "Other" column in the Sales and Trading Revenue table. Changes in the fair value of these securities are included in trading account profits. For debt securities, revenue, with the exception of interest associated with the debt securities, is typically included in trading account profits. Unlike commissions for equity securities, the initial revenue related to broker-dealer services for debt securities is typically included in the pricing of the instrument rather than being charged through separate fee arrangements. Therefore, this revenue is recorded in trading account profits as part of the initial mark to fair value. For derivatives, the majority of revenue is included in trading account profits. In transactions where the Corporation acts as agent, which include exchange-traded futures and options, fees are recorded in other income (loss).

Gains (losses) on certain instruments, primarily loans, that the Global Markets business segment shares with Global Banking are not considered trading instruments and are excluded from sales and trading revenue in their entirety.

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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 2014, 2013 and 2012. The difference between total trading account profits in the table below and in the Consolidated Statement of Income represents trading activities in business segments other than Global Markets. This table includes debit valuation adjustment (DVA) gains (losses), net of hedges, and funding valuation adjustment (FVA) losses. Global Markets results in Note 24 - 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

2014

(Dollars in millions) Interest rate risk Foreign exchange risk Equity risk Credit risk Other risk

Total sales and trading revenue

Trading Account Profits

952 \$ 1,177 1,954 1,410

504

5,997

Other («

Total

1,169 \$ 8

(70) 2,682 (319)

Net Interest Income

363 \$ 2,484

(128) 1,057

2,318 4,202

614 4,706

106 291

3,470 \$ 3,273 \$ 12,740

Interest rate risk Foreign exchange risk Equity risk Credit risk Other risk

1,120 1,170 1,994 2,083 367

2013

1,104 5

111 2,710 (219)

(333) (103) 2,075 78 69

1,891 1,072 4,180 4,871 217

\$ 6,734 \$ 3,711 \$ 1,786 \$ 12,231

Interest rate risk Foreign exchange risk Equity risk Credit risk Other risk

(2,875) 909 259 2,514 4,899

2012

1,039 5

(57) 2,321 (227)

(4) 5

1,891 961 (5,148)

(1,840) 919 2,093 5,796 (476)

\$ 5,706 \$ 3,081 \$ (2,295) \$ 6,492

(1) Represents amounts in investment and brokerage services and other income (loss) that are recorded in Global Markets and included in the definition of sales and trading revenue. Includes investment and brokerage services revenue of \$2.2 billion, \$2.0 billion and \$1.8 billion for 2014, 2013 and 2012, respectively

Credit Derivatives

The Corporation enters into credit derivatives primarily to facilitate client transactions and to manage credit risk exposures. Credit derivatives derive value based on an underlying third-party referenced obligation or a portfolio of referenced obligations and generally require the Corporation, as the seller of credit protection, to make payments to a buyer upon the occurrence of a pre-defined credit event. Such credit events generally include bankruptcy of the referenced credit entity and failure to pay under the obligation, as well as acceleration of indebtedness and payment repudiation or moratorium. For credit derivatives based on a portfolio of referenced credits or credit indices, the Corporation may not be required to make payment until a specified amount of loss has occurred and/or may only be required to make payment up to a specified amount.

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Credit derivative instruments where the Corporation is the seller of credit protection and their expiration at December 31, 2014 and 2013 are summarized in the table below. These instruments 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.

Credit Derivative Instruments

December 31, 2014
Carrying Value

(Dollars in millions) Credit default swaps: Investment grade Non-investment grade
Total

Total return swaps/other: Investment grade Non-investment grade
Less than One Year

100 916
1,016

24 64
One to Three Years

714 \$ 2,107
2,821

247
Three to Five Years

1,455 \$ 1,338				
2,793				
			Over Five Years	
939 4,301				
5,240				
Total				
				\$ 3,208 8,662
11,870				
24 313				
Total				
Total credit derivatives				
<u>Credit-related notes: Investment grade Non-investment grade</u>				
Total credit-related notes				
Credit default swaps: Investment grade Non-investment grade				
Total				
Total return swaps/other: Investment grade Non-investment grade				
Total				
2,795 \$				
2 \$ 5				
				568 85 653
1,104 \$ 3,068 \$				
\$				
7 \$				
365 \$ 141				
506 \$ 653 \$				
Maximum Payout/Notional				
322,739				
513,494				
			\$ 132,974 \$ 342,914 \$ 242,728 \$	
			54,326 170,580 80,011	
187,300				
10,792				
3,268				
10,792				
3,268				
22,645 23,839				
46,484				
5,240				
12,207				
2,634 \$ 3,569				
1,443 1,674				
28,982 20,586				
4,077 \$ 5,243				
747,598 325,503				
49,568 1,073,101				
487				
487				
22,645 38,386				
61,031				
\$ 233,784 \$ 524,286 \$ 326,007 \$ 50,055 \$ 1,134,132				

December 31, 2013

Credit default swaps: Investment grade Non-investment grade

220 1,924
Carrying Value

974 2,469

1,134 6,667

2.330 11,484
Total

Total return swaps/other: Investment grade Non-investment grade

Total
426

22 29
51
13,814

22 155
177

Total credit derivatives

Credit-related notes: Investment grade Non-investment grade

595 756
2,182 \$ 3,445 \$

278 107
7,887

4.457 946

13,991

5,330 1,954
Total credit-related notes

Credit default swaps: Investment grade Non-investment grade

170.764 53,316
411,426 95,319

Maximum Payout/Notional

379,273 90,986

36,039 28.257

997,502 267,878
Total

Total return swaps/other: Investment grade Non-investment grade

Total
224,080

21,771 27,784
49,555
1,265,380

21,771 41,636
63,407
\$ 273,635 \$ 478,409 \$ 510,848 \$ 65,895 \$1,328,787

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 to help ensure that certain credit risk-related losses occur within acceptable, predefined limits.

The Corporation manages its market risk exposure to credit derivatives by entering into a variety of offsetting derivative contracts and security positions. For example, in certain instances, the Corporation may purchase credit protection with identical underlying referenced names to offset its exposure. The carrying value and notional amount of written credit derivatives for which the Corporation held purchased credit derivatives with identical underlying referenced names and terms were \$5.7 billion and \$880.6 billion at December 31, 2014 and \$8.1 billion and \$1.0 trillion at December 31, 2013.

Credit-related notes in the table on page 167 include investments in securities issued by collateralized debt obligation (CDO), collateralized loan obligation (CLO) and credit-linked note vehicles. These instruments are primarily classified as trading securities. The carrying value of these instruments equals the Corporation's maximum exposure to loss. The Corporation is not obligated to make any payments to the entities under the terms of the securities owned.

cash and securities collateral of \$67.9 billion and \$56.1 billion in the normal course of business under derivative agreements.

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.

At December 31, 2014, 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 approximately \$1.4 billion, including \$670 million for Bank of America, N.A. (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 December 31, 2014, the current liability recorded for these derivative contracts was \$84 million, against which the Corporation and certain subsidiaries had posted approximately \$54 million of collateral.

The table below presents the amount of additional collateral that would have been contractually required by derivative contracts and other trading agreements at December 31, 2014 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.

Credit-related Contingent Features and Collateral

The Corporation executes the majority of its derivative contracts in the OTC market with large, international financial institutions, including broker-dealers and, to a lesser degree, with a variety of non-financial companies. Substantially all of the derivative transactions are executed on a daily margin basis. Therefore, events such as a credit rating downgrade (depending on the ultimate rating level) or a breach of credit covenants would typically require an increase in the amount of collateral required of the counterparty, where applicable, and/or allow the Corporation to take additional protective measures such as early termination of all trades. Further, as previously discussed on page 160, the Corporation enters into legally enforceable master netting agreements which reduce risk by permitting the closeout and netting of transactions with the same counterparty upon the occurrence of certain events.

A majority 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 December 31, 2014 and 2013, the Corporation held cash and securities collateral of \$82.0 billion and \$74.4 billion, and posted

Additional Collateral Required to be Posted Upon Downgrade

	<u>December 31, 2014</u>	
	One Second incremental incremental notch notch	
(Dollars in millions)		
Bank of America Corporation	\$ 1,402	\$ 2,825
<u>Bank of America, N.A. and subsidiaries »»</u>	<u>1,072</u>	<u>1,886</u>

oj Included in Bank of America Corporation collateral requirements in this table

The table below presents the derivative liabilities that would be subject to unilateral termination by counterparties and the amounts of collateral that would have been contractually required at December 31, 2014 if the long-term senior debt ratings for the Corporation or certain subsidiaries had been lower by one incremental notch and by an additional second incremental notch.

Derivative Liabilities Subject to Unilateral Termination Upon Downgrade

December 31, 2014

One Second

incremental Incremental

	notch notch	
(Dollars in millions)		
<u>Derivative liability \$ 1,785 \$ 3,850</u>		
<u>Collateral posted</u>	<u>1,520</u>	<u>2,986</u>

Valuation Adjustments on Derivatives

The Corporation records credit risk valuation adjustments on derivatives in order to properly reflect the credit quality of the counterparties and its own credit quality. The Corporation calculates valuation adjustments on derivatives based on a modeled expected exposure that incorporates current market risk factors. The exposure also takes into consideration credit mitigants such as enforceable master netting agreements and collateral. CDS spread data is used to estimate the default probabilities and severities that are applied to the exposures. Where no observable credit default data is available for counterparties, the Corporation uses proxies and other market data to estimate default probabilities and severity.

Valuation adjustments on derivatives are affected by changes in market spreads, non-credit-related market factors such as interest rate and currency changes that affect the expected exposure, and other factors like changes in collateral arrangements and partial payments. Credit spreads and non-credit factors can move independently. For example, for an interest rate swap, changes in interest rates may increase the expected exposure, which would increase the counterparty credit valuation adjustment (CVA). Independently, counterparty credit spreads may tighten, which would result in an offsetting decrease to CVA.

The Corporation enters into risk management activities to offset market driven exposures. The Corporation often hedges the counterparty spread risk in CVA with CDS. The Corporation hedges other market risks in both CVA and DVA primarily with currency and interest rate swaps. Since the components of the valuation adjustments on derivatives move independently and the Corporation may not hedge all of the market-driven exposures, the effect of a hedge may increase the gains or losses relating to valuation adjustments on derivatives or may result in a gross gain from valuation adjustments on derivatives becoming a negative adjustment (or the reverse).

In 2014, the Corporation adopted FVA into valuation estimates primarily to include funding costs on uncollateralized derivatives and derivatives where the Corporation is not permitted to use the collateral it receives. The change in estimate resulted in a net pretax FVA charge of \$497 million including a charge of \$632 million related to funding costs associated with derivative asset exposures, partially offset by a funding benefit of \$135 million related to derivative liability exposures. The net FVA charge was recorded as a reduction to sales and trading revenue in Global Markets. The Corporation calculated this valuation adjustment based on modeled expected exposure profiles discounted for the funding risk premium inherent in these derivatives. FVA related to derivative assets and liabilities is the effect of funding costs on the fair value of these derivatives.

The table below presents CVA, DVA and FVA gains (losses) on derivatives, which are recorded in trading account profits, on a gross and net of hedge basis for 2014, 2013 and 2012. CVA gains reduce the cumulative CVA thereby increasing the derivative assets balance. DVA gains increase the cumulative DVA thereby decreasing the derivative liabilities balance. CVA and DVA losses have the opposite impact. FVA gains related to derivative assets reduce the cumulative FVA thereby increasing the derivative assets balance. FVA gains related to derivative liabilities increase the cumulative FVA thereby decreasing the derivative liabilities balance.

Valuation Adjustments on Derivatives

(22) \$ (632)
(28) 135
191
(632) (150) 135
738 \$ n/a (39) n/a
 Gains (Losses)
2014
 2013
 Net
 Gross
 Gross

(Dollars in millions) Derivative assets (CVA)¹¹ Derivative assets (FVA) <2> Derivative liabilities (DVA) ¹³>

Derivative liabilities (FVA)¹²

¹¹ At December 31, 2014, 2013 and 2012, the cumulative CVA reduced the derivative assets balance by \$1.6 billion, \$1.6 billion and \$2.4 billion, respectively. ¹² FVA was adopted in 2014 and the cumulative FVA reduced the net derivatives balance by \$497 million.

¹³ At December 31, 2014, 2013 and 2012, the cumulative DVA reduced the derivative liabilities balance by \$0.8 billion, \$0.8 billion and \$0.8 billion, respectively. n/a = not applicable.

2012
 Gross

1,022 \$ 291
n/a n/a
(2,212) (2,477)
 n/a n/a

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NOTE 3 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, HTM debt securities and AFS marketable equity securities at December 31, 2014 and 2013.

Debt Securities and Available-for-Sale Marketable Equity Securities

December 31, 2014

(Dollars in millions) Available-for-sale debt securities

- U.S. Treasury and agency securities
- Mortgage-backed securities: Agency
 - Agency-collateralized mortgage obligations
 - Non-agency residential »)
- Commercial Non-U.S. securities Corporate/Agency bonds
- Other taxable securities, substantially all asset-backed securities
 - Total taxable securities Tax-exempt securities
- Total available-for-sale debt securities

Amortized Cost

\$ 69,267 \$

163,592 14,175 4,244 3,931 6,208 361 10,774
272,552 9,556

282,108

Gross Unrealized Gains

360 \$

2,040 152 287 69 33 9 39
2,989 12

3,001

Fair Value

Gross Unrealized Losses

(593) (79) (77)

(11) (2) (22)

(32) \$ 69,595

(816) (19)

165,039 14,248 4,454 4,000 6,230 368 10,791

(835)

274,725 9,549

284,274

The table below presents the components of other debt securities carried at fair value where the changes in fair value are reported in other income. In 2014, the Corporation recorded unrealized mark-to-market net gains in other income of \$1.2 billion and realized gains of \$275 million on other debt securities carried at fair value, which exclude the impact of certain hedges, the results of which are also reported in other income, compared to unrealized mark-to-market net losses of \$1.3 billion and realized losses of \$963 million in 2013.

Other Debt Securities Carried at Fair Value

The table below presents gross realized gains and losses on sales of AFS debt securities for 2014, 2013 and 2012.

	1,366 (12)
	1,302 (31)
2,128 (466)	

Gains and Losses on Sales of AFS Debt Securities

2014			
2013			
2012			
(Dollars in millions)	Gross gains	Gross losses	
470	\$ 615		
Net gains on sales of AFS debt securities	\$ 1,354	\$ 1,271	\$ 1,662
Income tax expense attributable to realized net gains on sales of AFS debt securities			

2014
2013
4,062

16,500 218

749	11,315
(Dollars in millions)	

1,541
15,704

U.S. Treasury and agency securities Mortgage-backed securities: Agency
3,745

Agency-collateralized mortgage obligations
Non-agency residential

15,132

Commercial Non-U.S. securities u> Other taxable securities, substantially all asset-backed securities

Total
32,844

299
36,421 \$

ui These securities are primarily used to satisfy certain international regulatory liquidity requirements.

The table below presents the amortized cost and fair value of the Corporation's debt securities carried at fair value and HTM debt securities from Fannie Mae (FNMA), the Government National Mortgage Association (GNMA), U.S. Treasury and Freddie Mac (FHLMC), where the investment exceeded 10 percent of consolidated shareholders' equity at December 31, 2014 and 2013.

Selected Securities Exceeding 10 Percent of Shareholders' Equity

2014

December 31	2013		
(Dollars in millions)	Fannie Mae	Government National Mortgage Association	
U.S. Treasury	Freddie Mac		
Fair Value			Amortized Cost
Fair Value			Amortized Cost
\$ 130,725	\$ 131,418	\$ 123,813	\$ 118,708
98,278	98,633	118,700	115,314
68,481	68,801	10,533	10,428
28,288	28,556	24,908	24,075

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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 December 31, 2014 and 2013.

Temporarily Impaired and Other-than-temporarily Impaired AFS Debt Securities

(Dollars in millions)

Temporarily Impaired available-for-sale debt securities U.S. Treasury and agency securities Mortgage-backed securities: Agency
 Agency-collateralized mortgage obligations
 Non-agency residential Non-U.S. securities Corporate/Agency bonds
 Other taxable securities, substantially all asset-backed securities Total taxable securities
 Tax-exempt securities

Total temporarily impaired available-for-sale debt securities Other-than-temporarily Impaired available-for-sale debt securities i¹

Non-agency residential mortgage-backed securities

Total temporarily Impaired and other-than-temporarily impaired available-for-sale debt securities

December 31, 2014

Less than Twelve Months		Twelve Months or Longer		Total	
Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
\$ 10,121	\$ (22)	\$ 667	\$ (10)	\$ 10,788	\$ (32)
1,366	(8)	43,118	(585)	44,484	(593)
2,242	(19)	3,075	(60)	5,317	(79)
307	(3)	809	(41)	1,116	(44)
157	(9)	32	(2)	189	(11)
575	(3)	1,080	(19)	1,655	(22)
14,811	(65)	48,874	(718)	63,685	(783)
980	(1)	680	(18)	1,660	(19)
<u>15,791</u>	<u>(66)</u>	<u>49,554</u>	<u>(736)</u>	<u>65,345</u>	<u>(802)</u>

555	(33)	-	-	555	(33)
\$ 16,346	\$ (99)	\$ 49,554	\$ (736)	\$ 65,900	\$ (835)

Temporarily impaired available-for-sale debt securities U.S. Treasury and agency securities Mortgage-backed securities: Agency

Agency-collateralized mortgage obligations

Non-agency residential

Commercial Non-U.S. securities Corporate/Agency bonds

Other taxable securities, substantially all asset-backed securities

Total taxable securities Tax-exempt securities

Total temporarily impaired available-for-sale debt securities Other-than-temporarily impaired available-for-sale debt securities i"

Non-agency residential mortgage-backed securities

Total temporarily impaired and other-than-temporarily impaired available-for-sale debt securities

December 31, 2013

\$ 5,770	\$ (61)	\$ 19	\$ (1)	\$ 5,789	\$ (62)
----------	---------	-------	--------	----------	---------

				132,032	(5,457)	9,324	(497)	141,356	(5,954)
				13,438	(210)	2,661	(105)	16,099	(315)
819	(15)	1,237		(106)	2,056	(121)			
286	(12)	-		-286	(12)				
								45	(24) 45 (24)
106	(3)	282		(4)	388	(7)			
116	(2)	280	(3)	396	(5)				
152,567	(5,760)	13,848		(740)	166,415	(6,500)			
					1,789	(30)	990	(19)	2,779 (49)
<u>154,356</u>	<u>(5,790)</u>	<u>14,838</u>		<u>(759)</u>	<u>169,194</u>	<u>(6,549)</u>			
2	(1)	1	(1)	3	(2)				
\$ 154,358	\$ (5,791)	\$ 14,839	\$ (760)	\$ 169,197	\$ (6,551)				

" Includes other-than-temporarily impaired AFS debt securities on which an OTTI loss, primarily related to changes in interest rates, remains in accumulated OCI

The Corporation recorded other-than-temporary impairment (OTTI) losses on AFS debt securities in 2014, 2013 and 2012 as presented in the Net Impairment Losses Recognized in Earnings table. Substantially all OTTI losses in 2014, 2013 and 2012 consisted of credit losses on non-agency residential mortgage-backed securities (RMBS) and were recorded in other income in the Consolidated Statement of Income. A debt security is impaired when its fair value is less than its amortized cost. If the Corporation intends or will more-likely-than-not be required to sell a debt security prior to recovery, the entire impairment loss is recorded in the Consolidated Statement of Income. For AFS debt securities the Corporation does not intend or will not more-likely-than-not be required to sell, an analysis is performed to determine if any of the impairment is due to credit or whether it is due to other factors (e.g., interest rate). Credit losses are considered unrecoverable and are recorded in the Consolidated Statement of Income with the remaining unrealized losses recorded in OCI. In certain instances, the credit loss on a debt security may exceed the total impairment, in which case, the excess of the credit loss over the total impairment is recorded as an unrealized gain in OCI.

Net Impairment Losses Recognized in Earnings

(Dollars in millions)	2014	2013	2012
Total OTTI losses (unrealized and realized)	\$ (30)	\$ (21)	\$ (57)
Unrealized OTTI losses recognized in OCI	14	14	
<u>Net impairment losses recognized in earnings</u>	<u>\$ (16)</u>	<u>\$ (20)</u>	<u>\$ (53)</u>

The table below presents a rollforward of the credit losses recognized in earnings in 2014, 2013 and 2012 on AFS debt securities that the Corporation does not have the intent to sell or will not more-likely-than-not be required to sell.

Rollforward of Credit Losses Recognized

(Dollars in millions) Balance, January 1

Additions for credit losses recognized on AFS debt securities that had no previous impairment losses Additions for credit losses recognized on AFS debt securities that had previously incurred impairment losses Reductions for AFS debt securities matured, sold or intended to be sold

Balance, December 31

				<u>2014</u>	<u>2013</u>	<u>2012</u>
\$	184	\$	243	\$	310	

14 6 7

2 14 46

= (79) (120)
 \$ 200 \$ 184 \$ 243

The Corporation estimates the portion of a loss on a security that is attributable to credit using a discounted cash flow model and estimates the expected cash flows of the underlying collateral using internal credit, interest rate and prepayment risk models that incorporate management's best estimate of current key assumptions such as default rates, loss severity and prepayment rates. Assumptions used for the underlying loans that support the mortgage-backed securities (MBS) can vary widely from loan to loan and are influenced by such factors as loan interest rate, geographic location of the borrower, borrower characteristics and collateral type. Based on these assumptions, the Corporation then determines how the underlying collateral cash flows will be distributed to each MBS issued from the applicable special purpose entity. Expected principal and interest cash flows on an impaired AFS debt security are discounted using the effective yield of each individual impaired AFS debt security.

Significant assumptions used in estimating the expected cash flows for measuring credit losses on non-agency RMBS were as follows at December 31, 2014.

Significant Assumptions

	Weighted- average	10th Percentile <2>	90th Percentile <2>	Range <
Prepayment speed	15.3%	3.1%	29.9%	
Loss severity	35.2	11.8	44.7	
Life default rate	39.6		98.6	

in Represents the range of inputs/assumptions based upon the underlying collateral <2> The value of a variable below which the indicated percentile of observations will fall

Annual constant prepayment speed and loss severity rates are projected considering collateral characteristics such as loan-to-value (LTV), creditworthiness of borrowers as measured using FICO scores, and geographic concentrations. The weighted-average severity by collateral type was 31.0 percent for prime, 34.1 percent for Alt-A and 45.0 percent for subprime at December 31, 2014. Additionally, default rates are projected by considering collateral characteristics including, but not limited to, LTV, FICO and geographic concentration. Weighted-average life default rates by collateral type were 24.5 percent for prime, 42.4 percent for Alt-A and 42.0 percent for subprime at December 31, 2014.

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The expected maturity distribution of the Corporation's MBS, the contractual maturity distribution of the Corporation's other debt securities carried at fair value and HTM debt securities, and the yields on the Corporation's debt securities carried at fair value and HTM debt securities at December 31, 2014 are summarized in the table below. Actual maturities may differ from the contractual or expected maturities since borrowers may have the right to prepay obligations with or without prepayment penalties.

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

December 31, 2014

(Dollars in millions)

28 794 517 188 18,991

59

3.199

Amortized cost of debt securities carried at fair value U.S. Treasury and agency securities Mortgage-backed securities* Agency

Agency-collateralized mortgage obligations

Non-agency residential

Commercial Non-U S securities Corporate/Agency bonds

24,353 929

Other taxable securities, substantially all asset-backed securities

Total taxable securities Tax-exempt securities

Total amortized cost of debt securities carried at fair value \$ 25,282

Amortized cost of held-to-maturity debt securities <2>

Due after Five Years through Ten Years

2.80 2.80 4 78

2 80 6 23
 3 74
 2.10% \$ 1,480
 9,012 1,777
 96 796
 \$
 1 81
 2 80 1.15
 228
 2.77 \$ 10,789
 2.30
 3.00% \$ 70,745
 179,436 14.175 8.030 3,931 21.320 361
 11,078 309,076 9,556
 3.31 \$ 59,766
 2.80 2.50 8.15 3.07 1.30 2.43
 1.59 2.56 1 14 2.51
 2.40

Debt securities carried at fair value

U.S. Treasury and agency securities \$	577	\$ 51,383	\$ 17,633	\$ 1,543	\$ 71,136
Mortgage-backed securities:					
Agency	2924.859	153,649	2,206	180,743	
Agency-collateralized mortgage obligations	7952.838	10,596	19-	14,248	
Non-agency residential	5211.849	1,3164.513	8,199		
Commercial	191594	3,2123	4,000		
Non-U.S. securities	18,982	2,309	71-21,362		
Corporate/Agency bonds	60117	9695	368		
Other taxable securities, substantially all asset-backed securities	3,202	5,699	1,399	790	11,090
Total taxable securities		24,357	89,648	187,972	9,169 311,146
Tax-exempt securities	929	3,770	3,078	1,772	9,549
Total debt securities carried at fair value	\$ 25,286	\$ 93,418	\$ 191,050	\$ 10,941	\$ 320,695
Fair value of held-to-maturity debt securities BI	\$ 108	\$ 19,762	\$ 39,538	\$ 233	\$ 59,641

ui Average yield is computed using the effective yield of each security at the end of the period, weighted based on the amortized cost of each security The effective yield considers the contractual coupon, amortization of premiums and accretion of discounts, and excludes the effect of related hedging derivatives, la Substantially all U.S. agency MBS

Certain Corporate and Strategic Investments

The Corporation's 49 percent investment in a merchant services joint venture, which is recorded in other assets on the Consolidated Balance Sheet and in Consumer & Business Banking, had a carrying value of \$3.1 billion and \$3.2 billion at December 31, 2014 and 2013. For additional information, see Note 12 - Commitments and Contingencies.

In 2013, the Corporation sold its remaining investment in China Construction Bank Corporation (CCB) and realized a pretax gain of \$753 million in All Other reported in equity investment income in the Consolidated Statement of Income. The strategic assistance agreement between the Corporation and CCB, which includes cooperation in specific business areas, extends through 2016.

2,077					
Total consumer loans and leases					
Commercial U.S. commercial Commercial real estate ⁹ Commercial lease financing Non-U.S. commercial U.S. small business commercial					
Total commercial					
Commercial loans accounted for under the fair value option ⁶					
5,246					320 138 121 5 88
672					
2,492					
257					151 16 41 4 45
19,012					
26,750					318 288 42
789 442 204 9 227					
1,671					
438,974					
219,504 47,240 24,662 80,074 13,066					
384,546					
488,570					
220,293 47,682 24,866 80,083 13,293					
386,217					
6,604					
257					
742					
1,671					
384,546					
0.31%					
2.24%					
3.22%					
2,749	\$	19,754	\$	28,421	\$ 823,520
93.44%					

0¹ Home loans 30-59 days past due includes fully-insured loans of \$2.1 billion and nonperforming loans of \$392 million. Home loans 60-89 days past due includes fully-insured loans of \$11 billion and nonperforming loans of \$332 million ¹² Home loans includes fully-insured loans of \$11.4 billion
¹³ Home loans includes \$3.6 billion and direct/indirect consumer includes \$27 million of nonperforming loans in PCI
 loan amounts are shown gross of the valuation allowance
¹⁴ total outstandings includes pay option loans of \$3.2 billion The Corporation no longer originates this product
¹⁵ Total outstandings includes dealer financial services loans of \$37.7 billion, unsecured consumer lending loans of \$1.5 billion, U.S. securities-based lending loans of \$35.8 billion, non-U.S. consumer loans of \$4.0 billion, student loans of \$632 million and other consumer loans of \$761 million
 Total outstandings includes consumer finance loans of \$676 million, consumer leases of \$1.0 billion, consumer overdrafts of \$162 million and other non-U.S. consumer loans of \$3 million. ¹⁶
 Consumer loans accounted for under the fair value option were residential mortgage loans of \$1.9 billion and home equity loans of \$196 million Commercial loans accounted for under the fair value option were U.S. commercial loans of \$1.9 billion and non-U.S. commercial loans of \$4.7 billion For additional information, see Note 20 - fair Value Measurements and Note 2J - Fair Value Option
¹⁷ Total outstandings includes U.S. commercial real estate loans of \$45.2 billion and non-U.S. commercial real estate loans of \$2.5 billion

(Dollars In millions) Home loans Core portfolio Residential mortgage Home equity Legacy Assets & Servicing portfolio Residential mortgage ⁵ Home equity Credit card and other consumer U.S. credit card Non-U.S. credit card Direct/Indirect consumer ⁶ Other consumer ⁷

Total consumer

Consumer loans accounted for under the fair value option ⁸

30-59 Days Past Due i')

2,151 243

2,758 444

598 63

431 24

6,712

60-89 Days Past Due m

754 113

1,412 221

3,159

422 54 175 8

90 Days or

More Past Due ⁹

7,188 693

16,746 1,292

27,533

1,053 131 410 20

Total Current or Less Than 30 Days Past Due ³

31,142 30,623

90,265 11,293 81,176 1,925

10,093 \$ 167,243 1,049 53,450

20,916 1,957

467,117

2,073 248 1,016 52

37,404

Purchased

Credit-impaired ⁴

\$ 18,672 6,593

25,265

Loans Accounted for Under the Fair Value Option

2,164

Total Outstandings

177,336 54,499

70,730 39,173

529,786

92,338 11,541 82,192 1,977

2,164

Total consumer loans and leases

Commercial U.S. commercial Commercial real estate ^e Commercial lease financing Non-U.S. commercial U.S. small business commercial

Total commercial

Commercial loans accounted for under

the fair value option ^e

Total commercial loans and leases

Total loans and leases Percentage of outstandings

2,164

25,265

531,950

6,712

3,159

27,533

37,404

212,557 47,893 25,199 89,462 13,294

363 30 110 103 87

151 29 37 8 55

309 243 48 17 113

823 302 195 128 255

467,117

211,734 47,591 25,004 89,334 13,039

693

280

1,703

386,702

730

7,878

7,878

693

280

730

1,703

386,702

388,405 7,878

396,283

1.08%

4.21%

91.99%

0.80%								
0.37%								
3.04%								
2.72%								
7.405	\$	3,439	\$	28,263	\$	39,107	\$	853,819
								\$ 25,265
								\$ 10,042
								\$ 928,233
100.00%								

id Home loans 30-59 days past due includes fully-insured loans of \$2.5 billion and nonperforming loans of \$623 million Home loans 60-89 days past due includes fully-insured loans of \$1.2 billion and nonperforming loans of \$410 million. ³⁹ Home loans includes fully-insured loans of \$17.0 billion

³⁹ Home loans includes \$5.9 billion and direct/indirect consumer includes \$33 million of nonperforming loans

PCI loan amounts are shown gross of the valuation allowance. ⁵¹ Total outstandings includes pay option loans of \$4.4 billion The Corporation no longer originates this product.

⁵² Total outstandings includes dealer financial services loans of \$38.5 billion, unsecured consumer lending loans of \$2.7 billion, U.S. securities-based lending loans of \$31.2 billion, non-U.S. consumer loans of \$4.7 billion, student loans of \$4.1 billion and other consumer loans of \$1.0 billion, m Total outstandings includes consumer finance loans of \$1.2 billion, consumer leases of \$606 million, consumer overdrafts of \$176 million and other non-U.S. consumer loans of \$5 million. ⁹¹ Consumer loans accounted for under the fair value option were residential mortgage loans of \$2.0 billion and home equity loans of \$147 million Commercial loans accounted for under the fair value

option were U.S. commercial loans of \$1.5 billion and non-U.S. commercial loans of \$6.4 billion. For additional information, see Note 20 - Fair Value Measurements and Note 21 - Fair Value Option ⁹) Total outstandings includes U.S. commercial real estate loans of \$46.3 billion and non-U.S. commercial real estate loans of \$1.6 billion.

The Corporation has entered into long-term credit protection agreements with FNMA and FHLMC on loans totaling \$17.2 billion and \$28.2 billion at December 31, 2014 and 2013, 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

The Corporation classifies junior-lien home equity loans as nonperforming when the first-lien loan becomes 90 days past due even if the junior-lien loan is performing. At December 31, 2014 and 2013, \$800 million and \$1.2 billion of such junior-lien home equity loans were included in nonperforming loans.

The Corporation classifies consumer real estate loans that have been discharged in Chapter 7 bankruptcy and not reaffirmed by the borrower as troubled debt restructurings (TDRs), irrespective of payment history or delinquency status, even if the repayment terms for the loan have not been otherwise modified. The

Corporation continues to have a lien on the underlying collateral. At December 31, 2014, nonperforming loans discharged in Chapter 7 bankruptcy with no change in repayment terms were \$1.4 billion of which \$901 million were current on their contractual payments, while \$395 million were 90 days or more past due. Of the contractually current nonperforming loans, more than 80 percent were discharged in Chapter 7 bankruptcy more than 12 months ago, and more than 60 percent were discharged 24 months or more ago. As subsequent cash payments are received on the loans that are contractually current, the interest component of the payments is generally recorded as interest income on a cash basis and the principal component is recorded as a reduction in the carrying value of the loan.

Excluding purchased credit-impaired (PCI) loans, the Corporation sold nonperforming and other delinquent consumer loans with a carrying value, excluding the related allowance, of \$4.8 billion and \$2.0 billion, and recognized gains of \$247 million and \$58 million recorded in noninterest income, during 2014 and 2013.

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The table below presents the Corporation's nonperforming loans and leases including nonperforming TDRs, and loans accruing past due 90 days or more at December 31, 2014 and 2013. 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.*

Credit Quality

December 31

(Dollars in millions) Home loans Core portfolio Residential mortgage ¹⁷¹ Home equity Legacy Assets & Servicing portfolio Residential mortgage ¹²¹ Home equity Credit card and other consumer U.S. credit card Non-U.S. credit card Direct/Indirect consumer Other consumer
Total consumer

Commercial U.S. commercial Commercial real estate Commercial lease financing Non-U.S. commercial U.S. small business commercial

Accruing Past Due 90 Days or More

Nonperforming Loans

2013

and Leases ¹ 2014 2013

2014

1,496

4,491 2,405

n/a n/a 28 1

2,398 \$ 3,316 \$ 3,942 \$ 5,137

1 431

18,499 3,081 5,265
 11,980
 9,972 2,005 3,175

Mortgage PCI m Home Equity c

45,414 2,442 4,031

Legacy Assets & Servicing Home Equity '=>

17,453 3,272 7,496

Equity PCI

2,046 1,048 2,523

Total home loans

Refreshed FICO score Less than 620

Greater than or equal to 620 and less than 680 Greater than or equal to 680 and less than 740 Greater than or equal to 740 Fully-insured loans < 6>
 162,220

4,184 6,272 21,946 76,828 52,990

6.313 4.032 6.463 10.037 11.980

15,152 \$

6,109 3,014 3,310 2,719

2,169 3,683 10,231 35,804

3,470 4,529 7,905 12,317

864 995 1,651 2,107

Total home loans

(1) Excludes \$2.1 billion of loans accounted for under the fair value option. (2) Excludes PCI loans

(3) Includes \$2.8 billion of pay option loans The Corporation no longer originates this product

(4) Refreshed LTV percentages for PCI loans are calculated using the carrying value net of the related valuation allowance.

(5) Effective December 31, 2014, with the exception of high-value properties, underlying values for LTV ratios are primarily determined using automated valuation models For high-value properties, generally with an original value of \$1 million or more, estimated property values are determined using the CoreLogic Case-Shiller Index. Prior-period values have been updated to reflect this change Previously reported values were primarily determined through an index-based approach.

(c) Credit quality indicators are not reported for fully-insured loans as principal repayment is insured

Credit Card and Other Consumer - Credit Quality Indicators

December 31, 2014

(Dollars in millions) Refreshed FICO score Less than 620

Greater than or equal to 620 and less than 680 Greater than or equal to 680 and less than 740 Greater than or equal to 740 Other internal credit metrics (2)-(3) (4)
U.S. Credit Card

4,467 12,177 34,986 40,249

Direct/Indirect Consumer

- \$

1,296 1,892 10,749 25,279 41,165

10,465

Other Consumer (1)

266 227 307 881 165

Total credit card and other consumer

Thirty-seven percent of the other consumer portfolio is associated with portfolios from certain consumer finance businesses that the Corporation previously exited.

2) Other internal credit metrics may include delinquency status, geography or other factors

3) Direct/indirect consumer includes \$39.7 billion of securities-based lending which is overcollateralized and therefore has minimal credit risk and \$632 million of loans the Corporation no longer originates

(1) Non-U.S. credit card represents the U.K. credit card portfolio which is evaluated using internal credit metrics, including delinquency status At December 31, 2014, 98 percent of this portfolio was current or less than 30 days past due, one percent was 30-89 days past due and one percent was 90 days or more past due.

Commercial - Credit Quality Indicators w

December 31, 2014

(Dollars in millions) Risk ratings

Pass rated
 Reservable criticized Refreshed FICO score m
 Less than 620
 Greater than or equal to 620 and less than 680 Greater than or equal to 680 and less than 740 Greater than or equal to 740 Other internal credit metrics ^{3,4}

U.S. Commercial

213,839 6,454

Commercial Real Estate

46,632 1,050

Commercial Lease Financing

23,832 1,034

Non-U.S. Commercial

79,367 716

U.S. Small Business Commercial 121

751 182

184,529 1,591 2,910 7,146

Total commercial

oi Excludes \$6.6 billion of loans accounted for under the fair value option

<2i u S. small business commercial includes \$762 million of criticized business card and small business loans which are evaluated using refreshed FICO scores or internal credit metrics, including delinquency status, rather than risk ratings. At December 31, 2014, 98 percent of the balances where internal credit metucs are used was current or less than 30 days past due ³ Refreshed I ICO score and other internal credit metrics are applicable only to the U S. small business commecial portfolio w Other internal credit metrics may include delinquency status, application scores, geography or other factors

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Home Loans - Credit Quality Indicators <v

December 31, 2013

(Dollars in millions) Refreshed LTV =i Less than or equal to 90 percent

Greater than 90 percent but less than or equal to 100 percent Greater than 100 percent Fully-insured loans ^{4b}

94,255 7,013 6,356

69, 712

Legacy Assets
 Core Portfolio & Servicing
 Residential Residential
 Mortgage <2i Mortgage <2i

21, 587 4, 216 8, 720

17,535

Legacy Assets

10,605 2,638 5,429

44,892 3,178 6,429

Residential Core Portfolio & Servicing Home Mortgage PCI ¹ Home Equity m Home Equity w Equity PCI

17,006 \$

3,948 11,626

Total home loans

Refreshed FICO score Less than 620

Greater than or equal to 620 and less than 680 Greater than or equal to 680 and less than 740 Greater than or equal to 740 Fully-insured loans <4c

177,336 \$

5,334 7,164 22,617 72,509 69,712

52,058

9,955 5,276 7,639 11,653 17,535

18,672 \$

9,129 3,349 3,211 2,983

54,499 \$

2,415 4,211 11,726 36,147

4,259 5,133 9,143 14,045

1,045 1,172 1,936 2,440

Total home loans

⁽¹⁾ Excludes \$2.2 billion of loans accounted for under the fair value option is Excludes PCI loans

<-> Includes \$4.0 billion of pay option loans The Corporation no longer originates this product

⁽⁴⁾ Refreshed LTV percentages for PCI loans are calculated using the carrying value net of the related valuation allowance

⁽⁵⁾ Effective December 31, 2034, with the exception of high-value properties, underlying values for LTV ratios are primarily determined using automated valuation models For high-value properties, generally with an original value of \$1 million or more, estimated property values are determined using the CoreLogic Case-Shiller Index Prior-period values have been updated to reflect this change Previously reported values were primarily determined through an index-based approach

⁽⁶⁾ Credit quality indicators are not reported for fully-insured loans as principal repayment is insured

Credit Card and Other Consumer - Credit Quality Indicators

December 31, 2013

(Dollars in millions) Refreshed FICO score Less than 620

Greater than or equal to 620 and less than 680 Greater than or equal to 680 and less than 740 Greater than or equal to 740 Other internal credit metrics ¹²
U.S. Credit Card

4,989 12,753 35,413 39,183

Non-U.S. Credit Card

Direct/Indirect Consumer

1,220 3,345 9,887 26,220 41,520

Other Consumer m

539 264 199 188 787

Total credit card and other consumer

⁽¹¹⁾ Sixty percent of the other consumer portfolio is associated with portfolios from certain consumer finance businesses that the Corporation previously exited. ⁽²⁾ Other internal credit metrics may include delinquency status, geography or other factors

⁽³⁾ Direct/indirect consumer includes \$35.8 billion of securities-based lending which is overcollateralized and therefore has minimal credit risk and \$4.1 billion of loans the Corporation no longer originates

Non-U.S. credit card represents the U.K. credit card portfolio which is evaluated using internal credit metrics, including delinquency status At December 31, 2013, 98 percent of this portfolio was current or less than 30 days past due, one percent was 30-89 days past due and one percent was 90 days or more past due.

Commercial - Credit Quality Indicators w

December 31, 2013

(Dollars in millions) Risk ratings

Pass rated

Reservable criticized Refreshed FICO score ⁽³⁾

Less than 620

Greater than or equal to 620 and less than 680 Greater than or equal to 680 and less than 740 Greater than or equal to 740 Other internal credit metrics ¹³ ⁽⁴⁾

U.S. Commercial

205,416 7,141

Commercial Real Estate

46,507 1,386

Commercial Lease Financing

24,211 988

Non-U.S. Commercial

88,138 1,324

U.S. Small Business Commercial⁽¹⁾

1,191 346

224 534 1,567 2,779 6,653

Total commercial

⁽¹⁾ Excludes \$7.9 billion of loans accounted for under the fair value option

⁽¹¹⁾ U.S. small business commercial includes \$289 million of criticized business card and small business loans which are evaluated using refreshed FICO scores or internal credit metrics, including delinquency status, rather than risk ratings At December 31, 2013, 99 percent of the balances where internal credit metrics are used was current or less than 30 days past due ⁽¹⁾ Refreshed FICO score and other internal credit metrics are applicable only to the U.S. small business commercial portfolio, ⁽¹⁾ Other internal credit metrics may include delinquency status, application scores, geography or other factors

Impaired Loans and Troubled Debt Restructurings

A loan is considered impaired when, based on current information, it is probable that the Corporation will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming commercial loans and all consumer and commercial TDRs. Impaired loans exclude nonperforming consumer loans and nonperforming commercial leases unless they are classified as TDRs. Loans accounted for under the fair value option are also excluded. PCI loans are excluded and reported separately on page 189. For additional information, see Note 1 - Summary of Significant Accounting Principles.

Home Loans

Impaired home loans within the Home Loans portfolio segment consist entirely of TDRs. Excluding PCI loans, most modifications of home loans meet the definition of TDRs when a binding offer is extended to a borrower. Modifications of home loans are done in accordance with the government's Making Home Affordable Program (modifications under government programs) or the Corporation's proprietary programs (modifications under proprietary programs). These modifications are considered to be TDRs if concessions have been granted to borrowers experiencing financial difficulties. 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. During 2013 and 2012, the Corporation provided interest rate modifications to qualified borrowers pursuant to the 2012 National Mortgage Settlement and these interest rate modifications are not considered to be TDRs.

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.

Home loans that have been discharged in Chapter 7 bankruptcy with no change in repayment terms of \$2.4 billion were included in TDRs at December 31, 2014, of which \$1.4 billion were classified as nonperforming and \$1.0 billion were loans fully-insured by the Federal Housing Administration (FHA). For more information on loans discharged in Chapter 7 bankruptcy, see Nonperforming Loans and Leases in this Note.

A home loan, excluding PCI loans which are reported separately, is not classified as impaired unless it is a TDR. Once such a loan has been designated as a TDR, it is then individually assessed for impairment. Home loan TDRs are measured primarily based on the net present value of the estimated cash flows discounted at the loan's original effective interest rate, as discussed in the following paragraph. If the carrying value of a TDR exceeds this amount, a specific allowance is recorded as a component of the allowance for loan and lease losses. Alternatively, home loan TDRs that are considered to be dependent solely on the collateral for repayment (e.g., due to the lack of income verification or as a result of being discharged in Chapter 7 bankruptcy) are measured based on the estimated fair value of the collateral and a charge-off is recorded if the carrying value exceeds the fair value of the collateral. Home loans that reached 180 days past due prior to modification had been charged off to their net realizable value, less costs to sell, before they were modified as TDRs in accordance with established policy. Therefore, modifications of home loans that are 180 or more days past due as TDRs do not have an impact on the allowance for loan and lease losses nor are additional charge-offs required at the time of modification. Subsequent declines in the fair value of the collateral after a loan has reached 180 days past due are recorded as charge-offs. Fully-insured loans are protected against principal loss, and therefore, the Corporation does not record an allowance for loan and lease losses on the outstanding principal balance, even after they have been modified in a TDR.

The net present value of the estimated cash flows used to measure impairment is based on model-driven estimates of projected payments, prepayments, defaults and loss-given-default (LGD). Using statistical modeling methodologies, the Corporation estimates the probability that a loan will default prior to maturity based on the attributes of each loan. The factors that are most relevant to the probability of default are the refreshed LTV, or in the case of a subordinated lien, refreshed CLTV, borrower credit score, months since origination (i.e., vintage) and geography. Each of these factors is further broken down by present collection status (whether the loan is current, delinquent, in default or in bankruptcy). Severity (or LGD) is estimated based on the refreshed LTV for first mortgages or CLTV for subordinated liens. The estimates are based on the Corporation's historical experience as adjusted to reflect an assessment of environmental factors that may not be reflected in the historical data, such as changes in real estate values, local and national economies, underwriting standards and the regulatory environment. The probability of default models also incorporate recent experience with modification programs including redefaults subsequent to modification, a loan's default history prior to modification and the change in borrower payments post-modification.

At December 31, 2014 and 2013, remaining commitments to lend additional funds to debtors whose terms have been modified in a home loan TDR were immaterial. Home loan foreclosed properties totaled \$630 million and \$533 million at December 31, 2014 and 2013.

The table below provides the unpaid principal balance, carrying value and related allowance at December 31, 2014 and 2013, and the average carrying value and interest income recognized for 2014, 2013 and 2012 for impaired loans in the Corporation's Home Loans portfolio segment and includes primarily loans managed by Legacy Assets & Servicing. Certain impaired home loans do not have a related allowance as the current valuation of these impaired loans exceeded the carrying value, which is net of previously recorded charge-offs.

Impaired Loans - Home Loans

December 31, 2013

(Dollars in millions)

With no recorded allowance

Residential mortgage

Home equity With an allowance recorded

Residential mortgage

Home equity

Total

Residential mortgage

Home equity

Carrying Value

Unpaid Principal Balance

19,710 \$ 15,605 \$

3,540 1,630

7,861 \$ 7,665 \$

852 728

27,571 \$ 23,270 \$ 4,392 2,358

Unpaid Principal Balance

- \$ 21,567 \$

13,341 893

- 3,249

34,908 4,142

531 \$ 196

531 \$ 196

Carrying Value

16,450 \$ 1,385

12,862 \$ 761

29,312 \$ 2,146

Related Allowance

991 240

991 240

2013

Average Interest

Carrying Income

Value Recognized <»>

Average Carrying Value
Interest Income Recognized <"

Average Interest

Carrying Income

Value	Recognized ui	
With no recorded allowance	Residential mortgage	Home equity
With an allowance recorded		
Residential mortgage		
Home equity		
Total		
Residential mortgage		
Home equity		
15,065	\$ 1,486	
		10,826 \$ 743
25,891	2,229	
	16,625	1,245
901	112	
411	\$ 13,926	\$ 25 912
	30,551	2,157
621	76	
616	41	
		1,237 117
		10,937 734
11,575	1,145	
22,512	1,879	
366	49	
423	44	
789	93	

Interest income recognized includes interest accrued and collected on the outstanding balances of accruing impaired loans as well as interest cash collections on nonaccruing impaired loans for which the principal is considered collectible.

The following table presents the December 31, 2014, 2013 and 2012 unpaid principal balance, carrying value, and average pre- and post-modification interest rates on home loans that were modified in TDRs during 2014, 2013 and 2012, and net charge-offs recorded during the period in which the modification occurred.

The following Home Loans 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. These TDRs are primarily managed by Legacy Assets & Servicing.

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Home Loans - TDRs Entered into During 2014, 2013 and 2012 w

Unpaid Principal (Dollars in millions)	Carrying	Pre- Modification	Post- Modification	December 31, 2014				2014		
				Balance	Value	Interest Rate	Interest Rate <²>	Net Charge-offs <³>		
Residential mortgage				~\$ 5,940	i 5,120	5.28%	4.93%		\$ 72~	
Home equity						863	592	4.00	3.33	99
Total						\$ 6,803	5,712	_2	4.73	171
<u>December 31, 2013</u>										
Residential mortgage				\$ 11,233	\$ 10,016	"	5.30%	4.27%	\$ 235	
Home equity						878	521	5.29	3.92	192
Total				\$ 12,111	\$ 10,537			_0	4.24	427
<u>December 31, 2012</u>										
Residential mortgage				\$ 15,088	\$ 12,228		5.52%	4.70%	\$ 523	
Home equity						1,721	858	5.22	4.39	716
Total				\$ 16,809	\$ 13,086			5.49	4.66	1,239

TDRs entered into during 2014 include modifications with principal forgiveness of \$53 million related to residential mortgage and \$1 million related to home equity. TDRs entered into during 2013 include residential mortgage modifications with principal forgiveness of \$467 million. TDRs entered into during 2012 include modifications with principal forgiveness of \$778 million related to residential mortgage and \$9 million related to home equity.

<²> 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.

<³> Net charge-offs include amounts recorded on loans modified during the period that are no longer held by the Corporation at December 31, 2014, 2013 and 2012 due to sales and other dispositions.

The table below presents the December 31, 2014, 2013 and 2012 carrying value for home loans that were modified in a TDR during 2014, 2013 and 2012, by type of modification.

Home Loans - Modification Programs

TDRs Entered Into During 2014

(Dollars in millions)

Modifications under government programs Contractual interest rate reduction Principal and/or interest forbearance Other modifications "> Residential Mortgage

643 16 98

Home Equity

Total Carrying Value

56 18 1

699 34 99

Total modifications under government programs

Modifications under proprietary programs Contractual interest rate reduction Capitalization of past due amounts Principal and/or interest forbearance Other modifications <« 757

244 71 66 40

22 2 75 47

832

266 73

141 87

Total modifications under proprietary programs

Trial modifications

Loans discharged In Chapter 7 bankruptcy <?>

421

3,421 521

146

182 189

567

3,603 710

Total modifications

Modifications under government programs

Contractual interest rate reduction Principal and/or interest forbearance Other modifications i!"

TDRs Entered into During 2013

48 \$ 24

1,815 \$ 35 100

1,863 59 100

Total modifications under government programs

Modifications under proprietary programs Contractual interest rate reduction Capitalization of past due amounts Principal and/or interest forbearance Other modifications i!"

1,950

2,799 132 469 105

72

40 2 17 25

2,022

2,839 134 486 130

Total modifications under proprietary programs

Trial modifications

Loans discharged in Chapter 7 bankruptcy ⁽²⁾>

Total modifications

3,505

3,410 1,151

10,016 \$

84

87 278

521

3,589

3,497 1,429

10,537

Modifications under government programs

Contractual interest rate reduction Principal and/or interest forbearance Other modifications n>

78 31 1

TDRs Entered into During 2012

642 51 37

720 82 38

Total modifications under government programs

Modifications under proprietary programs Contractual interest rate reduction Capitalization of past due amounts Principal and/or interest forbearance Other modifications ui

730

3,350 144 424 97

110

16 21

840

3,394 144 440 118

Total modifications under proprietary programs

Trial modifications

Loans discharged in Chapter 7 bankruptcy <²>

4,015

4,547 2,936

81

69 598

4,096

4,616 3,534

Total modifications

ui Includes other modifications such as term or payment extensions and repayment plans.

l'll Includes loans discharged in Chapter 7 bankruptcy with no change in repayment terms that are classified as TDRs

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The table below presents the carrying value of loans that entered into payment default during 2014, 2013 and 2012 that were modified in a TDR during the 12 months preceding payment default. Total carrying value includes loans with a carrying value of \$2.0 billion, \$2.4 billion and \$667 million that entered into payment default during 2014, 2013 and 2012 but were no longer held by the Corporation as of December 31,2014,2013 and 2012 due to sales and other dispositions. A payment default for home loan TDRs is recognized when a borrower has missed three monthly payments (not necessarily consecutively) since modification. Payment defaults on a trial modification where the borrower has not yet met the terms of the agreement are included in the table below if the borrower is 90 days or more past due three months after the effort to modify is made.

are included in the table below if the borrower is 90 days or more past due three months after the offer to modify is made.

Home Loans - TDRs Entering Payment Default That Were Modified During the Preceding 12 Months

2014

(Dollars in millions)

Modifications under government programs Modifications under proprietary programs Loans discharged in Chapter 7 bankruptcy <- Trial modifications

Total modifications
Residential Mortgage

696 714 481 2,231

4,122 \$

Home Equity

700 726 551 2,287

Total Carrying Value w

4,264

4 \$ 12 70 56

142

Modifications under government programs Modifications under proprietary programs Loans discharged in Chapter 7 bankruptcy <-> Trial modifications

Total modifications

454 \$ 1,117

964 4,376

6,911 \$

2 \$ 456

4 1,121

30 994

50

14 4,390

6,961

Modifications under government programs Modifications under proprietary programs Loans discharged in Chapter 7 bankruptcy <- Trial modifications

Total modifications

202 942 1,228 2,351

4,723 \$

8 14 53 20

95 \$

210 956 1,281 2,371

4,818

† Total carrying value includes loans with a carrying value of \$2.0 billion, \$2.4 billion and \$667 million that entered into payment default during 2014, 2013 and 2012 but were no longer held by the Corporation as of December 31, 2014, 2013 and 2012 due to sales and other dispositions. ‡ Includes loans discharged in Chapter 7 bankruptcy with no change in repayment terms that are classified as TDRs.

Credit Card and Other Consumer

Impaired loans within the Credit Card and Other Consumer portfolio segment consist entirely of loans that have been modified in TDRs (the renegotiated credit card and other consumer TDR portfolio, collectively referred to as the renegotiated TDR portfolio). The Corporation seeks to assist customers that are experiencing financial difficulty by modifying loans while ensuring compliance with federal, local and international laws and guidelines. Credit card and other consumer loan modifications generally involve reducing the interest rate on the account and placing the customer on a fixed payment plan not exceeding 60 months, all of which are considered TDRs. In addition, the accounts of non-U.S. credit card customers who do not qualify for a fixed payment plan may have their interest rates reduced, as required by certain local jurisdictions. These modifications, which are also TDRs, tend to experience higher payment default rates given that the borrowers may lack the ability to repay even with the interest rate reduction. In all cases, the customer's available line of credit is canceled. 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. For more information on the regulatory guidance on loans discharged in Chapter 7 bankruptcy, see Nonperforming Loans and Leases in this Note.

All credit card and substantially all other consumer loans that have been modified in TDRs remain on accrual status until the loan is either paid in full or charged off, which occurs no later than the end of the month in which the loan becomes 180 days past due or generally at 120 days past due for a loan that was placed on a fixed payment plan after July 1, 2012.

The allowance for impaired credit card and substantially all other consumer loans is based on the present value of projected cash flows, which incorporates the Corporation's historical payment default and loss experience on modified loans, discounted using the portfolio's average contractual

interest rate, excluding promotionally priced loans, in effect prior to restructuring. Credit card and other consumer loans are included in homogeneous pools which are collectively evaluated for impairment. For these portfolios, loss forecast models are utilized that consider a variety of factors including, but not limited to, historical loss experience, delinquency status, economic trends and credit scores.

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The table below provides the unpaid-principal balance, carrying value and related allowance at December 31, 2014 and 2013, and the average carrying value and interest income recognized for 2014, 2013 and 2012 on the Corporation's renegotiated TDR portfolio in the Credit Card and Other Consumer portfolio segment.

Impaired Loans - Credit Card and Other Consumer - Renegotiated TDRs

December 31, 2014

(Dollars in millions)

With no recorded allowance Direct/indirect consumer Other consumer
 With an allowance recorded U.S. credit card Non-U.S. credit card Direct/indirect consumer Other consumer
 Total U.S. credit card Non-U.S. credit card Direct/indirect consumer Other consumer
 Unpaid Principal Balance

59 \$

804 \$ 132 76

804 \$
132
135

Carrying Value M

25 \$

856 \$ 168 92

. 856 168 117

Related Allowance

207 108 24

207 108 24

Unpaid Principal Balance

75 \$ 34

1,384 200 242 27

1,384 200 317 61

Carrying Value«

32 \$ 34

1,465 \$ 240 282 26

1,465 240 314 60

Related Allowance

337 149 84 9

337 149 84 9

2013

Average Carrying Value
Interest Income Recognized <²>
Average Carrying Value
Interest Income Recognized <²>

Average Interest Carrying Income Value Recognized i²

With no recorded allowance Direct/Indirect consumer Other consumer

With an allowance recorded U.S. credit card Non-U.S. credit card Direct/Indirect consumer Other consumer

Total U.S. credit card Non-U.S. credit card Direct/Indirect consumer Other consumer

27 \$ 33

1,148 \$ 210 180 23

1,148 \$ 210 207 56

71 6 9 1

71 6 9 3

42 34

2,144 266 456 28

2,144 266 498 62

134 7 24 2

134 7 24 4

58 35

4,085 464 929 29

4,085 \$ 464 987 64

253 10 50 2

253 10 50 4

¹¹¹ Includes accrued interest and fees.

(²) Interest income recognized includes interest accrued and collected on the outstanding balances of accruing impaired loans as well as interest cash collections on nonaccruing impaired loans for which the principal is considered collectible.

The table below provides information on the Corporation's primary modification programs for the renegotiated TDR portfolio at December 31, 2014 and 2013.

Credit Card and Other Consumer - Renegotiated TDRs by Program Type

December 31

4.90
4.03 \$

U.S. credit card Non-U.S. credit card Direct/Indirect consumer Other consumer
Total

299 \$ 134 47 8
488 \$
December 31, 2013
522 329 147 38 8
16.84% 25.90 11.53 9.28 18.89

5.84%
0.95
4.74
5.25
4.37
30 138 15

183

U.S. credit card Non-U.S. credit card Direct/Indirect consumer Other consumer
Total

761 396 196 160 9
400 206 113 9
December 31, 2012

17.59% 26.19
9.59
728 9.97 18.68
6.36%
1.15
5.72
6.44
4.79
45 190 52

287

i¹) Includes accrued interest and fees.

The table below provides information on the Corporation's primary modification programs for the renegotiated TDR portfolio for loans that were modified in TDRs during 2014, 2013 and 2012.

Credit Card and Other Consumer - Renegotiated TDRs Entered into During the Period by Program Type

2014

(Dollars in millions) U.S. credit card Non-U.S credit card Direct/Indirect consumer

Total renegotiated TDRs

Internal Programs

196 6 4
206 \$

External Programs

105 6 2
113

Other id

- \$
94
13
107

426

U.S. credit card Non-U.S. credit card Direct/Indirect consumer Other consumer

2013	192	16	15	8
137 9 8				
122 15				
Total renegotiated TDRs	329	147	38	8

U.S. credit card Non-U.S. credit card Direct/Indirect consumer Other consumer

2012	248	38	36	9
152 14 19				
154 58				
Total renegotiated TDRs	400	206	113	9

ⁱ¹ Other TDRs for non-U.S. credit card include modifications of accounts that are ineligible for a fixed payment plan

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 impaired credit card and other consumer loans. Based on historical experience, the Corporation estimates that 14 percent of new U.S. credit card TDRs, 81 percent of new non-U.S. credit card TDRs and 12 percent of new direct/indirect consumer TDRs may be in payment default within 12 months after modification. Loans that entered into payment default during 2014, 2013 and 2012 that had been modified in a TDR during the preceding 12 months were \$56 million, \$61 million and \$203 million for U.S. credit card, \$200 million, \$236 million and \$298 million for non-U.S. credit card, and \$5 million, \$12 million and \$35 million for direct/indirect consumer, respectively.

Commercial Loans

Impaired commercial loans, which include nonperforming loans and TDRs (both performing and nonperforming), are primarily measured based on the present value of payments expected to be received, discounted at the loan's original effective interest rate. Commercial impaired loans may also be measured based on observable market prices or, for loans that are solely dependent on the collateral for repayment, the estimated fair value of collateral, less costs to sell. If the carrying value of a loan exceeds this amount, a specific allowance is recorded as a component of the allowance for loan and lease losses.

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 customer 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 there was no forgiveness of principal and the interest rate was not decreased, the modification may have little or no impact on the allowance established for the loan. 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. For more information on modifications for the U.S. small business commercial portfolio, see Credit Card and Other Consumer in this Note.

At December 31, 2014 and 2013, remaining commitments to lend additional funds to debtors whose terms have been modified in a commercial loan TDR were immaterial. Commercial foreclosed properties totaled \$67 million and \$90 million at December 31, 2014 and 2013.

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The table below provides the unpaid principal balance, carrying value and related allowance at December 31, 2014 and 2013, and the average carrying value and interest income recognized for 2014, 2013 and 2012 for impaired loans in the Corporation's Commercial loan portfolio segment. Certain impaired commercial loans do not have a related allowance as the valuation of these impaired loans exceeded the carrying value, which is net of previously recorded charge-offs.

Impaired Loans - Commercial

December 31, 2014

(Dollars in millions)

With no recorded allowance

U.S. commercial

Commercial real estate

Non-U.S. commercial With an allowance recorded

U.S. commercial

Commercial real estate

Non-U.S. commercial

U.S. small business commercial ⁱ

Total U.S. commercial Commercial real estate Non-U.S. commercial U.S. small business commercial "i

Unpaid Principal Balance

668 60

1,139 678 47 133

1,807 738 47 133

Carrying Value

650 48

839 495 44 122

1,489 543 44 122

Related Allowance

	75 48 1 35
	75 48 1 35
Unpaid Principal Balance	
	609 254 10
	1,581 1,066 254 186
	2.190 1,320 264 186
Carrying Value	
	577 228 10
	1,262 731 64 176
	1,839 959 74 176
Related Allowance	
164 61 16 36	
164 61 16 36	
2013	
Average Interest	
Carrying Income	
Value Recognized	
Average Interest	
Carrying Income	
Value Recognized <?>	
Average Interest	
Carrying Income	
Value Recognized <	
With no recorded allowance	
U.S. commercial	
Commercial real estate	
Non-U.S. commercial With an allowance recorded	
U.S. commercial	
Commercial real estate	
Non-U.S. commercial	
U.S. small business commercial <->	
Total U.S. commercial Commercial real estate Non-U.S. commercial U.S. small business commercial i ¹	
546 \$ 166 15	
1,198 \$ 632 52 151	
	1,744 798 67 151
12 3	
	51 16 3 3
	63 19 3 3
	442 269 28
	1,553 1,148 109 236

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NOTE 5 Allowance for Credit Losses

The table below summarizes the changes in the allowance for credit losses by portfolio segment for 2014, 2013 and 2012.

(Dollars in millions)

Allowance for loan and lease losses, January 1 Loans and leases charged off Recoveries of loans and leases previously charged off

Total Allowance				
4,005	\$ 17,428	(658)	(7,026)	346 2,643
<u>Net charge-offs</u>				
Write-offs of PCI loans				
Provision for loan and lease losses				
Other in				
Allowance for loan and lease losses, December 31				
<u>Reserve for unfunded lending commitments, January 1 Provision for unfunded lending commitments</u>				
	(793)			
				(810) (976) (4)
5,935				
(3,278)				
				2,458 (38)
4,047				
(312)				
749				
				(5)
4,437				
484	44			
(4,383)				
				(810) 2,231 (47)
14,419				
484	44			
Reserve for unfunded lending commitments, December 31				
Allowance for credit losses, December 31				
 <u>Allowance for loan and lease losses, January 1 Loans and leases charged off Recoveries of loans and leases previously charged off</u>				
				14,933 (3,766) 879
2013				
6,140	(5,495)	1,141		
				3,106 (1,108) 452
				24,179 (10,369) 2,472
<u>Net charge-offs</u>				
Write-offs of PCI loans				
Provision for loan and lease losses				
Other*				
Allowance for loan and lease losses, December 31				
<u>Reserve for unfunded lending commitments, January 1 Provision for unfunded lending commitments Other</u>				
	(2,887)			
				(2.336) (1.124) (68)
8,518				
(4,354)				
				3,139 (20)
4,905				
(656)				

	1,559 (4)
4,005	
513 (18) (11)	
(7,897)	
	(2,336) 3,574 (92)
17,428	
513 (18) (11)	
Reserve for unfunded lending commitments, December 31	
Allowance for credit losses, December 31	
 <u>Allowance for loan and lease losses, January 1</u> <u>Loans and leases charged off</u> <u>Recoveries of loans and leases previously charged off</u>	
Net charge-offs	
Write-offs of PCI loans	
Provision for loan and lease losses	
Other <»	
	21,079 (7,849) 496
(7,353)	
	(2,820) 4,073 (46)
2012	
8,569 (7,727) 1,519	
(6,208)	
3,899 (120)	
4,135 \$ (2,096) 749	
(1,347)	
338 (20)	
	33,783 (17,672) 2,764
(14,908)	
	(2,820) 8,310 (186)
Allowance for loan and lease losses, December 31	
Reserve for unfunded lending commitments, January 1 Provision for unfunded lending commitments Other	
3,106	
	714 (141) (60)
24,179	
	714 (141) (60)
Reserve for unfunded lending commitments, December 31	
Allowance for credit losses, December 31	

(1) Primarily represents the net impact of portfolio sales, consolidations and deconsolidations, and foreign currency translation adjustments

In 2014, 2013 and 2012, for the PCI loan portfolio, the Corporation recorded a benefit of \$31 million, \$707 million and \$103 million, respectively in the provision for credit losses with a corresponding decrease in the valuation allowance included as part of the allowance for loan and lease losses. Write-offs in the PCI loan portfolio totaled \$810 million, \$2.3 billion and \$2.8 billion with a corresponding decrease in the PCI valuation allowance during 2014, 2013 and 2012, respectively. Write-offs in 2013 included certain PCI loans that were ineligible for the National Mortgage Settlement, but had characteristics similar to the eligible loans and the expectation of future cash proceeds was considered remote. Write-offs of PCI loans in 2012 primarily related to the National Mortgage Settlement. The valuation allowance associated with the PCI loan portfolio was \$1.7 billion, \$2.5 billion and \$5.5 billion at December 31, 2014, 2013 and 2012, respectively.

The table below presents the allowance and the carrying value of outstanding loans and leases by portfolio segment at December 31, 2014 and 2013.

Allowance and Carrying Value by Portfolio Segment

December 31 2014

(Dollars in millions)

Impaired loans and troubled debt restructurings ¹ Allowance for loan and lease losses ² Carrying value ³
 Allowance as a percentage of carrying value

Loans collectively evaluated for impairment Allowance for loan and lease losses Carrying value o. i
Allowance as a percentage of carrying value $\leq \blacksquare$

Purchased credit-impaired loans Valuation allowance

Carrying value gross of valuation allowance Valuation allowance as a percentage of carrying value

Total

Allowance for loan and lease losses Carrying value ^{3,4}

Allowance as a percentage of carrying value $\leq \blacksquare$

Total

	Credit Card		
	Home	and Other	
Loans Consumer			Commercial

727 \$ 339 \$ 159 \$ 1,225

25,628	1,141	2,198	28,967
2.84%	29.71%	7.23%	4.23%

n/a n/a n/a

n/a n/a n/a

1,652 20,769 7.95%

\$ 3,556 \$ 3,708 \$ 4,278 \$ 11,542

255,525 183,430 384,019 822,974

1.39% 2.02% 1.11% 1.40%

\$ 1,652 20,769 7.95%

\$ 5,935	\$ 4,047	\$ 4,437	\$ 14,419
301,922	184,571	386,217	872,710
1.97%	2.19%	1.15%	1.65%

Impaired loans and troubled debt restructurings ¹ Allowance for loan and lease losses ²¹ Carrying value ¹³¹

Allowance as a percentage of carrying value

Loans collectively evaluated for impairment Allowance for loan and lease losses Carrying value ^{3,4}

Allowance as a percentage of carrying value ⁴

Purchased credit-impaired loans Valuation allowance

Carrying value gross of valuation allowance Valuation allowance as a percentage of carrying value

Total

Allowance for loan and lease losses Carrying value ^{3,4}

Allowance as a percentage of carrying value '

1,231 31,458 3.91%

579 2,079 27.85%

277 3,048 9.09%

4,794 285,015 1.68%

3,728 385,357 0.97%

4,326 185,969 2.33%

2,087 36,585 5.70%

2,493 25,265 9.87%

n/a n/a n/a

n/a n/a n/a

\$ 12,848 856,341 1.50%

2,493 25,265 9.87%

8,518 \$ 4,905 \$ 4,005 \$ 17,428

341,738 188,048 388,405 918,191

2.49% 2.61% 1.03% 1.90%

¹ Impaired loans include nonperforming commercial loans and all TDRs, including both commercial and consumer TDRs Impaired loans exclude nonperforming consumer loans unless they are TDRs, and all consumer and commercial loans accounted for under the fair value option ¹² Allowance for loan and lease losses includes \$35 million and \$36 million related to impaired U.S small business commercial at December 31, 2014 and 2013 ³ Amounts are presented gross of the allowance for loan and lease losses

⁴ Outstanding loan and lease balances and ratios do not include loans accounted for under the fair value option of \$8.7 billion and \$10.0 billion at December 31, 2014 and 2013 n/a = not available

applicable

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NOTE 6 Securitizations and Other Variable Interest Entities

The Corporation utilizes variable interest entities (VIEs) in the ordinary course of business to support its own and its customers' financing and investing needs. The Corporation routinely securitizes loans and debt securities using VIEs as a source of funding for the Corporation and as a means of transferring the economic risk of the loans or debt securities to third parties. The assets are transferred into a trust or other securitization vehicle such that the assets are legally isolated from the creditors of the Corporation and are not available to satisfy its obligations. These assets can only be used to settle obligations of the trust or other securitization vehicle. The Corporation also administers, structures or invests in other VIEs including CDOs, investment vehicles and other entities. For more information on the Corporation's utilization of VIEs, see Note 1 - Summary of Significant Accounting Principles.

The tables in this Note present the assets and liabilities of consolidated and unconsolidated VIEs at December 31, 2014 and 2013, 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 December 31, 2014 and 2013 resulting from its involvement with consolidated VIEs and unconsolidated VIEs in which the Corporation holds a variable interest. The Corporation's maximum loss exposure is based on the, unlikely event that all of the assets in the VIEs become worthless and incorporates not only potential losses associated with assets recorded on the Consolidated Balance Sheet but also potential losses associated with off-balance sheet commitments such as unfunded liquidity commitments and other contractual arrangements. The Corporation's maximum loss exposure does not include losses previously recognized through write-downs of assets.

The Corporation invests in asset-backed securities (ABS) issued by third-party VIEs with which it has no other form of involvement. These securities are included in Note 3 - Securities and Note 20 - Fair Value Measurements. In addition, the Corporation uses VIEs such as trust preferred securities trusts in connection with its funding activities. For additional information, see Note 11 - Long-term Debt. The Corporation also uses VIEs in the form of synthetic securitization vehicles to mitigate a portion of the credit risk on its residential mortgage loan portfolio, as described in Note 4 - Outstanding Loans and Leases. The Corporation uses VIEs, such as cash funds managed within Global Wealth & Investment Management (GWIM), to provide investment opportunities for clients. These VIEs, which are not consolidated by the Corporation, are not included in the tables in this Note.

Except as described below, the Corporation did not provide financial support to consolidated or unconsolidated VIEs during 2014 or 2013 that it was not previously contractually required to provide, nor does it intend to do so.

Mortgage-related Securitizations First-lien Mortgages

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, generally in the form of RMBS guaranteed by government-sponsored enterprises, FNMA and FHLMC (collectively the GSEs), or GNMA primarily in the case of FHA-insured and U.S. Department of Veterans Affairs (VA)-guaranteed mortgage loans. Securitization usually occurs in conjunction with or shortly after origination or purchase. In addition, the Corporation may, from time to time, securitize commercial mortgages it originates or purchases from other entities. The Corporation typically services the loans it securitizes. Further, the Corporation may retain beneficial interests in the securitization trusts including senior and subordinate securities and equity tranches issued by the trusts. Except as described below and in Note 7 - Representations and Warranties Obligations and Corporate Guarantees, 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 2014 and 2013.

First-lien Mortgage Securitizations

Dollars in millions)	Agency	Residential Mortgage		Commercial Mortgage
		2014	2013	
				2014 2013

id

In addition to cash proceeds as reported in the table above, the Corporation received securities with an initial fair value of \$5.4 billion and \$3.3 billion in connection with first-lien mortgage securitizations in 2014 and 2013. All of these securities were initially classified as Level 2 assets within the fair value hierarchy. During 2014 and 2013, there were no changes to the initial classification.

The Corporation recognizes consumer MSR from the sale or securitization of first-lien mortgage loans. Servicing fee and ancillary fee income on consumer mortgage loans serviced, including securitizations where the Corporation has continuing involvement, were \$1.8 billion and \$2.9 billion in 2014 and 2013.

Servicing advances on consumer mortgage loans, including securitizations where the Corporation has continuing involvement, were \$10.4 billion and \$14.1 billion at December 31, 2014 and 2013. 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. During 2014 and 2013, \$5.2 billion and \$10.8 billion of loans were repurchased from first-lien securitization trusts primarily as a result of loan delinquencies or to perform modifications. The majority of these loans repurchased were FHA-insured mortgages collateralizing GNMA securities. For more information on MSRs, see Note 23 -Mortgage Servicing Rights.

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The table below summarizes select information related to first-lien mortgage securitization trusts in which the Corporation held a variable interest at December 31, 2014 and 2013.

First-lien Mortgage VIEs

Residential Mortgage
Non-agency

Commercial Mortgage

(Dollars in millions) Unconsolidated VIEs Maximum loss exposure <*>

On-balance sheet assets

Senior securities held Pi: Trading account assets Debt securities carried at fair value Held-to-maturity securities

Subordinate securities held <2>: Trading account assets Debt securities carried at fair value Held-to-maturity securities

Residual interests held

All other assets (<3>)

2013

2014

2013

2013

2013

2014

2014

14 2,811

816

650 \$ 19,451 1,012

54 \$

76

42

58 58 15 22

14,918 \$ 21,140 \$ 1,288 \$ 1,527 \$ 3,167 \$ 591 \$ 710 \$ 437 \$ 352 \$

988

15.

10 56

13 71

24

27

1 \$ 81 \$ 3

220 383 109

245 325

14,918 \$ 21,140 \$ 897 \$ 1,087 \$ 2,831 \$ 236 \$ 710 \$

\$ 397,055 \$ 437,765 \$ 20,167 \$ 25,104 \$ 32,592 \$ 36,854 \$ 50,054 \$ 56,454 \$ 20,593 \$ 19,730

3

Consolidated VIEs																					
Maximum loss exposure «■»	\$	38,345	\$	42,420	\$	77	\$	79	\$	206	\$	183	\$	-	\$	-	\$	-	\$	-	
On-balance sheet assets																					
Trading account assets	\$	1,538	\$	1,640	\$	-	\$	-	\$	30	\$	-	\$	-	\$	-	\$	-	\$	-	
Loans and leases		36,187		40,316		130		140		768		803		-		-		-		-	
Allowance for loan and lease losses		(2)		(3)		-		-		-		-		-		-		-		-	
All other assets		623		474		6		-		15		7		-		-		-		-	
		Total assets																			
On-balance sheet liabilities																					
Long-term debt	\$	1	\$	7	\$	56	\$	61	\$	770	\$	803	\$	-	\$	-	\$	-	\$	-	
All other liabilities		-		-		3		-		13		7		-		-		-		-	
		Total liabilities																			

i" Maximum loss exposure excludes the liability for representations and warranties obligations and corporate guarantees and also excludes servicing advances and other servicing rights and obligations. For additional information, see Note 7 - Representations and Warranties Obligations and Corporate Guarantees and Note 23 - Mortgage Servicing Rights w As a holder of these securities, the Corporation receives scheduled principal and interest payments During 2014 and 2013. there were no OTTI losses recorded on those securities classified as AFS debt securities

Not included in the table above are all other assets of \$635 million and \$1.6 billion, representing the unpaid principal balance of mortgage loans eligible for repurchase from unconsolidated residential mortgage securitization vehicles, principally guaranteed by GNMA, and all other liabilities of \$635 million and \$1.6 billion, representing the principal amount that would be payable to the securitization vehicles if the Corporation was to exercise the repurchase option, at December 31, 2014 and 2013.

Principal balance outstanding includes loans the Corporation transferred with which it has continuing involvement, which may include servicing the loans

Home Equity Loans

The Corporation retains interests in home equity securitization trusts to which it transferred home equity loans. These retained interests include senior and subordinate securities and residual interests. In addition, the Corporation may be obligated to provide subordinate funding to the trusts during a rapid amortization event. The Corporation typically services the loans in the trusts. Except as described below and in Note 7 - Representations and Warranties Obligations and Corporate Guarantees, the Corporation does not provide guarantees or recourse to the securitization trusts other than standard representations and warranties. There were no securitizations of home equity loans during 2014 and 2013, and all of the home equity trusts that hold revolving home equity lines of credit (HELOCs) have entered the rapid amortization phase.

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The table below summarizes select information related to home equity loan securitization trusts in which the Corporation held a variable interest at December 31, 2014 and 2013.

Home Equity Loan VIEs

	December 31
2013	
(Dollars in millions) Maximum loss exposure !	
On-balance sheet assets	
Trading account assets	
Debt securities carried at fair value	
Loans and leases	
Allowance for loan and lease losses	
All other assets	
	Unconsolidated VIEs
5,224 \$	
14 \$	
39	
6,217 \$	
	Unconsolidated VIEs
1,269 \$	
	12 \$ 25
1,329 (80) 20	
Total	
7,486	

12		25 1,329 (80) 20
Total		
On-balance sheet liabilities Long-term debt All other liabilities		
1,269 \$		
	1,450 \$ 90	
1,306		
		1,450 90
1,540 \$		

Principal balance outstanding

For unconsolidated VIEs, the maximum loss exposure includes outstanding trust certificates issued by trusts in rapid amortization, net of recorded reserves, and excludes the liability for representations and warranties obligations and corporate guarantees.

The maximum loss exposure in the table above includes the Corporation's obligation to provide subordinated funding to the consolidated and unconsolidated home equity loan securitizations that have entered a rapid amortization period. During this period, cash payments from borrowers are accumulated to repay outstanding debt securities and the Corporation continues to make advances to borrowers when they draw on their lines of credit. At December 31, 2014 and 2013, home equity loan securitizations in rapid amortization for which the Corporation has a subordinated funding obligation, including both consolidated and unconsolidated trusts, had \$6.3 billion and \$7.6 billion of trust certificates outstanding. This amount is significantly greater than the amount the Corporation expects to fund. The charges that will ultimately be recorded as a result of the rapid amortization events depend on the undrawn available credit on the home equity lines, which totaled \$39 million and \$82 million at December 31, 2014 and 2013, as well as performance of the loans, the amount of subsequent draws and the timing of related cash flows.

During 2013, the Corporation transferred servicing for consolidated home equity securitization trusts with total assets of \$475 million and total liabilities of \$616 million to a third party. As the Corporation no longer services the underlying loans, these trusts were deconsolidated, resulting in a gain of \$141 million that was recorded in other income (loss) in the Consolidated Statement of Income.

Credit Card Securitizations

The Corporation securitizes originated and purchased credit card loans. The Corporation's continuing involvement with the U.S. securitization trust includes servicing the receivables, retaining an undivided interest (seller's interest) in the receivables, and holding certain retained interests including senior and subordinate securities, subordinate interests in accrued interest and fees on the securitized receivables, and cash reserve accounts. The seller's interest in the U.S. trust, which is pari passu to the investors' interest, is classified in loans and leases. All debt issued from the U.K. securitization trust has matured and the credit card receivables were reconveyed to the Corporation during 2014.

The table below summarizes select information related to consolidated credit card securitization trusts in which the Corporation held a variable interest at December 31, 2014 and 2013.

Other Asset-backed Securitizations

Other asset-backed securitizations include resecuritization trusts, municipal bond trusts, and automobile and other securitization trusts. The table below summarizes select information related to other asset-backed securitizations in which the Corporation held a variable interest at December 31, 2014 and 2013.

On-balance sheet assets			
<i>Senior securities held <-1^2>:</i>			
Trading account assets	\$	767	\$
Debt securities carried at fair value		6,945	
Held-to-maturity securities		740	
<i>Subordinate securities held u.*>:</i>			
Trading account assets		37	
Debt securities carried at fair value		73	
Residual interests held i^3>			7
All other assets			-

in

(2) (31 HI

Resecuritization Trusts

The Corporation transfers existing securities, typically MBS, into resecuritization vehicles at the request of customers seeking securities with specific characteristics. The Corporation may also resecuritize securities within its investment portfolio for purposes of improving liquidity and capital, and managing credit or interest rate risk. 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 \$14.4 billion and \$26.5 billion of securities in 2014 and 2013. Resecuritizations in 2014 included \$1.5 billion of AFS securities, and gains on sale of \$71 million were recorded. Other securities transferred into resecuritization vehicles during 2014 and 2013 were classified as trading account assets. As such, changes in fair value were recorded in trading account profits prior to the resecuritization and no gain or loss on sale was recorded.

10,866	-	-	61 70	971	25	53	6 \$ 1
71	-	-	--				
-	-	-	10 10				

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 may transfer assets into the trusts and may also serve as remarketing agent and/or liquidity provider for the trusts. The floating-rate investors have the right to tender the certificates at specified dates. Should the Corporation be unable to remarket the tendered certificates, it may be obligated to purchase them at par under standby liquidity facilities. The Corporation also provides credit enhancement to investors in certain municipal bond trusts whereby the Corporation guarantees the payment of interest and principal on floating-rate certificates issued by these trusts in the event of default by the issuer of the underlying municipal bond.

The Corporation's liquidity commitments to unconsolidated municipal bond trusts, including those for which the Corporation was transferor, totaled \$2.1 billion at both December 31, 2014 and 2013. The weighted-average remaining life of bonds held in the trusts at December 31, 2014 was 7.2 years. There were no material write-downs or downgrades of assets or issuers during 2014 and 2013.

Automobile and Other Securitization Trusts

The Corporation transfers automobile and other loans into securitization trusts, typically to improve liquidity or manage credit risk. At December 31, 2014 and 2013, the Corporation serviced assets or otherwise had continuing involvement with automobile and other securitization trusts with outstanding balances of \$1.9 billion and \$2.5 billion, including trusts collateralized by automobile loans of \$400 million and \$877 million, student loans of \$609 million and \$741 million, and other loans of \$876 million and \$911 million.

Other Variable Interest Entities

The table below summarizes select information related to other VIEs in which the Corporation held a variable interest at December 31, 2014 and 2013.

Other VIEs

December 31

(Dollars in millions) Maximum loss exposure

On-balance sheet assets Trading account assets Derivative assets

Debt securities carried at fair value Loans and leases

Allowance for loan and lease losses Loans held-for-sale All other assets

Total

On-balance sheet liabilities Short-term borrowings Long-term debt > All other liabilities

Total

2014

Unconsolidated
12,391 \$

355 284 483 2,693

814 6,374

11,003 \$

- \$ 2,643

2,643

20,372 \$

1,930 289 483

6,713 (6)

2,081

8,015

19,505 \$

1,834 2,748

4,582 \$

2013

Consolidated Unconsolidated

1,420 739

1,944 270

85 6.167

9,716 \$

3,769 3

4,609 (6) 998 1,734

11,107 \$

2,538

4,657 \$

Total

22,239

5,189 742 1,944 4,879 (6) 1,083 7,901
21,732

77 4,487 2,631

7,195

Total assets of VIEs

Includes \$584 million, \$0 and \$780 million of long-term debt at December 31, 2014 and \$1.2 billion, \$1.3 billion and \$780 million of long-term debt at December 31, 2013 issued by consolidated customer vehicles. CDO vehicles and investment vehicles, respectively, which has recourse to the general credit of the Corporation

Customer Vehicles

Customer vehicles include credit-linked, equity-linked and commodity-linked note vehicles, repackaging vehicles, and asset acquisition vehicles, 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 may transfer assets to and invest in securities issued by these vehicles. The Corporation typically enters into credit, equity, interest rate, commodity or foreign currency derivatives to synthetically create or alter the investment profile of the issued securities.

The Corporation's maximum loss exposure to consolidated and unconsolidated customer vehicles totaled \$4.7 billion and \$5.9 billion at December 31, 2014 and 2013, 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 vehicles. The maximum loss exposure has not been reduced to reflect the benefit of offsetting swaps with the customers or collateral arrangements. The Corporation also had liquidity commitments, including written put options and collateral value guarantees, with certain unconsolidated vehicles of \$658 million and \$748 million at December 31, 2014 and 2013, that are included in the table above.

Collateralized Debt Obligation Vehicles

The Corporation receives fees for structuring CDO vehicles, which hold diversified pools of fixed-income securities, typically corporate debt or ABS, which they fund by issuing multiple tranches of debt and equity securities. Synthetic CDOs enter into a portfolio of CDS to synthetically create exposure to fixed-income securities. CLOs, which are a subset of CDOs, hold pools of loans, typically corporate loans. CDOs are typically 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, including a CDS counterparty for synthetic CDOs. The Corporation has also entered into total return swaps with certain CDOs whereby the Corporation absorbs the economic returns generated by specified assets held by the CDO.

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The Corporation's maximum loss exposure to consolidated and unconsolidated CDOs totaled \$780 million and \$2.1 billion at December 31, 2014 and 2013. This exposure is calculated on a gross basis and does not reflect any benefit from insurance purchased from third parties.

At December 31, 2014, the Corporation had \$1.2 billion of aggregate liquidity exposure, included in the Other VIEs table net of previously recorded losses, to unconsolidated CDOs which hold senior CDO debt securities or other debt securities on the Corporation's behalf. For additional information, see Note 12 -Commitments and Contingencies.

Investment Vehicles

The Corporation sponsors, invests in or provides financing, which may be in connection with the sale of assets, to a variety of investment vehicles 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 December 31, 2014 and 2013, the Corporation's consolidated investment vehicles had total assets of \$1.1 billion and \$1.2 billion. The Corporation also held investments in unconsolidated vehicles with total assets of \$11.2 billion and \$5.5 billion at December 31, 2014 and 2013. The Corporation's maximum loss exposure associated with both consolidated and unconsolidated investment vehicles totaled \$5.1 billion and \$4.2 billion at December 31, 2014 and 2013 comprised primarily of on-balance sheet assets less non-recourse liabilities.

The Corporation transferred servicing advance receivables to independent third parties in connection with the sale of MSR. Portions of the receivables were transferred into unconsolidated securitization trusts. The Corporation retained senior interests in such receivables with a maximum loss exposure and funding obligation of \$660 million and \$2.5 billion, including a funded balance of \$431 million and \$1.9 billion at December 31, 2014 and 2013, which were classified in other debt securities carried at fair value.

Leveraged Lease Trusts

The Corporation's net investment in consolidated leveraged lease trusts totaled \$3.3 billion and \$3.8 billion at December 31, 2014 and 2013. The trusts hold long-lived equipment such as rail cars, power generation and distribution equipment, and commercial aircraft. The Corporation structures the trusts

non-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.

Real Estate Vehicles

The Corporation held investments in unconsolidated real estate vehicles of \$6.2 billion and \$5.8 billion at December 31, 2014 and 2013, which primarily consisted of investments in unconsolidated limited partnerships that finance the construction and rehabilitation of affordable rental housing and commercial real estate. An unrelated third party is typically the general partner and has control over the significant activities of the partnership. The Corporation earns a return primarily through the receipt of tax credits allocated to the real estate projects. The Corporation's risk of loss is mitigated by policies requiring that the project qualify for the expected tax credits prior to making its investment. The Corporation may from time to time be asked to invest additional amounts to support a troubled project. Such additional investments have not been and are not expected to be significant.

Other Asset-backed Financing Arrangements

The Corporation transferred pools of financial assets to certain independent third parties and provided financing for up to 75 percent of the purchase price under asset-backed financing arrangements. At December 31, 2014 and 2013, the Corporation's maximum loss exposure under these financing arrangements was \$77 million and \$1.1 billion, substantially all of which is classified in loans and leases. All principal and interest payments have been received when due in accordance with their contractual terms. These arrangements are not included in the Other VIEs table because the purchasers are not VIEs.

NOTE 7 Representations and Warranties Obligations and Corporate Guarantees

Background

The Corporation securitizes first-lien residential mortgage loans generally in the form of RMBS guaranteed by the GSEs or by GNMA in the case of FHA-insured, VA-guaranteed and Rural Housing Service-guaranteed mortgage loans, and sells pools of first-lien residential mortgage loans in the form of whole loans. In addition, in prior years, legacy companies and certain subsidiaries sold pools of first-lien residential mortgage loans and home equity loans as private-label securitizations (in certain of these securitizations, monoline insurers or other financial guarantee providers insured all or some of the securities) or in the form of whole loans. In connection with these transactions, the Corporation or certain of its subsidiaries or legacy companies make or have made various representations and warranties. These representations and warranties, as set forth in the agreements, related to, among other things, the ownership of the loan, the validity of the lien securing the loan, the absence of delinquent taxes or liens against the property securing the loan, the process used to select the loan for inclusion in a transaction, the loan's compliance with any applicable loan criteria, including underwriting standards, and the loan's compliance with applicable federal, state and local laws. Breaches of these representations and warranties have resulted in and may continue to result in the requirement to repurchase mortgage loans or to otherwise make whole or provide other remedies to the GSEs. U.S. Department of Housing and Urban Development (HUD) with respect to FHA-insured loans, VA, whole-loan investors, securitization trusts, monoline insurers or other financial guarantors (collectively, repurchases). In all such cases, subsequent to repurchasing the loan, the Corporation would be exposed to any credit loss on the repurchased mortgage loans after accounting for any mortgage insurance (MI) or mortgage guarantee payments that it may receive.

Subject to the requirements and limitations of the applicable sales and securitization agreements, these representations and warranties can be enforced by the GSEs, HUD, VA, the whole-loan investor, the securitization trustee or others as governed by the applicable agreement or, in certain first-lien and home equity securitizations where monoline insurers or other financial guarantee providers have insured all or some of the securities issued, by the monoline insurer or other financial guarantor, where the contract so provides. In the case of private-label securitizations, the applicable agreements may permit investors.

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which may include the GSEs, with sufficient holdings to direct or influence action by the securitization trustee. In the case of loans sold to parties other than the GSEs or GNMA, the Corporation believes the contractual liability to repurchase typically arises only if there is a breach of the representations and warranties that materially and adversely affects the interest of the investor, or investors, or of the monoline insurer or other financial guarantor (as applicable) in the loan. Contracts with the GSEs do not contain equivalent language. Currently, the volume of unresolved repurchase claims from the FHA and VA for loans in GNMA-guaranteed securities is not significant because the claims are typically resolved promptly. The Corporation believes that the longer a loan performs prior to default, the less likely it is that an alleged underwriting breach of representations and warranties would have a material impact on the loan's performance.

The estimate of the liability for representations and warranties exposures and the corresponding estimated range of possible loss is based upon currently available information, significant judgment, and a number of factors and assumptions, including those discussed in Liability for Representations and Warranties and Corporate Guarantees in this Note, that are subject to change. Changes to any one of these factors could significantly impact the estimate of the liability and could have a material adverse impact on the Corporation's results of operations for any particular period. Given that these factors vary by counterparty, the Corporation analyzes representations and warranties obligations based on the specific counterparty, or type of counterparty, with whom the sale was made.

Settlement Actions

The Corporation has vigorously contested any request for repurchase when it concludes that a valid basis for repurchase does not exist and will continue to do so in the future. However, in an effort to resolve these legacy mortgage-related issues, the Corporation has reached bulk settlements

continue to do so in the future. However, in an effort to resolve these legacy mortgage-related issues, the Corporation has reached bulk settlements, including various settlements with the GSEs, including settlement amounts which have been significant, with counterparties in lieu of a loan-by-loan review process. The Corporation may reach other settlements in the future if opportunities arise on terms it believes to be advantageous. However, there can be no assurance that the Corporation will reach future settlements or, if it does, that the terms of past settlements can be relied upon to predict the terms of future settlements. These bulk settlements generally did not cover all transactions with the relevant counterparties or all potential claims that may arise, including in some instances securities law, fraud and servicing claims. The Corporation's liability in connection with the transactions and claims not covered by these settlements could be material to the Corporation's results of operations or cash flows for any particular reporting period. The following provides a summary of the larger bulk settlement actions during the past few years.

FHFA Settlement

On March 25, 2014, the Corporation entered into a settlement with the Federal Housing Finance Agency (FHFA) as conservator of FNMA and Freddie Mac (FHLMC) to resolve (1) all outstanding RMBS litigation between FHFA, FNMA and FHLMC, and the Corporation and its affiliates, and (2) other legacy contract claims related to representations and warranties (collectively, the FHFA Settlement). In connection with the FHFA Settlement, on April 1, 2014, the Corporation paid FNMA and FHLMC, collectively \$9.5 billion and received from them RMBS with a fair market value of approximately \$3.2 billion, for a net cost of \$6.3 billion.

Freddie Mac Settlement

On November 27, 2013, the Corporation entered into an agreement with FHLMC under which the Corporation paid FHLMC a total of \$391 million to resolve all outstanding and potential mortgage repurchase and make-whole claims arising out of any alleged breach of selling representations and warranties related to loans that had been sold directly to FHLMC by entities related to Bank of America, N.A. from January 1, 2000 to December 31, 2009, subject to certain exceptions which the Corporation does not expect to be material, and to compensate FHLMC for certain past losses and potential future losses relating to denials, rescissions and cancellations of MI.

Fannie Mae Settlement

On January 6, 2013, the Corporation entered into an agreement with FNMA to resolve substantially all outstanding and potential repurchase and certain other claims related to the origination, sale and delivery of residential mortgage loans originated from January 1, 2000 through December 31, 2008 and sold directly to FNMA by entities related to Countrywide and BANA.

This agreement covers loans with an aggregate original principal balance of approximately \$1.4 trillion and an aggregate outstanding principal balance of approximately \$300 billion. Unresolved repurchase claims submitted by FNMA for alleged breaches of selling representations and warranties with respect to these loans totaled \$12.2 billion of unpaid principal balance at December 31, 2012. This agreement extinguished substantially all of those unresolved repurchase claims, as well as any future representations and warranties repurchase claims associated with such loans, subject to certain exceptions which the Corporation does not expect to be material.

In January 2013, the Corporation made a cash payment to FNMA of \$3.6 billion and also repurchased for \$6.6 billion certain residential mortgage loans that had previously been sold to FNMA, which the Corporation has valued at less than the purchase price.

This agreement also clarified the parties' obligations with respect to MI including establishing timeframes for certain payments and other actions, setting parameters for potential bulk settlements and providing for cooperation in future dealings with mortgage insurers. For additional information, see Open Mortgage Insurance Rescission Notices in this Note.

In addition, pursuant to a separate agreement, the Corporation settled substantially all of FNMA's outstanding and future claims for compensatory fees arising out of foreclosure delays through December 31, 2012. Collectively, these agreements are referred to herein as the FNMA Settlement.

Monoline Settlements

FGIC Settlement

On April 7, 2014, the Corporation entered into a settlement with Financial Guaranty Insurance Company (FGIC) for certain second-lien RMBS trusts for which FGIC provided financial guarantee insurance. In addition, on April 11, 2014, separate settlements were entered into with the Bank of New York Mellon (BNY Mellon) as trustee with respect to seven of those trusts; settlements on two additional trusts with BNY Mellon as trustee were entered into on May 15, 2014 and May 28, 2014. The agreements resolved

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all outstanding litigation between FGIC and the Corporation, as well as outstanding and potential claims by FGIC and the trustee related to alleged representations and warranties breaches and other claims involving certain second-lien RMBS trusts for which FGIC provided financial guarantee insurance. The Corporation made payments totaling \$950 million under the FGIC and trust settlements.

MBIA Settlement

On May 7, 2013, the Corporation entered into a comprehensive settlement with MBIA Inc. and certain of its affiliates (the MBIA Settlement) which resolved all outstanding litigation between the parties, as well as other claims between the parties, including outstanding and potential claims from MBIA related to alleged representations and warranties breaches and other claims involving certain first- and second-lien RMBS trusts for which MBIA provided financial guarantee insurance, certain of which claims were the subject of litigation. At the time of the settlement, the mortgages (first- and second-lien) in RMBS trusts covered by the MBIA Settlement had an original principal balance of \$54.8 billion and an unpaid principal balance of \$19.1 billion.

Under the MBIA Settlement, all pending litigation between the parties was dismissed and each party received a global release of those claims. The

Under the MBIA Settlement, all pending litigation between the parties was dismissed and each party received a global release of those claims. The Corporation made a settlement payment to MBIA of \$1.6 billion in cash and transferred to MBIA approximately \$95 million in fair market value of notes issued by MBIA and previously held by the Corporation. In addition, MBIA issued to the Corporation warrants to purchase up to approximately 4.9 percent of MBIA's currently outstanding common stock, at an exercise price of \$9.59 per share, which may be exercised at any time prior to May 2018. In addition, the Corporation provided a senior secured \$500 million credit facility to an affiliate of MBIA, which has since been repaid and terminated.

The parties also terminated various CDS transactions entered into between the Corporation and an MBIA-affiliate, LaCrosse Financial Products, LLC, and guaranteed by MBIA, which constituted all of the outstanding CDS protection agreements purchased by the Corporation from MBIA on commercial mortgage-backed securities. Collectively, those CDS transactions had a notional amount of \$7.4 billion and a fair value of \$813 million as of March 31, 2013. The parties also terminated certain other trades in order to close out positions between the parties. The termination of these trades did not have a material impact on the Corporation's financial statements.

Syncora Settlement

On July 17, 2012, the Corporation entered into a settlement with a monoline insurer, Syncora Guarantee Inc. and Syncora Holdings, Ltd. (Syncora), to resolve all of Syncora's outstanding and potential claims related to alleged representations and warranties breaches involving eight first- and six second-~~lien~~ private-label securitization trusts where it provided financial guarantee insurance. The settlement covered private-label securitization trusts that had an original principal balance of first-lien mortgages of approximately \$9.6 billion and second-lien mortgages of approximately \$7.7 billion. The settlement provided for a cash payment of \$375 million to Syncora and other transactions to terminate certain other relationships among the parties.

Settlement with the Bank of New York Mellon, as Trustee

On June 28, 2011, the Corporation, BAC Home Loans Servicing, LP (BAC HLS, which was subsequently merged with and into BANA in July 2011), and its Countrywide affiliates entered into a settlement agreement with BNY Mellon as trustee (the Trustee), to resolve all outstanding and potential claims related to alleged representations and warranties breaches (including repurchase claims), substantially all historical loan servicing claims and certain other historical claims with respect to 525 Countrywide first-lien and five second-lien non-GSE residential mortgage-backed securitization trusts (the Covered Trusts) containing loans principally originated between 2004 and 2008 for which BNY Mellon acts as trustee or indenture trustee (BNY Mellon Settlement). The Covered Trusts had an original principal balance of approximately \$424 billion, of which \$409 billion was originated between 2004 and 2008, and total outstanding principal and unpaid principal balance of loans that had defaulted (collectively, unpaid principal balance) of approximately \$220 billion at June 28, 2011, of which \$217 billion was originated between 2004 and 2008. The BNY Mellon Settlement is supported by a group of 22 institutional investors (the Investor Group) and is subject to final court approval and certain other conditions.

The BNY Mellon Settlement provides for a cash payment of \$8.5 billion (the Settlement Payment) to the Trustee for distribution to the Covered Trusts after final court approval of the BNY Mellon Settlement. In addition to the Settlement Payment, the Corporation is obligated to pay attorneys' fees and costs to the Investor Group's counsel as well as all fees and expenses incurred by the Trustee related to obtaining final court approval of the BNY Mellon Settlement and certain tax rulings.

The BNY Mellon Settlement does not cover a small number of Countrywide-issued first-lien non-GSE RMBS transactions with loans originated principally between 2004 and 2008 for various reasons, including for example, six Countrywide-issued first-lien non-GSE RMBS transactions in which BNY Mellon is not the trustee. The BNY Mellon Settlement also does not cover Countrywide-issued second-lien securitization transactions in which a monoline insurer or other financial guarantor provides financial guaranty insurance. In addition, because the settlement is with the Trustee on behalf of the Covered Trusts and releases rights under the governing agreements for the Covered Trusts, the settlement does not release investors' securities law or fraud claims based upon disclosures made in connection with their decision to purchase, sell or hold securities issued by the Covered Trusts. To date, various investors are pursuing securities law or fraud claims related to one or more of the Covered Trusts. The Corporation is not able to determine whether any additional securities law or fraud claims will be made by investors in the Covered Trusts. For information about mortgage-related securities law or fraud claims, see Litigation and Regulatory Matters in Note 12 - Commitments and Contingencies. For those Covered Trusts where a monoline insurer or other financial guarantor has an independent right to assert repurchase claims directly, the BNY Mellon Settlement does not release such insurer's or guarantor's repurchase claims.

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On January 31, 2014, the court issued a decision, order and judgment approving the BNY Mellon Settlement. The court overruled the objections to the settlement, holding that the Trustee, BNY Mellon, acted in good faith, within its discretion and within the bounds of reasonableness in determining that the settlement agreement was in the best interests of the covered trusts. The court declined to approve the Trustee's conduct only with respect to the Trustee's consideration of a potential claim that a loan must be repurchased if the servicer modifies its terms. On February 21, 2014, final judgment was entered and the Trustee filed a notice of appeal regarding the court's ruling on loan modification claims in the settlement. Certain objectors to the settlement filed cross-appeals appealing the court's approval of the settlement, some of whom subsequently withdrew their objections. All appeals were fully briefed by September 22, 2014, and oral argument was held on October 23, 2014. The court's January 31, 2014 decision, order and judgment remain subject to these appeals and it is not possible at this time to predict when the court approval process will be completed.

Although the Corporation is not a party to the proceeding, certain of its rights and obligations under the settlement agreement are conditioned on final court approval of the settlement. There can be no assurance final court approval will be obtained, that all conditions to the BNY Mellon Settlement will be satisfied, or if certain conditions to the BNY Mellon Settlement permitting withdrawal are met, that the Corporation and Countrywide will not withdraw from the settlement.

If final court approval is not obtained by December 31, 2015, the Corporation and Countrywide may withdraw from the BNY Mellon Settlement, if the Trustee consents. The BNY Mellon Settlement also provides that if Covered Trusts holding loans with an unpaid principal balance exceeding a specified amount are excluded from the final BNY Mellon Settlement, based on investor objections or otherwise, the Corporation and Countrywide have the option to withdraw from the BNY Mellon Settlement pursuant to the terms of the BNY Mellon Settlement agreement. If final court approval is not obtained or if the Corporation and Countrywide withdraw from the BNY Mellon Settlement in accordance with its terms, the Corporation's future representations

or if the Corporation and Countrywide withdraw from the BNY Mellon Settlement in accordance with its terms, the Corporation's future representations and warranties losses could be substantially different from existing accruals and the estimated range of possible loss over existing accruals described under Private-label Securitizations and Whole-loan Sales Experience in this Note.

Unresolved Repurchase Claims

Unresolved representations and warranties repurchase claims represent the notional amount of repurchase claims made by counterparties, typically the outstanding principal balance or the unpaid principal balance at the time of default. In the case of first-lien mortgages, the claim amount is often significantly greater than the expected loss amount due to the benefit of collateral and, in some cases, MI or mortgage guarantee payments. Claims received from a counterparty remain outstanding until the underlying loan is repurchased, the claim is rescinded by the counterparty or the representations and warranties claims with respect to the applicable trust are settled, and fully and finally released. When a claim is denied and the Corporation does not receive a response from the counterparty, the claim remains in the unresolved repurchase claims balance until resolution. Certain of the claims the Corporation receives are duplicate claims which represent more than one claim outstanding related to a particular loan, typically as the result of bulk claims submitted without individual file reviews.

The table below presents unresolved repurchase claims at December 31, 2014 and 2013. The unresolved repurchase claims include only claims where the Corporation believes that the counterparty has the contractual right to submit claims. For additional information, see Private-label Securitizations and Whole-loan Sales Experience in this Note and Note 12 - Commitments and Contingencies.

Unresolved Repurchase Claims by Counterparty and Product Type

2014			
(Dollars in millions)			
By counterparty			
Private-label securitization trustees, whole-loan investors, including third-party securitization sponsors and other o ■²>		\$ 24,489	
		December 31	
2013			1,087 59
Monolines i³> GSEs			
25,635 (3,213)			
Total gross claims Duplicate claims i⁴>			\$ 17,953 1,532 170
\$ 22,422	\$ 18,694		19,655 (961)
587 2,397			
623 2,259			
Total unresolved repurchase claims by counterparty, net of duplicate claims ¹²¹			
2,221	1,905		
6,294	5,780		
13,928	8,928		
			208 160
By product type Prime loans Alt-A			
			19,655 (961)
25,635 (3,213)			
Home equity Pay option Subprime Other			
\$ 22,422	\$ 18,694		
Total Duplicate claims¹			
Total unresolved repurchase claims by product type, net of duplicate claims <²>			

ui The total notional amount of unresolved repurchase claims does not include repurchase claims related to the trusts covered by the BNY Mellon Settlement. <²> Includes \$14.1 billion and \$13.8 billion of claims based on individual file reviews and \$10.4 billion and \$4.1 billion of claims submitted without individual file reviews at December 31, 2014 and 2013

i³i At December 31, 2014, substantially all of the unresolved monoline claims pertain to second-lien loans and are currently the subject of litigation with a single monoline insurer. <⁴i Represents more than one claim outstanding related to a particular loan, typically as the result of bulk claims submitted without individual file reviews. The December 31, 2014 amount includes approximately \$2.9 billion of duplicate claims related to private-label investors submitted without individual loan file reviews

During 2014, the Corporation received \$7.6 billion in new repurchase claims, including \$6.3 billion of claims submitted without individual loan file reviews and \$730 million of claims based on individual loan file reviews submitted by private-label securitization trustees and a financial guarantee provider, \$347 million submitted by the GSEs for both Countrywide and legacy Bank of America originations not covered by the bulk settlements with the GSEs, and \$265 million submitted by whole-loan investors. During 2014, \$2.0 billion in claims were resolved. Of the claims resolved, \$856 million were resolved through settlement, \$535 million were resolved through rescissions and \$594 million were resolved through mortgage repurchases and make-whole payments to GSEs, private-label securitization trusts and whole-loan investors.

The continued increase in the notional amount of unresolved repurchase claims during 2014 is primarily due to: (1) continued submission of claims by private-label securitization trustees, (2) the level of detail, support and analysis accompanying such claims, which impacts overall claim quality and, therefore, claims

resolution, (3) the lack of an established process to resolve disputes related to these claims, (4) the submission of claims where the Corporation believes the statute of limitations has expired under current law and (5) the submission of duplicate claims, often in multiple submissions, on the same loan. For example, claims submitted without individual file reviews generally lack the level of detail and analysis of individual loans found in other claims that is necessary to support a claim. Absent any settlements, the Corporation expects unresolved repurchase claims related to private-label securitizations to increase as such claims continue to be submitted and there is not an established process for the ultimate resolution of such claims on which there is a disagreement.

In addition to the unresolved repurchase claims in the Unresolved Repurchase Claims by Counterparty and Product Type table, the Corporation has received notifications pertaining to loans for which the Corporation has not received a repurchase request from sponsors of third-party securitizations with whom the Corporation engaged in whole-loan transactions and that the Corporation may owe indemnity obligations. These notifications totaled \$2.0 billion and \$737 million at December 31, 2014 and 2013.

The Corporation also from time to time receives correspondence purporting to raise representations and warranties breach issues from entities that do not have contractual standing or ability to bring such claims. The Corporation believes such communications to be procedurally and/or substantively invalid, and generally does not respond to such correspondence.

The presence of repurchase claims on a given trust, receipt of notices of indemnification obligations and other communication, as discussed above, are all factors that inform the Corporation's estimated liability for obligations under representations and warranties and the corresponding estimated range of possible loss.

Legacy companies sold \$184.5 billion of loans originated between 2004 and 2008 into monoline-insured securitizations. At December 31, 2014 and 2013, for loans originated between 2004 and 2008, the unpaid principal balance of loans related to unresolved monoline repurchase claims was \$1.1 billion and \$1.5 billion. Substantially all of the remaining unresolved monoline claims pertain to second-lien loans and are currently the subject of litigation with a single monoline insurer. There may be additional claims or file requests in the future.

As a result of various settlements with the GSEs, the Corporation has resolved substantially all outstanding and potential representations and warranties repurchase claims on whole loans sold by legacy Bank of America and Countrywide to FNMA and FHLMC through June 30, 2012 and December 31, 2009, respectively. After these settlements, the Corporation's exposure to representations and warranties liability for loans originated prior to 2009 and sold to the GSEs is limited to loans with an original principal balance of \$18.3 billion and loans with certain defects excluded from the settlements that the Corporation does not believe will be material, such as certain specified violations of the GSEs' charters, fraud and title defects. As of December 31, 2014, of the \$18.3 billion, approximately \$15.8 billion in principal has been paid and \$956 million in principal has defaulted or was severely delinquent. The notional amount of unresolved repurchase claims submitted by the GSEs was \$48 million related to these vintages.

Liability for Representations and Warranties and Corporate Guarantees

The liability for representations and warranties and corporate guarantees is included in accrued expenses and other liabilities on the Consolidated Balance Sheet and the related provision is included in mortgage banking income in the Consolidated Statement of Income. The liability for representations and warranties is established when those obligations are both probable and reasonably estimable.

The Corporation's estimated liability at December 31, 2014 for obligations under representations and warranties given to the GSEs and the corresponding estimated range of possible loss considers, and is necessarily dependent on, and limited by, a number of factors, including the Corporation's experience related to actual defaults, projected future defaults, historical loss experience, estimated home prices and other economic conditions. The methodology also considers such factors as the number of payments made by the borrower prior to default as well as certain other assumptions and judgmental factors.

The Corporation's estimate of the non-GSE representations and warranties liability and the corresponding estimated range of possible loss at December 31, 2014 considers, among other things, implied repurchase experience based on the BNY Mellon Settlement, adjusted to reflect differences between the Covered Trusts and the remainder of the population of private-label securitizations, and assumes that the conditions to the BNY Mellon Settlement will be met. Since the non-GSE securitization trusts that were included in the BNY Mellon Settlement differ from those that were not included in the BNY Mellon Settlement, the Corporation adjusted the repurchase experience implied in the settlement in order to determine the estimated non-GSE representations and warranties liability and the corresponding estimated range of possible loss. The judgmental adjustments made include consideration of the differences in the mix of products in the subject securitizations, loan originator, likelihood of claims expected, the differences in the number of payments that the borrower has made prior to default and the sponsor of the securitizations. Where relevant, the Corporation also takes into account more recent experience, such as increased claim activity, notification of potential indemnification obligations, its experience with various counterparties, recent court decisions related to the statute of limitations as summarized below and other facts and circumstances, such as bulk settlements, as the Corporation believes appropriate.

A factor that impacts the non-GSE representations and warranties liability and the portion of the estimated range of possible loss corresponding to non-GSE representations and warranties exposures is the likelihood that claims will be presented, which is impacted by a number of factors, including contractual provisions that investors meet certain presentation thresholds under the non-GSE securitization agreements. A securitization trustee may investigate or demand repurchase on its own action, and most agreements contain a presentation threshold, for example 25 percent of the voting rights per trust, that allows investors to declare a servicing event of default under certain circumstances or to request certain action, such as requesting loan files, that the trustee may choose to accept and follow, exempt from liability, provided the trustee is acting in good faith. If there is an uncured servicing event of default and the trustee fails to bring suit during a 60-day period, then, under most agreements, investors may file suit. In addition to this, most agreements allow investors to direct the securitization trustee to

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investigate loan files or demand the repurchase of loans if security holders hold a specified percentage, for example, 25 percent, of the voting rights of each tranche of the outstanding securities. However, in certain circumstances the Corporation believes that trustees have presented repurchase claims without requiring investors to meet contractual voting rights thresholds. The population of private-label securitizations included in the BNY Mellon Settlement encompasses almost all Countrywide first-lien private-label securitizations including loans originated principally between 2004 and 2008. For the remainder of the population of private-label securitizations, claims have come forward on certain securitizations and the Corporation believes it is

the remainder of the population of private-label securitizations, claimants have come forward on certain securitizations and the Corporation believes it is probable that other claimants may continue to come forward with claims that meet the contractual requirements of other securitizations. Although the Corporation has not recorded any representations and warranties liability for certain potential private-label securitization and whole-loan exposures where the Corporation has had little to no claim activity, or where the applicable statute of limitations has expired, these exposures are included in the estimated range of possible loss. For more information on the representations and warranties liability and the corresponding estimated range of possible loss, see Estimated Range of Possible Loss in this Note.

The table below presents a rollforward of the liability for representations and warranties and corporate guarantees.

Representations and Warranties and Corporate Guarantees

<u>(Dollars in millions)</u>	<u>2014</u>	<u>2013</u>
Liability for representations and warranties and corporate guarantees, January 1	\$ 13,282	\$ 19,021
Additions for new sales	8	36
Net reductions	(1,892)	(6,615)
<u>Provision</u>	<u>683</u>	<u>840</u>
Liability for representations and warranties and corporate guarantees, December 31	\$ 12,081	\$ 13,282

The representations and warranties liability represents the Corporation's best estimate of probable incurred losses as of December 31, 2014. However, it is reasonably possible that future representations and warranties losses may occur in excess of the amounts recorded for these exposures. Although the Corporation has not recorded any representations and warranties liability for certain potential private-label securitization and whole-loan exposures where it has had little to no claim activity or where the applicable statute of limitations has expired, these exposures are included in the estimated range of possible loss.

Government-sponsored Enterprises Experience

Settlements with the GSEs have resolved substantially all outstanding and potential mortgage repurchase and make-whole claims relating to the origination, sale and delivery of residential mortgage loans that were sold directly to FNMA through June 30, 2012 and to FHLMC through December 31, 2009, subject to certain exclusions, which the Corporation does not expect will be material.

Private-label Securitizations and Whole-loan Sales Experience

In private-label securitizations, the applicable contracts contain provisions that investors meet certain presentation thresholds to direct a trustee to assert repurchase claims. However, in certain circumstances, the Corporation believes that trustees have presented repurchase claims without requiring investors to meet contractual voting rights thresholds. Continued high levels of new private-label claims are primarily the result of repurchase requests received from trustees for private-label securitization transactions not included in the BNY Mellon Settlement.

A December 2013 decision by the New York intermediate appellate court held that, under New York law, which governs many RMBS trusts, the six-year statute of limitations starts to run at the time the representations and warranties are made, not the date when the repurchase demand was denied. That decision has been applied by the state and federal courts in several RMBS lawsuits in which the Corporation is not a party, resulting in the dismissal as untimely of claims involving representations and warranties made more than six years prior to the initiation of the lawsuit. Unless overturned by New York's highest appellate court, which has taken the case for review, this decision would apply to representations and warranties claims and lawsuits brought against the Corporation where New York law governs. A significant amount of representations and warranties claims and/or lawsuits the Corporation has received or may receive involve representations and warranties claims where the statute of limitations has expired under this ruling and has not been tolled by agreement and which the Corporation therefore believes would be untimely. The Corporation believes this ruling may have had an influence on requests for tolling agreements and the pace of lawsuits filed by private-label securitization trustees prior to the expiration of the statute of limitations. In addition, it is possible that in response to the statute of limitations rulings, parties seeking to pursue representations and warranties claims and/or lawsuits with respect to trusts where the statute of limitations for representations and warranties claims against the sponsor and/or issuer has run, may pursue alternate legal theories of recovery and/or assert claims against other contractual parties. For example, in 2014, institutional investors filed lawsuits against trustees alleging failure to pursue representations and warranties claims and servicer defaults based upon alleged contractual, statutory and tort theories of liability. The impact on the Corporation, if any, of such alternative legal theories or assertions is unclear.

The private-label securitization agreements generally require that counterparties have the ability to both assert a representations and warranties claim and to actually prove that a loan has an actionable defect under the applicable contracts. While the Corporation believes the agreements for private-label securitizations generally contain less rigorous representations and warranties and place higher burdens on claimants seeking repurchases than the express provisions of comparable agreements with the GSEs, without regard to any variations that may have arisen as a result of dealings with the GSEs, the agreements generally include a representation that underwriting practices were prudent and customary. In the case of private-label securitization trustees and third-party sponsors, there is currently no established process in place for the parties to reach a conclusion on an individual loan if there is a disagreement on the resolution of the claim. Private-label securitization investors generally do not have the contractual right to demand repurchase

of loans directly or the right to access loan files directly. For more information on repurchase demands, see Unresolved Repurchase Claims in this Note.

Certain whole loan investors have entered with the Corporation in a consistent repurchase process and the Corporation has used that and other

Certain whole-loan investors have engaged with the Corporation in a consistent repurchase process and the Corporation has used that and other experience to record a liability related to existing and future claims from such counterparties. The BNY Mellon Settlement and subsequent activity with certain counterparties led to the determination that the Corporation had sufficient experience to record a liability related to its exposure on certain private-label securitizations, including certain private-label securitizations sponsored by third-party whole-loan investors, however, it did not provide sufficient experience to record a liability related to other private-label securitizations sponsored by third-party whole-loan investors. As it relates to the other private-label securitizations sponsored by third-party whole-loan investors and certain other whole-loan sales, as well as certain private-label securitizations impacted by recent court rulings on the statute of limitations, it is not possible to determine whether a loss has occurred or is probable and, therefore, no representations and warranties liability has been recorded in connection with these transactions. The Corporation's estimated range of possible loss related to representations and warranties exposures as of December 31, 2014 included possible losses related to these whole-loan sales and private-label securitizations.

The majority of the repurchase claims that the Corporation has received and resolved outside of those from the GSEs and monolines are from third-party whole-loan investors. The Corporation provided representations and warranties in connection with the sale of whole loans and the whole-loan investors may retain the right to make repurchase claims even when the loans were aggregated with other collateral into private-label securitizations sponsored by the whole-loan investors; in other third-party securitizations, the whole-loan investor's rights to enforce the representations and warranties were transferred to the securitization trustees. The Corporation reviews properly presented repurchase claims for these whole loans on a loan-by-loan basis. If, after the Corporation's review, it does not believe a claim is valid, it will deny the claim and generally indicate a reason for the denial. When the whole-loan investor agrees with the Corporation's denial of the claim, the whole-loan investor may rescind the claim. When there is disagreement as to the resolution of the claim, meaningful dialogue and negotiation between the parties are generally necessary to reach a resolution on an individual claim. Generally, a whole-loan investor is engaged in the repurchase process and the Corporation and the whole-loan investor reach resolution, either through loan-by-loan negotiation or at times, through a bulk settlement. Although the timeline for resolution varies, if the Corporation agrees that there is a breach that meets contractual requirements for repurchase, the claim is generally resolved promptly. When a claim has been denied and the Corporation does not hear from the counterparty for six months, the Corporation views these claims as inactive; however, they remain in the outstanding claims balance until resolution.

At December 31, 2014, for loans originated between 2004 and 2008, the notional amount of unresolved repurchase claims submitted by private-label securitization trustees, whole-loan investors, including third-party securitization sponsors, and others was \$24.5 billion, including \$3.2 billion of duplicate claims primarily submitted without a loan file review. These repurchase claims include claims in the amount of \$4.7 billion, net of duplicate claims, where the Corporation believes the statute of limitations has expired under current law. The Corporation has performed an initial review with respect to substantially all of these claims and although the Corporation does not believe a valid basis for repurchase has been established by the claimant, it considers claims activity in the computation of its liability for representations and warranties.

Monoline Insurers Experience

During 2014, the Corporation had limited loan-level representations and warranties repurchase claims experience with the monoline insurers due to settlements with several monoline insurers and ongoing litigation with a single monoline insurer. To the extent the Corporation received repurchase claims from the monolines that were properly presented, it generally reviewed them on a loan-by-loan basis. Where the Corporation agrees that there has been a breach of representations and warranties given by the Corporation or subsidiaries or legacy companies that meets contractual requirements for repurchase, settlement is generally reached as to that loan within 60 to 90 days. For more information related to the monolines, see Note 12 - Commitments and Contingencies.

Open Mortgage Insurance Rescission Notices

In addition to repurchase claims, the Corporation receives notices from mortgage insurance companies of claim denials, cancellations or coverage rescission (collectively, MI rescission notices).

For loans sold to the GSEs or private-label securitization trusts (including those wrapped by the monoline insurers), MI rescission notices may give rise to a claim for breach of representations and warranties, depending on the terms of governing contracts. If the governing contract requires the Corporation to repurchase the affected loan or indemnify the investor for the related loss due to MI rescissions, the Corporation may realize the loss without the benefit of MI. In addition, mortgage insurance companies have in some cases asserted the ability to curtail MI payments as a result of alleged foreclosure delays thus reducing the MI proceeds available to offset the loss on the loan.

In certain settlements with the GSEs, the Corporation has generally agreed to pay the amount of MI coverage to the GSEs for loans that are the subject of MI rescission notices. Depending on the terms of settlement agreements or lack thereof with the mortgage insurance companies, the Corporation may collect only a portion of the amounts paid to the GSEs from the mortgage insurance companies.

The Corporation had approximately 65,000 open MI rescission notices at December 31, 2014 compared to 101,000 at December 31, 2013. The decline results primarily from settlements with certain MI companies that have been approved by the GSEs. Open MI rescission notices at December 31, 2014 included approximately 17,000 pertaining principally to first-lien mortgages sold to the GSEs and other investors as well as loans held-for-investment. At December 31, 2014, the Corporation also had approximately 48,000 open MI rescission notices pertaining to second-lien mortgages which are implicated in ongoing litigation with a mortgage insurance company where no loan-level review is currently contemplated nor required to preserve the Corporation's legal rights. In this litigation, the litigating mortgage insurance company is also seeking bulk rescission of certain policies, separate and apart from loan-by-loan denials or rescissions.

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Estimated Range of Possible Loss

The Corporation currently estimates that the range of possible loss for representations and warranties exposures could be up to \$4 billion over existing accruals at December 31, 2014. The estimated range of possible loss reflects principally non-GSE exposures. It represents a reasonably possible loss, but does not represent a probable loss, and is based on currently available information, significant judgment and a number of assumptions that are subject to change.

significant judgment and a number of assumptions that are subject to change.

The liability for representations and warranties exposures and the corresponding estimated range of possible loss do not consider losses related to servicing (except as such losses are included as potential costs of the BNY Mellon Settlement), including foreclosure and related costs, fraud, indemnity, or claims (including for RMBS) related to securities law or monoline insurance litigations. Losses with respect to one or more of these matters could be material to the Corporation's results of operations or cash flows for any particular reporting period.

Future provisions and/or ranges of possible loss for representations and warranties may be significantly impacted if actual experiences are different from the Corporation's assumptions in predictive models, including, without limitation, ultimate resolution of the BNY Mellon Settlement, estimated repurchase rates, estimated MI rescission rates, economic conditions, estimated home prices, consumer and counterparty behavior, the applicable statute of limitations and a variety of other judgmental factors. Adverse developments with respect to one or more of the assumptions underlying the liability for representations and warranties and the corresponding estimated range of possible loss could result in significant increases to future provisions and/ or the estimated range of possible loss. Finally, although the Corporation believes that the representations and warranties typically given in non-GSE transactions are less rigorous than those given in GSE transactions, the Corporation does not have significant experience resolving loan-level claims in non-GSE transactions to measure the impact of these differences on the probability that a loan will be required to be repurchased.

Cash Payments

The Loan Repurchases and Indemnification Payments table presents first-lien and home equity loan repurchases and indemnification payments made by the Corporation to reimburse the investor or securitization trust for losses they incurred, and to resolve repurchase claims. Cash paid for loan repurchases includes the unpaid principal balance of the loan plus past due interest. The amount of loss for loan repurchases is reduced by the fair value of the underlying loan collateral. The repurchase of loans and indemnification payments related to first-lien and home equity repurchase claims generally resulted from material breaches of representations and warranties related to the loans' material compliance with the applicable underwriting standards, including borrower misrepresentation, credit exceptions without sufficient compensating factors and non-compliance with underwriting procedures. The actual representations and warranties made in a sales transaction and the resulting repurchase and indemnification activity can vary by transaction or investor. A direct relationship between the type of defect that causes the breach of representations and warranties and the severity of the realized loss has not been observed. Loan repurchases or indemnification payments related to first-lien residential mortgages primarily involved the GSEs while repurchases or indemnification payments related to home equity loans primarily involved the monoline insurers.

Loan Repurchases and Indemnification Payments (excluding cash payments for settlements)

December 31

2013

(0011015 in millions) First-lien

Repurchases	
Indemnification payments	
Total first-lien	
Unpaid	Cash Paid
Principal for Balance Repurchases	

211 624

79 233

312	
Unpaid	Cash Paid
Principal for Balance Repurchases	

746 661
1,407

149 383

532	
Home equity, indemnification payments	
Total first-lien and home equity	

The amounts in the table above exclude payments made in connection with the FHFA Settlement, the 2013 settlements with FHLMC and FNMA, and amounts paid in monoline settlements during 2014 and 2013 including payments made directly to securitization trusts

During 2014 and 2013, including payments made directly to securitization trusts.

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NOTE 8 Goodwill and Intangible Assets Goodwill

The table below presents goodwill balances by business segment at December 31, 2014 and 2013. The reporting units utilized for goodwill impairment testing are the operating segments or one level below.

Goodwill

	December 31	
(Dollars in millions)	2014	2013
Consumer & Business Banking	\$ 31,681	\$ 31,681
Global Wealth & Investment Management	9,698	9,698
Global Banking	22,377	22,377
Global Markets	5,197	5,197
All Other	824	891
<u>Total goodwill</u>	<u>\$ 69,777</u>	<u>\$ 69,844</u>

For purposes of goodwill impairment testing, the Corporation utilizes allocated equity as a proxy for the carrying value of its reporting units. 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. The goodwill impairment test involves comparing the fair value of each reporting unit with its carrying value, including goodwill, as measured by allocated equity. During 2014, the Corporation made refinements to the amount of capital allocated to each of its businesses based

on multiple considerations that included, but were not limited to, risk-weighted assets measured under the Basel 3 Standardized and Advanced approaches, business segment exposures and risk profile, and strategic plans. As a result of this process, in 2014, the Corporation adjusted the amount of capital being allocated to its business segments. This change resulted in a reduction of the unallocated capital, which is reflected in All Other, and an aggregate increase to the amount of capital being allocated to the business segments. An increase in allocated capital in the business segments generally results in a reduction of the excess of the fair value over the carrying value and a reduction to the estimated fair value as a percentage of allocated carrying value for an individual reporting unit.

There was no goodwill in Consumer Real Estate Services at December 31, 2014 and 2013.

Annual Impairment Tests

During the three months ended September 30, 2014 and 2013, the Corporation completed its annual goodwill impairment test as of June 30 for all applicable reporting units. Based on the results of the annual goodwill impairment test, the Corporation determined there was no impairment.

Intangible Assets

The table below presents the gross carrying value and accumulated amortization for intangible assets at December 31, 2014 and 2013.

Intangible Assets (1-2)

December 31

2013

(Dollars in millions)

Purchased credit card relationships
Core deposit intangibles

Customer relationships
 Affinity relationships
 Other intangibles

	Net
Carrying Value	
4,527 \$ 1,382 2,648 1,283 466	
Gross Carrying Value	
6,160 3,592 4,025 1,575 2,045	
Accumulated Amortization	
4,849 3,055 2,281 1,197 441	
	Net
Carrying Value	
1,311 537	
1,744 378	
1,604	
Total intangible assets	
Excludes fully amortized intangible assets	
At December 31, 2014 and 2013. none of the intangible assets were impaired	

The table below presents intangible asset amortization expense for 2014, 2013 and 2012.

Amortization Expense

(Dollars in millions)

Purchased credit card and Affinity relationships Core deposit intangibles Customer relationships
 Other intangibles
 Total amortization expense

			<u>2014.</u>	<u>2013</u>	<u>2012</u>
\$	415	\$	475	\$	556
	140		197		254
	355		371		391
	26		43		63
\$	936	\$	1,086	\$	1,264

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The table below presents estimated future intangible asset amortization expense at December 31, 2014.

Estimated Future Amortization Expense

(Dollars in millions)

Purchased credit card and Affinity relationships \$ Core deposit intangibles Customer relationships
 Other intangibles

						Total estimated future amortization expense	\$
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>			
358	\$ 299	\$ 239	\$ 180	\$ 121			
122	105	91	80	7			
340	325	310	302	286			
					16	9	' 6 3 1
836	\$ 738	\$ 646	\$ 565	\$ 415			

NOTE 9 Deposits

The Corporation had U.S. certificates of deposit and other U.S. time deposits of \$100 thousand or more totaling \$32.4 billion and \$38.3 billion at December 31, 2014 and 2013. Non-U.S. certificates of deposit and other non-U.S. time deposits of \$100 thousand or more totaled \$14.0 billion and \$26.2 billion at December 31, 2014 and 2013. The table below presents the contractual maturities

or more totaled \$14.0 billion and \$20.2 billion at December 31, 2014 and 2015. The table below presents the contractual maturities for time deposits of \$100 thousand or more at December 31, 2014.

Time Deposits of \$100 Thousand or More

(Dollars in millions)

U.S. certificates of deposit and other time deposits Non-U.S. certificates of deposit and other time deposits

Three Months or Less

15,327 12,446

Over Three Months to Twelve Months

14,134 1,308

Thereafter

2,948 253

Total

32,409 14,007

The scheduled contractual maturities for total time deposits at December 31, 2014 are presented in the table below.

Contractual Maturities of Total Time Deposits

(Dollars in millions) Due in 2015 Due in 2016 Due in 2017 Due in 2018 Due in 2019 Thereafter

61,439 4,119 1,532 775 830 1,734

14,165 176 38

35

75,604 4,295 1,570 775 865 1,734

Total time deposits

NOTE 10 Federal Funds Sold or Purchased, Securities Financing Agreements and Short-term Borrowings

The table below presents federal funds sold or purchased, securities financing agreements, which include securities borrowed or purchased under agreements to resell and securities loaned or sold under agreements to repurchase, and short-term borrowings.

(Dollars in millions) Federal funds sold

At December 31

Average during year

Maximum month-end balance during year Securities borrowed or purchased under agreements to resell At December 31 Average during year

Maximum month-end balance during year

Federal funds purchased At December 31 Average during year

Maximum month-end balance during year Securities loaned or sold under agreements to repurchase At December 31 Average during year

Maximum month-end balance during year Short-term borrowings At December 31 Average during year

Maximum month-end balance during year

2014

Amount

3 12

191,823 222,480 240,110

14 147 213

201,263 215,645 239,984

31,172 41,886 51,409

Rate

-% \$ 0.90

n/a

0.47 0.47

n/a

0.05

n/a

0.98 0.99 n/a

1.47 1.08

n/a

2013

Amount

7 35

190,328 224,324 249,791

186 191 195

197,920 257,409 319,608

45,999 43,816 48,387

Rate

-% 0.69 n/a

0.60 0.55 n/a

0.06 n/a

									0.92 0.81 n/a
									<u>1.55 1.89 n/a</u>
Rate	2012								
Amount									
0.92 0 64									n/a
	600 0.54%	351 0.43	600 n/a						
	219,324	235,691	252,985						
	1,151	0.17							
								384	0.11
	1,211	n/a							
	292,108	1.11							
	281,516	0.98							
	319,401	n/a							
	30,731	3.08							
	36,500	2.22							
	<u>40,129</u>	<u>n/a</u>							
n/a = not applicable									

Bank of America, N.A. maintains a global program to offer up to a maximum of \$75 billion outstanding at any one time, of bank notes with fixed or floating rates and maturities of at least seven days from the date of issue. Short-term bank notes outstanding under this program totaled \$14.6 billion and \$15.1 billion at December 31, 2014 and 2013. These short-term bank notes, along with Federal Home Loan Bank (FHLB) advances, U.S. Treasury tax and loan notes, and term federal funds purchased, are included in short-term borrowings on the Consolidated Balance Sheet.

Offsetting of Securities Financing Agreements

Substantially all of the Corporation's repurchase and resale activities are transacted under legally enforceable master' repurchase agreements that give the Corporation, in the event of default by the counterparty, the right to liquidate securities held and to offset receivables and payables with the same counterparty. The Corporation offsets repurchase and resale transactions with the same counterparty on the Consolidated Balance Sheet where it has such a legally enforceable master netting agreement and the transactions have the same maturity date.

Substantially all securities borrowing and lending activities are transacted under legally enforceable master securities lending agreements that give the Corporation, in the event of default by the counterparty, the right to liquidate securities held and to offset receivables and payables with the same counterparty. The Corporation offsets securities borrowing and lending transactions with the same counterparty on the Consolidated Balance Sheet where it has such a legally enforceable master netting agreement and the transactions have the same maturity date.

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 December 31, 2014 and 2013. 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 2 - Derivatives.

The "Other" amount in the table, which is included on the Consolidated Balance Sheet in accrued expenses and other liabilities, relates to transactions where the Corporation acts as the lender in a securities lending agreement and receives securities that can be pledged or sold as collateral. 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.

Gross assets and liabilities in the table include activity where uncertainty exists as to the enforceability of certain master netting agreements under bankruptcy laws in some countries or industries and, accordingly, these are reported on a gross basis.

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The column titled "Financial Instruments" in the table 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 the net balance sheet amount in this table to derive a net asset or liability. Securities collateral received or pledged where the legal enforceability of the master netting agreements is not certain is not included.

enforceability of the master netting agreements is not certain is not included.

Securities Financing Agreements

December 31, 2014

(Dollars in millions)

Securities borrowed or purchased under agreements to resell «)

Amounts Offset

Financial Instruments

Net Balance Sheet Amount

316,567 \$ (124,744) \$ 191,823 \$ (145,573) \$

Net Assets/ Liabilities

46,250

Securities loaned or sold under agreements to repurchase Other

326,007 \$ (124,744) \$ 201,263 \$ (164,306) \$

11,641 - 11,641 (11,641)

\$ 337,648 \$ (124,744) \$ 212,904 \$ (175,947) \$ 36,957

December 31, 2013

Securities borrowed or purchased under agreements to resell i¹

Securities loaned or sold under agreements to repurchase Other

33,196

\$ 272,296 \$ (81,968) \$ 190,328 \$ (157,132) \$

\$ 279,888 \$ (81,968) \$ 197,920 \$ (160,111) \$ 37,809

10,871 - 10,871 (10,871) -

\$ 290,759 \$ (81,968) \$ 208,791 \$ (170,982) \$ 37,809

¹> Excludes repurchase activity of \$5.6 billion and \$4.1 billion reported in Loans and leases at December 31, 2014 and 2013.

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NOTE 11 Long-term Debt

Long-term debt consists of borrowings having an original maturity of one year or more. The table below presents the balance of long-term debt at December 31, 2014 and 2013, and the related contractual rates and maturity dates as of December 31, 2014.

(Dollars in millions)	December 31	
	2014	2013
Notes issued by Bank of America Corporation		
Senior notes:		
Fixed, with a weighted-average rate of 4.67%, ranging from 1.25% to 8.83%, due 2015 to 2044		\$ 113,069 \$ 109,845
Floating, with a weighted-average rate of 1.32%, ranging from 0.09% to 4.98%, due 2015 to 2044	14,559	22,268
Senior structured notes	22,168	30,575
Subordinated notes:		
Fixed, with a weighted-average rate of 4.91%, ranging from 0.80% to 10.20%, due 2015 to 2038	26,995	22,379
Floating, with a weighted-average rate of 0.97%, ranging from 0.01% to 3.16%, due 2016 to 2026	1,705	1,798
Junior subordinated notes (related to trust preferred securities):		
Fixed, with a weighted-average rate of 6.78%, ranging from 5.25% to 8.05%, due 2027 to perpetual	6,722	6,685
Floating, with a weighted-average rate of 0.92%, ranging from 0.78% to 1.24%, due 2027 to 2056		553
<u>Total notes Issued by Bank of America Corporation</u>		<u>185,771</u> <u>194,103</u>
Notes issued by Bank of America, N.A. »>		
Senior notes:		
Fixed, with a weighted-average rate of 1.98%, ranging from 0.08% to 7.72%, due 2015 to 2187	2,893	1,670
Floating, with a weighted-average rate of 0.60%, ranging from 0.36% to 0.70%, due 2015 to 2041 5,686		3,684
Subordinated notes:		
Fixed, with a weighted-average rate of 5.68%, ranging from 5.30% to 6.10%, due 2016 to 2036	4,921	4,876
Floating, with a weighted-average rate of 0.53%, ranging from 0.26% to 0.54%, due 2016 to 2019	1,401	1,401
Advances from Federal Home Loan Banks:		
Fixed, with a weighted-average rate of 5.34%, ranging from 0.01% to 7.72%, due 2015 to 2034	183	1,441
Floating, with a weighted-average rate of 0.26%, ranging from 0.24% to 0.30%, due 2015 to 2016	10,500	3,001
<u>Securitizations and other BANA VIEs</u>		<u>9,882</u> <u>13,367</u>
<u>Total notes issued by Bank of America, N.A.</u>		<u>35,466</u> <u>29,440</u>
Other debt		
Senior notes:		
Fixed, with a rate of 5.50%, due 2017 to 2021	1	194
Floating, with a rate of 1.88%, due 2015	21	115
Structured liabilities 15,971		16,913
Junior subordinated notes (related to trust preferred securities):		
Fixed, with a weighted-average rate of 7.14%, ranging from 7.00% to 7.28%, perpetual	339	340
Floating, with a rate of 0.86%, due 2027	66	66
Nonbank VIEs	3,425	6,081
<u>Other</u>		<u>2,079</u> <u>2,422</u>
<u>Total other debt</u>		<u>21,902</u> <u>26,131</u>
<u>Total long-term debt</u>		<u>\$ 243,139</u> <u>\$ 249,674</u>

ui On October 1, 2014, FIA Card Services, N A was merged into Bank of America, N A.

Bank of America Corporation and Bank of America, N.A. maintain various U.S. and non-U.S. debt programs to offer both senior and subordinated notes. The notes may be denominated in U.S. Dollars or foreign currencies. At December 31, 2014 and 2013, the amount of foreign currency-denominated debt translated into U.S. Dollars included in total long-term debt was \$51.9 billion and \$73.4 billion. Foreign currency contracts may be used to convert certain foreign currency-denominated debt into U.S. Dollars.

At December 31, 2014, long-term debt of consolidated VIEs in the table above included debt of credit card, home equity and all other VIEs of \$8.4 billion, \$1.1 billion and \$3.8 billion, respectively. Long-term debt of VIEs is collateralized by the assets of the VIEs. For additional information, see Note 6 - Securitizations and Other Variable Interest Entities.

The weighted-average effective interest rates for total long-term debt (excluding senior structured notes), total fixed-rate debt and total floating-rate debt were 4.06 percent, 4.65 percent and 0.84 percent, respectively, at December 31, 2014 and 4.37 percent, 5.14 percent and 0.92 percent, respectively, at December 31,

2013. The Corporation's ALM activities maintain an overall interest rate risk management strategy that incorporates the use of interest rate contracts to manage fluctuations in earnings that are caused by interest rate volatility. The Corporation's goal is to manage interest rate sensitivity so that

movements in interest rates do not significantly adversely affect earnings and capital. The weighted-average rates are the contractual interest rates on the debt and do not reflect the impacts of derivative transactions.

Certain senior structured notes are accounted for under the fair value option. For more information on these senior structured notes, see Note 21 - Fair Value Option.

The table below shows the carrying value for aggregate annual contractual maturities of long-term debt as of December 31, 2014. Included in the table are certain structured notes issued by the Corporation that contain provisions whereby the borrowings are redeemable at the option of the holder (put options) at specified dates prior to maturity. Other structured notes have coupon or repayment terms linked to the performance of debt or equity securities, indices, currencies or commodities, and the maturity may be accelerated based on the value of a referenced index or

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security. In both cases, the Corporation or a subsidiary may be required to settle the obligation for cash or other securities prior to the contractual maturity date. These borrowings are reflected in the table as maturing at their contractual maturity date.

During 2014, the Corporation had total long-term debt maturities and purchases of \$53.7 billion consisting of \$33.9 billion for Bank of America Corporation, \$8.9 billion for Bank of America, N.A. and \$10.9 billion of other debt. During 2013, the Corporation had total long-term debt maturities and purchases of \$65.6 billion consisting of \$39.3 billion for Bank of America Corporation, \$16.0 billion for Bank of America, N.A. and \$10.3 billion of other debt. In 2013, in a combination of tender offers, calls and open-market transactions, the Corporation purchased senior and subordinated long-term debt with a carrying value of \$9.2 billion and recorded net losses of \$59 million in connection with these transactions.

Long-term Debt by Maturity

(Dollars in millions)

Bank of America Corporation Senior notes Senior structured notes Subordinated notes Junior subordinated notes

2015					
14,905	5,558	1,221			
2016					
17,373	2,825	5,074			
2017					
\$ 18,935	1,791	5,219			
2018					
\$ 20,006	1,885	2,951			
2019					
16,206	1,526	1,580			
Thereafter					
40,203	\$ 127,628				
8,583	22,168				
12,655	28,700				
7,275	7,275				
Total Bank of America Corporation					
Bank of America, N.A. w Senior notes					
Subordinated notes					
Advances from Federal Home Loan Banks					
Securitized and other Bank VIEs					
ci					
21,684					
777					
4,503	1,151				
25,272					
2,498	1,069	6,003	1,298		
25,945					
					5,162 3,553 10 3,554
19,312					
					19 1 16 2,450
68,716					
123	1,699				
141	1,429				
185,771					

8,579 6,322 10,683 9,882

Total Bank of America, N.A.
 Other debt Senior notes Structured liabilities Junior subordinated notes Nonbank VIEs i> Other
 6,431

21 2,314

20 254
 10,868

2,133

348
 927
 12,279

2,296

255 429
 10

1,281

2,486

1,027

27 4
 3,392

6,920 405
 2,673 420
 35,466

22 15,971 405 3,425 2,079

Total other debt
 \$ 30,724 \$ 39,548 \$ 41,205 \$ 26,280 \$ 22,856 \$ 82,526 \$ 243,139
 On October 1, 2014, FIA Card Services, N A was merged into Bank of America, N.A
 Represents the total long-term debt included in the liabilities of consolidated VIEs on the Consolidated Balance Sheet

Trust Preferred and Hybrid Securities

Trust preferred securities (Trust Securities) are primarily issued by trust companies (the Trusts) that are not consolidated. These Trust Securities are mandatorily redeemable preferred security obligations of the Trusts. The sole assets of the Trusts generally are junior subordinated deferrable interest notes of the Corporation or its subsidiaries (the Notes). The Trusts generally are 100 percent-owned finance subsidiaries of the Corporation. Obligations associated with the Notes are included in the long-term debt table on page 210.

Certain of the Trust Securities were issued at a discount and may be redeemed prior to maturity at the option of the Corporation. The Trusts generally have invested the proceeds of such Trust Securities in the Notes. Each issue of the Notes has an interest rate equal to the corresponding Trust Securities distribution rate. The Corporation has the right to defer payment of interest on the Notes at any time or from time to time for a period not exceeding five years provided that no extension period may extend beyond the stated maturity of the relevant Notes. During any such extension period, distributions on the Trust Securities will also be deferred and the Corporation's ability to pay dividends on its common and preferred stock will be restricted.

The Trust Securities generally are subject to mandatory redemption upon repayment of the related Notes at their stated maturity dates or their earlier redemption at a redemption price equal to their liquidation amount plus accrued distributions to the date fixed for redemption and the premium, if any, paid by the Corporation upon concurrent repayment of the related Notes.

Periodic cash payments and payments upon liquidation or redemption with respect to Trust Securities are guaranteed by the Corporation or its subsidiaries to the extent of funds held by the Trusts (the Preferred Securities Guarantee). The Preferred Securities Guarantee, when taken together with the Corporation's other obligations including its obligations under the Notes, generally will constitute a full and unconditional guarantee, on a subordinated basis, by the Corporation of payments due on the Trust Securities.

In 2013, the Corporation entered into various agreements with certain Trust Securities holders pursuant to which the Corporation paid \$933 million in cash in exchange for \$934 million aggregate liquidation amount of previously issued Trust Securities. Upon the exchange, the Corporation immediately

surrendered the Trust Securities to the unconsolidated Trusts for cancellation, resulting in the cancellation of an equal amount of junior subordinated notes that had a carrying value of \$934 million, resulting in an insignificant gain.

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The Trust Securities Summary table details the outstanding Trust Securities and the related Notes previously issued which remained outstanding at December 31, 2014. For more information on Trust Securities for regulatory capital purposes, see Note 16 - Regulatory Requirements and Restrictions.

Trust Securities Summary

(Dollars in millions)

December 31, 2014

Issuer

Bank of America Capital Trust VI Capital Trust VII ru Capital Trust VIII Capital Trust XI Capital Trust XV

Stated Maturity of the Trust Securities

Issuance Date

March 2005	\$ 36	*	37	March 2035
August 2005	77			August 2035
August 2005	524		540	August 2035
May 2006	658678			May 2036
May 2007	11			June 2056

Per Annum Interest Rate of the Notes

5.63% 5.25 6 00 6.63

3-mo. LIBOR +80 bps

Interest Payment Dates

Semi-Annual Semi-Annual
Quarterly Semi-Annual
Quarterly

Redemption Period

Any time Any time

On or after 8/25/10 Any time

On or after 6/01/37

NationsBank

Capital Trust II

3-mo. LIBOR +57 bps

3-mo. LIBOR +62 5 bps

Fleet

Capital TrustV

BankBoston

Capital Trust III Capital Trust IV

December 1998

June 1997 June 1998

82 December 2028

June 2027 June 2028

3-mo LIBOR +100 bps

3-mo. LIBOR +75 bps 3-mo LIBOR -1 60 bps

Quarterly

Quarterly Quarterly

On or after 12/18/03

On or after 6/15/07 On or after 6/08/03

MBNA

Capital Trust B

Countrywide

Capital III Capital IV Capital V

Merrill Lynch Preferred Capital Trust III Preferred Capital Trust IV Preferred Capital Trust V Capital Trust I Capital Trust II Capital Trust III

January 1997

June 1997 April 2003 November 2006

January 1998 June 1998 November 1998 December 2006 May 2007 August 2007

200 500 1,495

750 400 850 1,050 950 750

73 February 2027

June 2027 April 2033 November 2036

Perpetual Perpetual Perpetual

December 2066 June 2067

September 2067

3-mo. LIBOR +80 bps

8.05 6.75 7.00

7 00 7 12 7 28 6.45 6.45 7 375

Quarterly

Semi-Annual Quarterly Quarterly

Quarterly Quarterly Quarterly Quarterly Quarterly Quarterly

On or after 2/01/07

Only under special event On or after 4/11/08 On or after 11/01/11

On or after 3/08 On or after 6/08 On or after 9/08 On or after 12/11 On or after 6/12 On or after 9/12

9,259

Notes are denominated in British Pound. Presentation currency is U.S Dollar

NOTE 12 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.

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 table below includes the notional amount of unfunded legally binding lending commitments net of

amounts distributed (e.g., syndicated) to other financial institutions of \$15.7 billion and \$21.9 billion at December 31, 2014 and 2013. At December 31, 2014, the carrying value of these commitments, excluding commitments accounted for under the fair value option, was \$546 million, including deferred revenue of \$18 million and a reserve for unfunded lending commitments of \$528 million. At December 31, 2013, the comparable amounts were \$503 million, \$19 million and \$484 million, respectively. The carrying value of these commitments is classified in accrued expenses and other liabilities on the Consolidated Balance Sheet.

The table below also includes the notional amount of commitments of \$9.9 billion and \$13.0 billion at December 31, 2014 and 2013 that are accounted for under the fair value option. However, the table below excludes cumulative net fair value adjustments of \$405 million and \$354 million on these commitments, which are 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 21 - Fair Value Option.

Credit Extension Commitments

December 31, 2014

(Dollars in millions)

Notional amount of credit extension commitments Loan commitments Home equity lines of credit Standby letters of credit and financial guarantees < Letters of credit
 Legally binding commitments Credit card lines ¹²¹

Expire In One Year or Less

79,897 \$
 6,292 19,259
 1,883
 107,331 363,989

Expire After

One Year Through Three Years

126,525

97,583 19,679 9,106 157

Expire After Three Years Through Five Years

146,743 \$ 12,319 4,519 35
 163,616

Expire After Five Years

18,942 \$ 15,417 1,807 88
 36,254

Total

433,726 363,989

343,165 53,707 34,691 2,163

Total credit extension commitments

Notional amount of credit extension commitments Loan commitments Home equity lines of credit Standby letters of credit and financial guarantees < Letters of credit
 Legally binding commitments Credit card lines ^{1,1}

80,799 \$
 4,580 21,994
 1,263
 108,636 377,846

105,175 16,855 8,843 899

131,772
 December 31, 2013

133,290 21,074 2,876 4

157,244

21,864 14,301 3,967 403

40,525

40,555

341.128 56,810 37,680 2,569

438,187 377,846

Total credit extension commitments

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 \$26.1 billion and \$8.2 billion at December 31, 2014, and \$27.6 billion and \$9.6 billion at December 31, 2013. Amounts include consumer SBLCs of \$396 million and \$453 million at December 31, 2014 and 2013. Includes business card unused lines of credit.

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.

Other Commitments

At December 31, 2014 and 2013, the Corporation had commitments to purchase loans (e.g., residential mortgage and commercial real estate) of \$1.8 billion and \$1.5 billion, which upon settlement will be included in loans or LHFS.

At December 31, 2014 and 2013, the Corporation had commitments to enter into forward-dated resale and securities borrowing agreements of \$73.2 billion and \$75.5 billion, and commitments to enter into forward-dated repurchase and securities lending agreements of \$55.8 billion and \$38.3 billion. These commitments expire within the next 12 months.

The Corporation is a party to operating leases for certain of its premises and equipment. Commitments under these leases are approximately \$2.6 billion, \$2.3 billion, \$1.9 billion, \$1.5 billion and \$1.2 billion for 2015 through 2019, respectively, and \$4.9 billion in the aggregate for all years thereafter.

At December 31, 2014 and 2013, the Corporation had unfunded equity investment commitments of \$57 million and \$195 million.

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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. The book value protection is provided on portfolios of intermediate investment-grade fixed-income securities and is intended to cover any shortfall in the event that policyholders surrender their policies and market value is below book value. These guarantees are recorded as derivatives and carried at fair value in the trading portfolio. At December 31, 2014 and 2013, the notional amount of these guarantees totaled \$13.6 billion and \$13.4 billion and the Corporation's maximum exposure related to these guarantees totaled \$3.1 billion and \$3.0 billion with estimated maturity dates between 2031 and 2039. The net fair value including the fee receivable associated with these guarantees was \$25 million and \$39 million at December 31, 2014 and 2013, and reflects the probability of surrender as well as the multiple structural protection features in the contracts.

Employee Retirement Protection

The Corporation sells products that offer book value protection primarily to plan sponsors of the Employee Retirement Income Security Act of 1974 (ERISA) governed pension plans, such as 401(k) plans and 457 plans. The book value protection is provided on portfolios of intermediate/short-term investment-grade fixed-income securities and is intended to cover any shortfall in the event that plan participants continue to make qualified withdrawals after all securities have been liquidated and there is remaining book value. The Corporation retains the option to exit the contract at any time. If the Corporation exercises its option, the investment manager will either terminate the contract or convert the portfolio into a high-quality fixed-income portfolio, typically all government or government-backed agency securities, with the proceeds of the liquidated assets to assure the return of principal. To manage its exposure, the Corporation imposes restrictions and constraints on the timing of the withdrawals, the manner in which the portfolio is liquidated and the funds are accessed, and the investment parameters of the underlying portfolio. These constraints, combined with significant structural protections, are designed to provide adequate buffers and guard against payments even under extreme stress scenarios. These guarantees are recorded as derivatives and carried in the trading portfolio at fair value, which was insignificant at December 31, 2014. At December 31, 2014 and 2013, the notional amount of these guarantees totaled \$500 million and \$4.6 billion with estimated maturity dates up to 2019 if the exit option is exercised on all deals. The decline in notional amount in 2014 was primarily the result of plan sponsors terminating contracts pursuant to exit options. As of December 31, 2014, the Corporation had not made a payment under these products.

Indemnifications

In the ordinary course of business, the Corporation enters into various agreements that contain indemnifications, such as tax indemnifications, whereupon payment may become due if certain external events occur, such as a change in tax law. The indemnification clauses are often standard contractual terms and were entered into in the normal course of business based on an assessment that the risk of loss would be remote. These agreements typically contain an early termination clause that permits the Corporation to exit the agreement upon these events. The maximum potential future payment under indemnification agreements is difficult to assess for several reasons, including the occurrence of an external event, the inability to predict future changes in tax and other laws, the difficulty in determining how such laws would apply to parties in contracts, the absence of exposure limits contained in standard contract language and the timing of the early termination clause. Historically, any payments made under these guarantees have been de minimis. The Corporation has assessed the probability of making such payments in the future as remote.

probability of making such payments in the future as remote.

Merchant Services

In accordance with credit and debit card association rules, the Corporation sponsors merchant processing servicers that process credit and debit card transactions on behalf of various merchants. In connection with these services, a liability may arise in the event of a billing dispute between the merchant and a cardholder that is ultimately resolved in the cardholder's favor. If the merchant defaults on its obligation to reimburse the cardholder, the cardholder, through its issuing bank, generally has until six months after the date of the transaction to present a chargeback to the merchant processor, which is primarily liable for any losses on covered transactions. However, if the merchant processor fails to meet its obligation to reimburse the cardholder for disputed transactions, then the Corporation, as the sponsor, could be held liable for the disputed amount. In 2014 and 2013, the sponsored entities processed and settled \$647.1 billion and \$623.7 billion of transactions and recorded losses of \$16 million and \$15 million. A significant portion of this activity was processed by a joint venture in which the Corporation holds a 49 percent ownership. At December 31, 2014 and 2013, the sponsored merchant processing servicers held as collateral \$130 million and \$203 million of merchant escrow deposits which may be used to offset amounts due from the individual merchants.

The Corporation believes the maximum potential exposure for chargebacks would not exceed the total amount of merchant transactions processed through Visa and MasterCard for the last six months, which represents the claim period for the cardholder, plus any outstanding delayed-delivery transactions. As of December 31, 2014 and 2013, the maximum potential exposure for sponsored transactions totaled \$269.3 billion and \$258.5 billion. However, the Corporation believes that the maximum potential exposure is not representative of the actual potential loss exposure and does not expect to make material payments in connection with these guarantees.

Exchange and Clearing House Member Guarantees

The Corporation is a member of various securities and derivative exchanges and clearinghouses, both in the U.S. and other countries. As a member, the Corporation may be required to pay a pro-rata share of the losses incurred by some of these organizations as a result of another member default and under other loss scenarios. The Corporation's potential obligations may be limited to its membership interests in such exchanges and clearinghouses, to the amount (or multiple) of the Corporation's contribution to the guarantee fund or, in limited instances, to the full pro-rata share of the residual losses after applying the guarantee fund. The Corporation's maximum potential exposure under these membership agreements is difficult to estimate;

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however, the potential for the Corporation to be required to make these payments is remote.

Prime Brokerage and Securities Clearing Services

In connection with its prime brokerage and clearing businesses, the Corporation performs securities clearance and settlement services on behalf of its clients with other brokerage firms and clearinghouses. Under these arrangements, the Corporation stands ready to meet the obligations of its clients with respect to securities transactions. The Corporation's obligations in this respect are secured by the assets in the clients' accounts and the accounts of their customers as well as by any proceeds received from the transactions cleared and settled by the firm on behalf of clients or their customers. The Corporation's maximum potential exposure under these arrangements is difficult to estimate; however, the potential for the Corporation to incur material losses pursuant to these arrangements is remote.

Other Derivative Contracts

The Corporation funds selected assets, including securities issued by CDOs and CLOs, through derivative contracts, typically total return swaps, with third parties and VIEs that are not consolidated by the Corporation. The total notional amount of these derivative contracts was \$527 million and \$1.8 billion with commercial banks and \$1.2 billion and \$1.3 billion with VIEs at December 31, 2014 and 2013. The underlying securities are senior securities and substantially all of the Corporation's exposures are insured. Accordingly, the Corporation's exposure to loss consists principally of counterparty risk to the insurers. In certain circumstances, generally as a result of ratings downgrades, the Corporation may be required to purchase the underlying assets, which would not result in additional gain or loss to the Corporation as such exposure is already reflected in the fair value of the derivative contracts.

Other Guarantees

The Corporation has entered into additional guarantee agreements and commitments, including sold risk participation swaps, liquidity facilities, lease-end obligation agreements, partial credit guarantees on certain leases, real estate joint venture guarantees, divested business commitments and sold put options that require gross settlement. The maximum potential future payment under these agreements was approximately \$6.2 billion and \$6.9 billion at December 31, 2014 and 2013. The estimated maturity dates of these obligations extend up to 2033. The Corporation has made no material payments under these 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.

Payment Protection Insurance Claims Matter

In the U.K., the Corporation previously sold payment protection insurance (PPI) through its international card, services business to credit card

customers and consumer loan customers. PPI covers a consumer's loan or debt repayment if certain events occur such as loss of job or illness. In response to an elevated level of customer complaints across the industry, heightened media coverage and pressure from consumer advocacy groups, the U.K. Financial Services Authority, which has subsequently been replaced by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), investigated and raised concerns about the way some companies have handled complaints related to the sale of these insurance policies. In connection with this matter, the Corporation established a reserve for PPI. The reserve was \$378 million and \$381 million at December 31, 2014 and 2013. The Corporation recorded expense of \$621 million and \$258 million in 2014 and 2013. The increase in the provision was due primarily to the volume of new complaints not decreasing as expected. It is reasonably possible that the Corporation will incur additional expense related to PPI claims; however, the amount of such additional expense cannot be reasonably estimated.

Litigation and Regulatory Matters

In the ordinary course of business, the Corporation and its subsidiaries are routinely defendants in or parties to many pending and threatened legal actions and proceedings, including actions brought on behalf of various classes of claimants. These actions and proceedings are generally based on alleged violations of consumer protection, securities, environmental, banking, employment, contract and other laws. In some of these actions and proceedings, claims for substantial monetary damages are asserted against the Corporation and its subsidiaries.

In the ordinary course of business, the Corporation and its subsidiaries are also subject to regulatory and governmental examinations, information gathering requests, inquiries, investigations, and threatened legal actions and proceedings. For example, certain subsidiaries of the Corporation are registered broker-dealers or investment advisors and are subject to regulation by the SEC, the Financial Industry Regulatory Authority, the European Commission, the PRA, the FCA and other international, federal and state securities regulators. In connection with formal and informal inquiries, the Corporation and its subsidiaries receive numerous requests, subpoenas and orders for documents, testimony and information in connection with various aspects of the Corporation's regulated activities.

In view of the inherent difficulty of predicting the outcome of such litigation, regulatory and governmental 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 what the eventual outcome of the pending matters will be, what the timing of the ultimate resolution of these matters will be, or what the eventual loss, fines or penalties related to each pending matter may be.

In accordance with applicable accounting guidance, the Corporation establishes an accrued liability for litigation, regulatory and governmental matters when those matters present loss contingencies that are both probable and estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. As a litigation, regulatory or governmental matter develops, the Corporation, in conjunction with any outside counsel handling the matter, evaluates on an ongoing basis whether such matter presents a loss contingency that is probable and estimable. When a loss contingency is not both probable and estimable, the Corporation does not establish an accrued liability. If, at the time of evaluation, the loss contingency related to a litigation, regulatory or governmental matter is not both probable and estimable, the matter will continue to be monitored for further developments that would make such loss contingency both probable and estimable. Once the loss contingency related to a litigation, regulatory or governmental matter is deemed to be both probable and

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estimable, the Corporation will establish an accrued liability with respect to such loss contingency 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 or external legal service providers, litigation-related expense of \$16.4 billion was recognized for 2014 compared to \$6.1 billion for 2013.

For a limited number of the matters disclosed in this Note for which a loss, whether in excess of a related accrued liability or where there is no accrued liability, is reasonably possible in future periods, the Corporation is able to estimate a range of possible loss. In determining whether it is possible to estimate a range of possible loss, the Corporation reviews and evaluates its material litigation, regulatory and governmental matters on an ongoing basis, in conjunction with any outside counsel handling the matter, in light of potentially relevant factual and legal developments. These may include information learned through the discovery process, rulings on dispositive motions, settlement discussions, and other rulings by courts, arbitrators or others. In cases in which the Corporation possesses sufficient appropriate information to estimate a range of possible loss, that estimate is aggregated and disclosed below. There may be other disclosed matters for which a loss is probable or reasonably possible but such an estimate of the range of possible loss may not be possible. For those matters where an estimate of the range of possible loss is possible, management currently estimates the aggregate range of possible loss is \$0 to \$2.7 billion in excess of the accrued liability (if any) related to those matters. This estimated range of possible loss is based upon currently available information and is subject to significant judgment and a variety of assumptions, and known and unknown uncertainties. The matters underlying the estimated range will change from time to time, and actual results may vary significantly from the current estimate. Those matters for which an estimate is not possible are not included within this estimated range. Therefore, this estimated range of possible loss represents what the Corporation believes to be an estimate of possible loss only for certain matters meeting these criteria. It does not represent the Corporation's maximum loss exposure.

Information is provided below regarding the nature of all of these contingencies and, where specified, the amount of the claim associated with these loss contingencies. Based on current knowledge, management does not believe that loss contingencies arising from pending matters, including the matters described herein, will have a material adverse effect on the consolidated financial position or liquidity of the Corporation. However, in light of the inherent uncertainties involved in these matters, some of which are beyond the Corporation's control, and the very large or indeterminate damages sought in some of these matters, an adverse outcome in one or more of these matters could be material to the Corporation's results of operations or cash flows for any particular reporting period.

Bond Insurance Litigation

Ambac Countrywide Litigation

The Corporation, Countrywide and other Countrywide entities are named as defendants in an action filed on September 29, 2010 and as amended on May 28, 2013, by Ambac Assurance Corporation and the Segregated Account of Ambac Assurance Corporation (together, Ambac), entitled Ambac Assurance

Corporation and The Segregated Account of Ambac Assurance Corporation v. Countrywide Home Loans, Inc., et al. This action, currently pending in New York Supreme Court, New York County, relates to bond insurance policies provided by Ambac on certain securitized pools of second-lien (and in one pool, first-lien) HELOCs, first-lien subprime home equity loans and fixed-rate second-lien mortgage loans. Plaintiffs allege that they have paid claims as a result of defaults in the underlying loans and assert that the Countrywide defendants misrepresented the characteristics of the underlying loans and breached certain contractual representations and warranties regarding the underwriting and servicing of the loans. Plaintiffs also allege that the Corporation is liable based on successor liability theories. Damages claimed by Ambac are in excess of \$2.2 billion and include the amount of payments for current and future claims it has paid or claims it will be obligated to pay under the policies, increasing over time as it pays claims under relevant policies, plus unspecified punitive damages.

On December 30, 2014, Ambac filed a second complaint in the same court against the same defendants, claiming fraudulent inducement against Countrywide and successor and vicarious liability against the Corporation relating to eight partially Ambac-insured RMBS transactions that closed between 2005 and 2007, all backed by negative amortization pay option adjustable-rate mortgage (ARM) loans that were originated in whole or in part by Countrywide. Seven of the eight securitizations were issued and underwritten by non-parties to the litigation. Ambac claims damages in excess of \$600 million consisting of all alleged past and future claims against its policies, plus other unspecified compensatory and punitive damages.

Also on December 30, 2014, Ambac filed a third action in Wisconsin Circuit Court, Dane County, against Countrywide Home Loans, Inc., claiming that it was fraudulently induced to insure portions of five securitizations issued and underwritten in 2005 by a non-party that included Countrywide originated first-lien negative amortization pay option ARM loans. The complaint claims damages in excess of \$350 million for all alleged past and future Ambac insured claims payment obligations plus other unspecified compensatory and punitive damages.

Ambac First Franklin Litigation

On April 16, 2012, Ambac sued First Franklin Financial Corp., BANA, MLPF&S, Merrill Lynch Mortgage Lending, Inc. (MLML), and Merrill Lynch Mortgage Investors, Inc. in New York Supreme Court, New York County. Plaintiffs' claims relate to guaranty insurance Ambac provided on a First Franklin securitization (Franklin Mortgage Loan Trust, Series 2007-FFC). The securitization was sponsored by MLML, and certain certificates in the securitization were insured by Ambac. The complaint alleges that defendants breached representations and warranties concerning the origination of the underlying mortgage loans and asserts claims for fraudulent inducement, breach of contract and indemnification. Plaintiffs also assert breach of contract claims against BANA based upon its servicing of the loans in the securitization. The complaint alleges that Ambac has paid hundreds of millions of dollars in claims and has accrued and continues to accrue tens of millions of dollars in additional claims, and Ambac seeks as damages the total claims it has paid and its projected claims payment obligations, as well as specific performance of defendants' contractual repurchase obligations.

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On July 19, 2013, the court denied defendants' motion to dismiss Ambac's contract and fraud causes of action but granted dismissal of Ambac's indemnification cause of action. In addition, the court denied defendants' motion to dismiss Ambac's claims for attorneys' fees and punitive damages.

European Commission - Credit Default Swaps Antitrust Investigation

On July 1, 2013, the European Commission (Commission) announced that it had addressed a Statement of Objections (SO) to the Corporation, BANA and Banc of America Securities LLC (together, the Bank of America Entities), a number of other financial institutions, Markit Group Limited, and the International Swaps and Derivatives Association (together, the Parties). The SO sets forth the Commission's preliminary conclusion that the Parties infringed European Union competition law by participating in alleged collusion to prevent exchange trading of CDS and futures. According to the SO, the conduct of the Bank of America Entities took place between August 2007 and April 2009. As part of the Commission's procedures, the Parties have reviewed the evidence in the investigative file, responded to the Commission's preliminary conclusions and attended a hearing before the Commission. If the Commission is satisfied that its preliminary conclusions are proved, the Commission has stated that it intends to impose a fine and require appropriate remedial measures.

Fontainebleau Las Vegas Litigation

On June 9, 2009, Avenue CLO Fund Ltd., et al. v. Bank of America, N.A., Merrill Lynch Capital Corporation, et al. was filed in the U.S. District Court for the District of Nevada by certain Fontainebleau Las Vegas, LLC (FBLV) project lenders. Plaintiffs alleged that, among other things, BANA breached its duties as disbursement agent under the agreement governing the disbursement of loaned funds to FBLV, then a Chapter 11 debtor-in-possession. Plaintiffs seek monetary damages of more than \$700 million, plus interest. This action was subsequently transferred by the U.S. Judicial Panel on Multidistrict Litigation (JPML) to the U.S. District Court for the Southern District of Florida.

On March 19, 2012, the district court granted BANA's motion for summary judgment on all causes of action against it in its capacity as disbursement agent and denied plaintiffs' motion for summary judgment on those claims. On July 26, 2013, the U.S. Court of Appeals for the Eleventh Circuit affirmed in part and reversed in part the district court's dismissal of the disbursement agent claims against BANA, holding that there were factual disputes that could not be resolved on a summary judgment motion, and remanded the case to the district court for further proceedings.

Dismissal of the other claims was affirmed on a separate appeal. On December 13, 2013, the JPML remanded the action to the District of Nevada for trial.

The parties have settled the action for \$300 million, an amount that was fully accrued as of December 31, 2014. Pursuant to the settlement, plaintiffs have stipulated to the voluntary dismissal of their remaining claims with prejudice.

In re Bank of America Securities, Derivative and Employee Retirement Income Security Act (ERISA) Litigation

*Beginning in January 2009, the Corporation, as well as certain current and former officers and directors, among others, were named as defendants in a variety of actions filed in state and federal courts. The actions generally concern alleged material misrepresentations and/or omissions with respect to certain securities filings by the Corporation. The securities filings contained information with respect to events that took place from September 2008 through January 2009 contemporaneous with the Corporation's acquisition of Merrill Lynch & Co., Inc. (Merrill Lynch). Certain federal court actions were consolidated and/or coordinated in the U.S. District Court for the Southern District of New York (the District Court) under the caption *In re Bank of America Securities, Derivative and Employee Retirement Income Security Act (ERISA) Litigation*.*

Plaintiffs in the consolidated securities class action (the Consolidated Securities Class Action) asserted claims under Sections 14(a), 10(b) and 20(a) of the Securities Exchange Act of 1934, and Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 and asserted damages based on the drop in the stock price upon subsequent disclosures. On April 5, 2013, the District Court granted final approval of the settlement of the Consolidated Securities Class Action. On November 5, 2014, the U.S. Court of Appeals for the Second Circuit affirmed the final approval of the settlement of the Consolidated Securities Class Action. On February 3, 2015, the deadline for filing a petition for writ of certiorari with the U. S. Supreme Court elapsed without any objector filing a petition.

Certain shareholders opted to pursue their claims apart from the Consolidated Securities Class Action. Following settlements in an aggregate amount that was fully accrued as of December 31, 2013, the District Court dismissed the claims of these plaintiffs with prejudice.

In addition, on January 11, 2013, the District Court approved the settlement of claims filed by plaintiffs in a derivative action in the Consolidated Securities Class Action, which also resolved a consolidated derivative action filed in the Delaware Court of Chancery.

In addition, the District Court dismissed a complaint filed by plaintiffs in the ERISA actions in the Consolidated Securities Class Action on August 27, 2010, and the parties stipulated to the withdrawal of the appeal of that decision on January 14, 2013.

Interchange and Related Litigation

In 2005, a group of merchants filed a series of putative class actions and individual actions directed at interchange fees associated with Visa and MasterCard payment card transactions. These actions, which were consolidated in the U.S. District Court for the Eastern District of New York under the caption *In Re Payment Card Interchange Fee and Merchant Discount Anti-Trust Litigation (Interchange)*, named Visa, MasterCard and several banks and bank holding companies (BHCs), including the Corporation, as defendants. Plaintiffs allege that defendants conspired to fix the level of default interchange rates and that certain rules of Visa and MasterCard related to merchant acceptance of payment cards at the point of sale were unreasonable restraints of trade. Plaintiffs sought unspecified damages and injunctive relief.

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On October 19, 2012, defendants settled the matter. The settlement provides for, among other things, (i) payments by defendants to the class and individual plaintiffs totaling approximately \$6.6 billion, allocated proportionately to each defendant based upon various loss-sharing agreements; (ii) distribution to class merchants of an amount equal to 10 bps of default interchange across all Visa and MasterCard credit card transactions for a period of eight consecutive months, to begin by July 29, 2013, which otherwise would have been paid to issuers and which effectively reduces credit interchange for that period of time; and (iii) modifications to certain Visa and MasterCard rules regarding merchant point of sale practices.

The court granted final approval of the class settlement agreement on December 13, 2013. Several class members appealed to the U.S. Court of Appeals for the Second Circuit. In addition, a number of class members opted out of the settlement of their past damages claims. The cash portion of the settlement was adjusted downward as a result of these opt outs.

The Corporation is named in three of the opt-out suits, including one brought by cardholders, and, as a result of various sharing agreements from the main Interchange litigation, the Corporation remains liable for any settlement or judgment in opt-out suits where it is not named as a defendant. All but one of the opt-out suits filed to date have been consolidated in the U.S. District Court for the Eastern District of New York. On July 18, 2014, the court denied defendants' motion to dismiss opt-out complaints filed by merchants, and on November 26, 2014, the court granted defendants' motion to dismiss the Sherman Act claim in the cardholder complaint.

LIBOR, Other Reference Rate and Foreign Exchange (FX) Inquiries and Litigation

The Corporation has received subpoenas and information requests from government authorities in North America, Europe and the Asia Pacific region, including the DoJ, the U.S. Commodity Futures Trading Commission (CFTC) and the FCA, concerning submissions made by panel banks in connection with the setting of LIBOR and other reference rates. The Corporation is cooperating with these inquiries.

In addition, the Corporation and BANA have been named as defendants along with most of the other LIBOR panel banks in a series of individual and class actions in various U.S. federal and state courts relating to defendants' LIBOR contributions. All cases naming the Corporation have been or are in the process of being consolidated for pre-trial purposes in the U.S. District Court for the Southern District of New York by the JPML. The Corporation expects that any future cases naming it will similarly be consolidated for pre-trial purposes. Plaintiffs allege that they held or transacted in U.S. Dollar LIBOR-based derivatives or other financial instruments and sustained losses as a result of collusion or manipulation by defendants regarding the setting of U.S. Dollar LIBOR. Plaintiffs assert a variety of claims, including antitrust and Racketeer Influenced and Corrupt Organizations (RICO), common law fraud, and breach of contract claims, and seek compensatory, treble and punitive damages, and injunctive relief.

In a series of rulings, the court dismissed antitrust, RICO and certain state law claims, while permitting the Commodity Exchange Act and other state law claims to proceed. As a result of a procedural ruling by the Supreme Court, plaintiffs are pursuing an immediate appeal of the dismissal of their antitrust claims. Further, based on the statute of limitations, the court has substantially limited the time period for which manipulation claims under the Commodity Exchange Act may be pursued. As to the Corporation and BANA, the court has also dismissed manipulation claims based on alleged trader conduct, and certain common law claims by plaintiffs who alleged no direct dealings with the Corporation or BANA. Other claims against the Corporation and BANA remain pending, however, and the court is continuing to consider

motions regarding them, including the applicability of its prior rulings to subsequently filed actions.

Certain regulatory and government authorities in North America, Europe and the Asia Pacific region are conducting investigations and making inquiries of a significant number of FX market participants, including the Corporation, regarding FX market participants' conduct and systems and controls over multiple years. The Corporation is cooperating with these investigations and inquiries, some of which are likely to lead to regulatory or legal proceedings and expose the Corporation to material penalties, fines or losses, and could adversely affect its reputation.

In particular, in November 2014, the Corporation resolved a matter with the Office of the Comptroller of the Currency (OCC) by agreeing to the imposition of mandatory remedial measures and payment of \$250 million in civil penalties associated with the Corporation's FX business and its systems and controls.

The Corporation is in separate advanced discussions to resolve the regulatory matters of concern to another U.S. banking regulator involving the Corporation's FX business and its systems and controls. There can be no assurances that these discussions will lead to a resolution, or of the amount or timing of any such resolution.

In addition, in a consolidated amended complaint filed on March 31, 2014, the Corporation and BANA were named as defendants along with other FX market participants in a putative class action filed in the U.S. District Court for the Southern District of New York on behalf of plaintiffs and a putative class who allegedly transacted in FX and are domiciled in the U.S. or transacted in FX in the U.S. (the U.S. Action). On April 30, 2014, a substantively similar class action was filed against the Corporation and other FX market participants on behalf of a plaintiff and putative class allegedly located in Norway (the Foreign Action). The complaints allege that class members transacted with defendants at or around the time of the fixing of the WM/Reuters Closing Spot Rates or entered into transactions that settled in whole or in part based on the WM/Reuters Closing Spot Rates and that they sustained losses as a result of the defendants' alleged conspiracy to manipulate the WM/Reuters Closing Spot Rates. Plaintiffs in the U.S. Action assert a single claim for violations of Sections 1 and 3 of the Sherman Act, and plaintiff in the Foreign Action asserts claims for violations of the Sherman Act, as well as certain claims under New York statutory and common law. Plaintiffs seek compensatory and treble damages, and declaratory and injunctive relief.

On January 28, 2015, the court denied defendants' motion to dismiss the U.S. Action, finding that plaintiffs had sufficiently pleaded the elements of an antitrust claim. In the same decision, the court granted with prejudice defendants' motion to dismiss the Foreign Action, finding that the Sherman Act does not apply extraterritorially, except in limited circumstances not present in the case, and that plaintiff had failed to plead an actionable state law claim.

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Montgomery

The Corporation, several current and former officers and directors, Banc of America Securities LLC (BAS), MLPF&S and other unaffiliated underwriters have been named as defendants in a putative class action filed in the U.S. District Court for the Southern District of New York entitled *Montgomery v. Bank of America, et al.* Plaintiff filed an amended complaint on January 14, 2011. Plaintiff seeks to sue on behalf of all persons who acquired certain series of preferred stock offered by the Corporation pursuant to a shelf registration statement dated May 5, 2006. Plaintiff's claims arise from three offerings dated January 24, 2008, January 28, 2008 and May 20, 2008, from which the Corporation allegedly received proceeds of \$15.8 billion. The amended complaint asserts claims under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933, and alleges that the prospectus supplements associated with the offerings: (i) failed to disclose that the Corporation's loans, leases, CDOs and commercial MBS were impaired to a greater extent than disclosed; (ii) misrepresented the extent of the impaired assets by failing to establish adequate reserves or properly record losses for its impaired assets; (iii) misrepresented the adequacy of the Corporation's internal controls in light of the alleged impairment of its assets; (iv) misrepresented the Corporation's capital base and Tier 1 leverage ratio for risk-based capital in light of the allegedly impaired assets; and (v) misrepresented the thoroughness and adequacy of the Corporation's due diligence in connection with its acquisition of Countrywide. The amended complaint seeks rescission, compensatory and other damages. On March 16, 2012, the court granted defendants' motion to dismiss the first amended complaint. On December 3, 2013, the court denied plaintiffs' motion to file a second amended complaint. On February 6, 2014, plaintiffs appealed the denial of their motion to amend to the U.S. Court of Appeals for the Second Circuit.

Mortgage-backed Securities Litigation

The Corporation and its affiliates, Countrywide entities and their affiliates, and Merrill Lynch entities and their affiliates have been named as defendants in a number of cases relating to their various roles as issuer, originator, seller, depositor, sponsor, underwriter and/or controlling entity in MBS offerings, pursuant to which the MBS investors were entitled to a portion of the cash flow from the underlying pools of mortgages. These cases generally include purported class action suits and actions by individual MBS purchasers. Although the allegations vary by lawsuit, these cases generally allege that the registration statements, prospectuses and prospectus supplements for securities issued by securitization trusts contained material misrepresentations and omissions, in violation of the Securities Act of 1933 and/or state securities laws and other state statutory and common laws.

These cases generally involve allegations of false and misleading statements regarding: (i) the process by which the properties that served as collateral for the mortgage loans underlying the MBS were appraised; (ii) the percentage of equity that mortgage borrowers had in their homes; (iii) the borrowers' ability to repay their mortgage loans; (iv) the underwriting practices by which those mortgage loans were originated; (v) the ratings given to the different tranches of MBS by rating agencies; and (vi) the validity of each issuing trust's title to the mortgage loans comprising the pool for that securitization (collectively, MBS Claims). Plaintiffs in these cases generally seek unspecified compensatory damages, unspecified costs and legal fees and, in some instances, seek rescission.

The Corporation, Countrywide, Merrill Lynch and/or their affiliates may have claims for and/or may be subject to claims for contractual indemnification in connection with their various roles in regard to MBS.

On August 15, 2011, the JPML ordered multiple federal court cases involving Countrywide MBS consolidated for pretrial purposes in the U.S. District Court for the Central District of California in a multi-district litigation entitled *In re Countrywide Financial Corp. Mortgage-Backed Securities Litigation* (the Countrywide RMBS MDL).

Federal Home Loan Bank Litigation

On March 15, 2010, the Federal Home Loan Bank of San Francisco (FHLB San Francisco) filed an action in California Superior Court, San Francisco County, entitled Federal Home Loan Bank of San Francisco v. Credit Suisse Securities (USA) LLC, et al. FHLB San Francisco's complaint asserts certain MBS Claims against BAS, Countrywide and several related entities in connection with its alleged purchase of 51 MBS offerings and one private placement issued and/or underwritten by those defendants between 2004 and 2007 and seeks rescission and unspecified damages. FHLB San Francisco dismissed the federal claims with prejudice on August 11, 2011. On September 8, 2011, the court denied defendants' motions to dismiss the state law claims. On December 20, 2013, FHLB San Francisco voluntarily dismissed its negligent misrepresentation claims with prejudice. On October 15, 2014, the court denied the parties' cross-motions for summary judgment with respect to two Countrywide trusts that were to be part of a bellwether trial.

The parties have settled the action and other related actions for \$420 million, as well as with respect to certain claims, additional consideration; all amounts were fully accrued as of December 31, 2014. Pursuant to the settlement, FHLB San Francisco has voluntarily dismissed its remaining claims with prejudice.

Luther Class Action Litigation and Related Actions Beginning in 2007, a number of pension funds and other investors filed putative class action lawsuits alleging certain MBS Claims against Countrywide, several of its affiliates, MLPF&S, the Corporation, NB Holdings Corporation and certain other defendants. Those class action lawsuits concerned a total of 429 MBS offerings involving over \$350 billion in securities issued by subsidiaries of Countrywide between 2005 and 2007. The actions, entitled Luther v. Countrywide Financial Corporation, et al., Maine State Retirement System v. Countrywide Financial Corporation, et al., Western Conference of Teamsters Pension Trust Fund v. Countrywide Financial Corporation, et al., and Putnam Bank v. Countrywide Financial Corporation, et al., were all assigned to the Countrywide RMBS MDL court. On December 6, 2013, the court granted final approval to a settlement of these actions in the amount of \$500 million. Beginning on January 14, 2014, a number of class members appealed to the U.S. Court of Appeals for the Ninth Circuit.

Prudential Insurance Litigation

On March 14, 2013, The Prudential Insurance Company of America and certain of its affiliates (collectively Prudential) filed a complaint in the U.S. District Court for the District of New Jersey, in a case entitled Prudential Insurance Company of America, et al. v. Bank of America, N.A., et al. Prudential has named the Corporation, Merrill

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Lynch and a number of related entities as defendants. Prudential asserts certain MBS Claims pertaining to 54 MBS offerings from which Prudential alleges that it purchased securities between 2004 and 2007. Prudential seeks, among other relief, compensatory damages, rescission or a rescissory measure of damages, punitive damages and other unspecified relief. On April 17, 2014, the court granted in part and denied in part defendants' motion to dismiss the complaint. Prudential thereafter split its claims into two separate complaints, filing an amended complaint in the original action and a complaint in a separate action entitled Prudential Portfolios 2, et al. v. Bank of America, N.A., et al. Both cases are pending in the U.S. District Court for the District of New Jersey. On February 5, 2015, the court granted in part and denied in part defendants' motion to dismiss those complaints, granting plaintiff leave to replead in certain respects.

Mortgage Repurchase Litigation

U.S. Bank Litigation

On August 29, 2011, U.S. Bank, National Association (U.S. Bank), as trustee for the HarborView Mortgage Loan Trust 2005-10 (the Trust), a mortgage pool backed by loans originated by Countrywide Home Loans, Inc. (CHL), filed a complaint in New York Supreme Court, New York County, in a case entitled U.S. Bank National Association, as Trustee for HarborView Mortgage Loan Trust, Series 2005-10 v. Countrywide Home Loans, Inc. (dba Bank of America Home Loans), Bank of America Corporation, Countrywide Financial Corporation, Bank of America, N.A. and NB Holdings Corporation. U.S. Bank asserts that, as a result of alleged misrepresentations by CHL in connection with its sale of the loans, defendants must repurchase all the loans in the pool, or in the alternative that it must repurchase a subset of those loans as to which U.S. Bank alleges that defendants have refused specific repurchase demands. U.S. Bank asserts claims for breach of contract and seeks specific performance of defendants' alleged obligation to repurchase the entire pool of loans (alleged to have an original aggregate principal balance of \$1.75 billion) or alternatively the aforementioned subset (alleged to have an aggregate principal balance of "over \$100 million"), together with reimbursement of costs and expenses and other unspecified relief. On May 29, 2013, the New York Supreme Court dismissed U.S. Bank's claim for repurchase of all the mortgage loans in the Trust. The court granted U.S. Bank leave to amend this claim. On June 18, 2013, U.S. Bank filed its second amended complaint seeking to replead its claim for repurchase of all loans in the Trust. On February 13, 2014, the court granted defendants' motion to dismiss the repleaded claim seeking repurchase of all mortgage loans in the Trust; plaintiff has appealed that order.

On November 13, 2014, the court granted U.S. Bank's motion for leave to amend the complaint; defendants have appealed that order. The amended complaint alleges breach of contract based upon defendants' failure to repurchase loans that were the subject of specific repurchase demands and also alleges breach of contract based upon defendants' discovery, during origination and servicing, of loans with material breaches of representations and warranties.

U.S. Bank Summonses with Notice

On August 29, 2014, U.S. Bank, solely in its capacity as Trustee for seven securitization trusts (the Trusts), served seven summonses with notice commencing potential actions against First Franklin Financial Corporation, Merrill Lynch Mortgage Lending, Inc., Merrill Lynch Mortgage Investors, Inc., and Ownit Mortgage Solutions Inc. in New York Supreme Court, New York County. The summonses indicate that defendants may be subject to breach of contract claims alleging that they breached representations and warranties related to

summons indicate that defendants may be subject to breach of contract claims alleging that they breached representations and warranties related to loans securitized in the Trusts. The summonses allege that defendants failed to repurchase breaching mortgage loans from the Trusts. The summonses seek specific performance of defendants' alleged obligation to repurchase breaching loans, declaratory judgment, compensatory, rescissory and other damages, and indemnity. On February 5, 2015, defendants demanded complaints on three of the Trusts. Defendants currently have until March 3, 2015 to demand the complaint with respect to one of the remaining Trusts, and until July 15, 2015 to demand complaints on the final three Trusts.

Ocala Investor Litigation

On November 25, 2009, BNP Paribas Mortgage Corporation (BNP) and Deutsche Bank AG each filed claims (the 2009 Actions) against BANA in the U.S. District Court for the Southern District of New York entitled *BNP Paribas Mortgage Corporation v. Bank of America, N.A and Deutsche Bank AG v. Bank of America, N.A.* Plaintiffs allege that BANA failed to properly perform its duties as indenture trustee, collateral agent, custodian and depository for Ocala Funding, LLC (Ocala), a home mortgage warehousing facility, resulting in the loss of plaintiffs' investment in Ocala. Ocala was a wholly-owned subsidiary of Taylor, Bean & Whitaker Mortgage Corp. (TBW), a home mortgage originator and servicer which is alleged to have committed fraud that led to its eventual bankruptcy. Ocala provided funding for TBW's mortgage origination activities by issuing notes, the proceeds of which were to be used by TBW to originate home mortgages. Such mortgages and other Ocala assets in turn were pledged to BANA, as collateral agent, to secure the notes. Plaintiffs lost most or all of their investment in Ocala when, as the result of the alleged fraud committed by TBW, Ocala was unable to repay the notes purchased by plaintiffs and there was insufficient collateral to satisfy Ocala's debt obligations. Plaintiffs allege that BANA breached its contractual, fiduciary and other duties to Ocala, thereby permitting TBW's alleged fraud to go undetected. Plaintiffs seek compensatory damages and other relief from BANA, including interest and attorneys' fees, in an unspecified amount, but which plaintiffs allege exceeds \$1.6 billion.

On March 23, 2011, the court granted in part and denied in part BANA's motions to dismiss the 2009 Actions. Plaintiffs filed amended complaints on October 1, 2012 that included additional contractual, tort and equitable claims. On June 6, 2013, the court granted BANA's motion to dismiss plaintiffs' claims for failure to sue, negligence, negligent misrepresentation and equitable relief.

On November 24, 2014, BANA moved for summary judgment and plaintiffs moved for partial summary judgment.

On February 19, 2015, BANA and BNP reached an agreement in principle to settle the 2009 actions for an amount not material to the Corporation's results of operations, subject to the execution of a final settlement agreement.

O'Donnell Litigation

On February 24, 2012, Edward O'Donnell filed a sealed qui tam complaint under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the False Claims Act against the Corporation, individually, and as successor to Countrywide,

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CHL and a Countrywide business division known as Full Spectrum Lending. On October 24, 2012, the DoJ filed a complaint-in-intervention to join the matter, adding BANA, Countrywide and CHL as defendants. The action is entitled *United States of America, ex rel, Edward O'Donnell, appearing Qui Tam v. Bank of America Corp., et al.*, and was filed in the U.S. District Court for the Southern District of New York. The complaint-in-intervention asserted certain fraud claims in connection with the sale of loans to FNMA and FHLMC by Full Spectrum Lending and by the Corporation and BANA. On January 11, 2013, the government filed an amended complaint which added Countrywide Bank, FSB (CFSB) and a former officer of the Corporation as defendants. The court dismissed False Claims Act counts on May 8, 2013. On September 6, 2013, the government filed a second amended complaint alleging claims under FIRREA concerning allegedly fraudulent loan sales to the GSEs between August 2007 and May 2008. On September 24, 2013, the government dismissed the Corporation as a defendant.

Following a trial, on October 23, 2013, a verdict of liability was returned against CHL, CFSB and BANA. On July 30, 2014, the court imposed a civil penalty of \$1.3 billion on BANA. On February 3, 2015, the court denied the Corporation's motions for judgment as a matter of law, or in the alternative, a new trial. The Corporation will appeal the verdict and judgment.

Pennsylvania Public School Employees' Retirement System

The Corporation and several current and former officers were named as defendants in a putative class action filed in the U.S. District Court for the Southern District of New York entitled Pennsylvania Public School Employees' Retirement System v. Bank of America, et al.

Following the filing of a complaint on February 2, 2011, plaintiff subsequently filed an amended complaint on September 23, 2011 in which plaintiff sought to sue on behalf of all persons who acquired the Corporation's common stock between February 27, 2009 and October 19, 2010 and "Common Equivalent Securities" sold in a December 2009 offering. The amended complaint asserted claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Sections 11 and 15 of the Securities Act of 1933, and alleged that the Corporation's public statements: (i) concealed problems in the Corporation's mortgage servicing business resulting from the widespread use of the Mortgage Electronic Recording System; (ii) failed to disclose the Corporation's exposure to mortgage repurchase claims; (iii) misrepresented the adequacy of internal controls; and (iv) violated certain Generally Accepted Accounting Principles. The amended complaint sought unspecified damages.

On July 11, 2012, the court granted in part and denied in part defendants' motions to dismiss the amended complaint. All claims under the Securities Act were dismissed against all defendants, with prejudice. The motion to dismiss the claim against the Corporation under Section 10(b) of the Exchange Act was denied. All claims under the Exchange Act against the officers were dismissed, with leave to replead. Defendants moved to dismiss a second amended complaint in which plaintiff sought to replead claims against certain current and former officers under Sections 10(b) and 20(a). On April 17, 2013, the court granted in part and denied in part the motion to dismiss, sustaining Sections 10(b) and 20(a) claims against the current and former officers.

Policemen's Annuity Litigation

On April 11, 2012, the Policemen's Annuity & Benefit Fund of the City of Chicago, on its own behalf and on behalf of a proposed class of purchasers of 41 RMBS trusts collateralized mostly by Washington Mutual-originated (WaMu) mortgages, filed a proposed class action complaint against BANA and other defendants in the U.S. District Court for the Southern District of New York entitled *Policemen's Annuity and Benefit Fund of the City of*

other unrelated parties in the U.S. District Court for the Southern District of New York, entitled *Policemen's Annuity and Benefit Fund of the City of Chicago v. Bank of America, N.A. and U.S. Bank National Association*. BANA and U.S. Bank are named as defendants in their capacities as trustees, with BANA (formerly LaSalle Bank National Association) having served as the original trustee and U.S. Bank having replaced BANA as trustee. Plaintiff asserted claims under the federal Trust Indenture Act as well as state common law claims. Plaintiff alleged that, in light of the performance of the RMBS at issue, and in the wake of publicly-available information about the quality of loans originated by WaMu, the trustees were required to take certain steps to protect plaintiff's interest in the value of the securities, and that plaintiff was damaged by defendants' failures to notify it of deficiencies in the loans and of defaults under the relevant agreements, to ensure that the underlying mortgages could properly be foreclosed, and to enforce remedies available for loans that contained breaches of representations and warranties. Plaintiff sought unspecified compensatory damages and/or equitable relief, and costs and expenses. The court dismissed some of the common law claims, but allowed the Trust Indenture Act claim and a claim for breach of contract to proceed. After the filing of two amended complaints and the consolidation of the case with a related matter filed on August 23, 2013, entitled *Vermont Pension Investment Committee and the Washington State Investment Board v. Bank of America, N.A. and U.S. Bank National Association*, 10 named plaintiffs filed a third amended complaint on October 31, 2013, on behalf of two proposed classes of purchasers of 35 trusts collateralized mostly by WaMu-originated mortgages (later reduced to 34 trusts).

On June 5, 2014, the parties informed the court that they had reached an agreement in principle to settle the case for an amount not material to the Corporation's results of operations, subject to approval of plaintiffs' boards. The settlement remains subject to final court approval and various conditions. On November 10, 2014, the court preliminarily approved the proposed settlement, and scheduled a final approval hearing for March 12, 2015.

Takefuji Litigation

In April 2010, Takefuji Corporation (Takefuji) filed a claim against Merrill Lynch International and Merrill Lynch Japan Securities (MLJS) in Tokyo District Court. The claim concerns Takefuji's purchase in 2007 of credit-linked notes structured and sold by defendants that resulted in a loss to Takefuji of approximately JPY29.0 billion (approximately \$270 million) following an event of default. Takefuji alleges that defendants failed to meet certain disclosure obligations concerning the notes.

On July 19, 2013, the Tokyo District Court issued a judgment in defendants' favor, a decision that Takefuji subsequently appealed to the Tokyo High Court. On August 27, 2014, the Tokyo High Court vacated the decision of the District Court and issued a judgment awarding Takefuji JPY14.5 billion (approximately \$135 million) in damages, plus interest at a rate of five percent from March 18, 2008. On September 10, 2014, defendants filed an appeal with the Japanese Supreme Court.

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NOTE 13 Shareholders' Equity Common Stock

Dividend Per Share
Record Date
Payment Date

Declared Quarterly Cash Dividends on Common Stock

Declaration Date			
February 10, 2015	March 6, 2015	March 27, 2015	\$ 0.05
October 23, 2014	December 5, 2014	December 26, 2014	0.05
August 6, 2014	September 5, 2014	September 26, 2014	0.05
June 18, 2014	June 24, 2014	June 30, 2014	0.01
<u>February 11, 2014</u>	<u>March 7, 2014</u>	<u>March 28, 2014</u>	<u>0.01</u>

< In 2014 and through February 25, 2015

The Corporation repurchased and retired 101.1 million and 231.7 million shares of common stock, which reduced shareholders' equity by \$1.7 billion and \$3.2 billion in 2014 and 2013. In 2012, in connection with the exchanges described in Preferred Stock in this Note, the Corporation issued 50 million shares of its common stock.

At December 31, 2014, the Corporation had warrants outstanding and exercisable to purchase 121.8 million shares of common stock at an exercise price of \$30.79 per share expiring on October 28, 2018, and warrants outstanding and exercisable to purchase 150.4 million shares of common stock at an exercise price of \$13.24 per share expiring on January 16, 2019. These warrants were originally issued in connection with preferred stock issuances to the U.S. Department of the Treasury in 2009 and 2008, and are listed on the New York Stock Exchange. The terms of the warrants expiring on January 16, 2019 include a provision that requires an adjustment to the exercise price when the Corporation declares quarterly dividends at a level greater than \$0.01 per common share. As a result of the Corporation's third- and fourth-quarter 2014 dividends of \$0.05 per common share, the exercise price of the warrants expiring on January 16, 2019 was adjusted from \$13.30 to \$13.24. The exercise price of these warrants is subject to continued adjustment each time the quarterly cash dividend is in excess of \$0.01 per common share to compensate the shareholder for dilution resulting from an increased dividend, including as a result of the declaration of a quarterly common stock dividend of \$0.05 per common share to be paid on March 27, 2015 to shareholders of record on March 6, 2015. The warrants expiring on October 18, 2018 also contain this anti-dilution provision except the adjustment is triggered only when the Corporation declares quarterly dividends at a level greater than \$0.32 per common share.

In connection with the issuance of the Corporation's 6% Cumulative Perpetual Preferred Stock, Series T (the Series T Preferred Stock), the Corporation issued a warrant to purchase 700 million shares of the Corporation's common stock. The warrant is exercisable at the holder's option at any time, in whole or in part, until September 1, 2021, at an exercise price of \$7.142857 per share of common stock. The warrant may be settled in cash or by exchanging all or a portion of the Series T Preferred Stock. For more information on the Series T Preferred Stock, see Preferred Stock in this Note.

In connection with employee stock plans, in 2014, the Corporation issued approximately 43 million shares and repurchased approximately 17 million shares of its common stock to satisfy tax withholding obligations. At December 31, 2014, the Corporation had reserved 1.8 billion unissued shares of

shares of its common stock to satisfy tax withholding obligations. At December 31, 2014, the Corporation had reserved 1.8 billion unissued shares of common

stock for future issuances under employee stock plans, common stock warrants, convertible notes and preferred stock.

Preferred Stock

The cash dividends declared on preferred stock were \$1.0 billion, \$1.2 billion and \$1.5 billion for 2014, 2013 and 2012.

On January 27, 2015, the Corporation issued 44,000 shares of its 6.500% Non-Cumulative Preferred Stock, Series Y for \$1.1 billion. Dividends are paid quarterly commencing on April 27, 2015. Series Y Preferred Stock has a liquidation preference of \$25,000 per share and is subject to certain restrictions in the event that the Corporation fails to declare and pay full dividends.

At the Corporation's annual meeting of stockholders on May 7, 2014, the stockholders approved an amendment to the Series T Preferred Stock such that it qualifies as Tier 1 capital, and the amendment became effective in the three months ended June 30, 2014. The more significant changes to the terms of the Series T Preferred Stock in the amendment were: (1) dividends are no longer cumulative; (2) the dividend rate is fixed at 6%; and (3) the Corporation may redeem the Series T Preferred Stock only after the fifth anniversary of the effective date of the amendment.

In 2014, the Corporation issued \$6.0 billion of its Preferred Stock, Series V, X, W and Z. On June 17, 2014, the Corporation issued 60,000 shares of its Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series V for \$1.5 billion. Dividends are paid semiannually commencing on December 17, 2014. On September 5, 2014, the Corporation issued 80,000 shares of its Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series X for \$2.0 billion. Dividends are paid semi-annually commencing on March 5, 2015. On September 9, 2014, the Corporation issued 44,000 shares of its 6.625% Non-Cumulative Preferred Stock, Series W for \$1.1 billion. Dividends are paid quarterly commencing on December 9, 2014. On October 23, 2014, the Corporation issued 56,000 shares of its Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series Z for \$1.4 billion. Dividends are paid semiannually commencing on April 23, 2015. Series V, X, W and Z preferred stock have a liquidation preference of \$25,000 per share and are subject to certain restrictions in the event that the Corporation fails to declare and pay full dividends.

In 2013, the Corporation redeemed for \$6.6 billion its Non-Cumulative Preferred Stock, Series H, J, 6, 7 and 8. The \$100 million difference between the carrying value of \$6.5 billion and the redemption price of the preferred stock was recorded as a preferred stock dividend. In addition, the Corporation issued \$1.0 billion of its Fixed-to-Floating Rate Semi-annual Non-Cumulative Preferred Stock, Series U.

In 2012, the Corporation entered into various agreements with certain preferred stock and Trust Securities holders pursuant to which the Corporation and the holders of these securities agreed to exchange shares of various series of non-convertible preferred stock with a carrying value of \$296 million and Trust Securities with a carrying value of \$760 million for 50 million shares of the Corporation's common stock with a fair value of \$412 million, and \$398 million in cash. The \$246 million difference between the carrying value of the preferred stock and Trust Securities retired and the fair value of consideration issued was a \$44 million reduction to preferred stock dividends recorded in retained earnings and a \$202 million gain recorded in noninterest income. In 2012, the Corporation issued shares of the Corporation's Series F Preferred Stock and Series G Preferred Stock for \$633 million under stock purchase contracts. For additional information, see the Preferred Stock Summary table in this Note.

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The table below presents a summary of perpetual preferred stock outstanding at December 31, 2014.

Preferred Stock Summary

(Dollars in millions, except as noted)

Initial Total Issuance Shares Date Outstanding
Liquidation Preference
per Share Carrying (In dollars) Value >>

Per Annum Dividend Rate

June 1997	7% Cumulative Redeemable
	6.204% Non-Cumulative
	September 2006
	On or after September 14, 2011
	Floating Rate Non-Cumulative
	November 2006
	On or after November 15, 2011
	Floating Rate Non-Cumulative
March 2012	
On or after March 15, 2012	Adjustable Rate Non-Cumulative
March 2012	
On or after March 15, 2012	6.625% Non-Cumulative
	September 2007
On or after October 1, 2017	

	Fixed-to-Floating Rate Non-Cumulative
	January 2008
	8.00% through 1/29/18; 3-mo. LIBOR + 363 bps thereafter
On or after January 30, 2018	
7.25% Non-Cumulative Perpetual Convertible	January 2008
	Fixed-to-Floating Rate Non-Cumulative
April 2008	
	8.125% through 5/14/18; 3-mo. LIBOR + 364 bps thereafter
On or after May 15, 2018	
	September 2011
	See description in Preferred Stock in this Note
	Fixed-to-Floating Rate Non-Cumulative
May 2013	
	5.2% through 6/1/23; 3-mo. LIBOR + 313.5 bps thereafter
On or after June 1, 2023	
	Fixed-to-Floating Rate Non-Cumulative
June 2014 ¹	
	5.125% through 6/17/19; 3-mo. LIBOR + 338.7 bps thereafter
On or after June 17, 2019	
	6.625% Non-Cumulative
	September 2014
	On or after September 9, 2019
	Fixed-to-Floating Rate Non-Cumulative
	September 2014
	6.250% through 9/5/2024; 3-mo. LIBOR + 370.5 bps thereafter
	On or after September 5, 2024
	Fixed-to-Floating Rate Non-Cumulative
	October 2014
	6.500% through 10/23/24; 3-mo. LIBOR + 417.4 bps thereafter
On or after October 23, 2024	
	Floating Rate Non-Cumulative
	November 2004
	On or after November 28, 2009
March 2005	Floating Rate Non-Cumulative
	On or after November 28, 2009

6.375% Non-Cumulative
November 2005
On or after November 28, 2010
Floating Rate Non-Cumulative
November 2005
On or after November 28, 2010
Floating Rate Non-Cumulative

March 2007

On or after May 21, 2012

3,647,790

Amounts shown are before third-party issuance costs and certain purchase accounting adjustments of \$196 million Series B

Preferred Stock does not have early redemption/call rights

The Corporation may redeem series of preferred stock on or after the redemption date, in whole or in part, at its option, at the liquidation preference plus declared and unpaid dividends ⁴

Ownership is held in the form of depositary shares, each representing a 1/1,000th interest in a share of preferred stock, paying a quarterly cash dividend, if and when declared ^{3d} Subject to 4
OO^o minimum rate per annum

Ownership is held in the form of depositary shares, each representing a 1/25th interest in a share of preferred stock, paying a semi-annual cash dividend, if and when declared, until the redemption date
at which time, it adjusts to a quarterly cash dividend, if and when declared, thereafter

Ownership is held in the form of depositary shares, each representing a 1/1,200th interest in a share of preferred stock, paying a quarterly cash dividend, if and when declared Subject to 3
009» minimum rate per annum n/a = not applicable

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Series L 7.25% Non-Cumulative Perpetual Convertible Preferred Stock (Series L Preferred Stock) listed in the Preferred Stock Summary table does not have early redemption/call rights. Each share of the Series L Preferred Stock may be converted at any time, at the option of the holder, into 20 shares of the Corporation's common stock plus cash in lieu of fractional shares. The Corporation may cause some or all of the Series L Preferred Stock, at its option, at anytime or from time to time, to be converted into shares of common stock at the then-applicable conversion rate if, for 20 trading days during any period of 30 consecutive trading days, the closing price of common stock exceeds 130 percent of the then-applicable conversion price of the Series L Preferred Stock. If a conversion of Series L Preferred Stock occurs subsequent to a dividend record date but prior to the dividend payment date, the Corporation will still pay any accrued dividends payable.

All series of preferred stock in the Preferred Stock Summary table have a par value of \$0.01 per share, are not subject to the operation of a sinking fund, have no participation rights, and with the exception of the Series L Preferred Stock, are not convertible.

The holders of the Series B Preferred Stock and Series 1 through 5 Preferred Stock have general voting rights, and the holders of the other series included in the table have no general voting rights. All outstanding series of preferred stock of the Corporation have preference over the Corporation's common stock with respect to the payment of dividends and distribution of the Corporation's assets in the event of a liquidation or dissolution. With the exception of the Series T Preferred Stock, if any dividend payable on these series is in arrears for three or more semi-annual or six or more quarterly dividend periods, as applicable (whether consecutive or not), the holders of these series and any other-class or series of preferred stock ranking equally as to payment of dividends and upon which equivalent voting rights have been conferred and are exercisable (voting as a single class) will be entitled to vote for the election of two additional directors. These voting rights terminate when the Corporation has paid in full dividends on these series for at least two semi-annual or four quarterly dividend periods, as applicable, following the dividend arrearage.

NOTE 14 Accumulated Other Comprehensive Income (Loss)

The table below presents the changes in accumulated OCI after-tax for 2012, 2013 and 2014.

(Dollars in millions)

Balance, December 31, 2011	
Available-for-Sale Debt Securities	3,100
Available-for-Sale Marketable Equity Securities	
Derivatives	3 \$ (3,785) \$
Total	

Foreign Currency <u>
(364) \$ (5,437)

Net change

Balance, December 31, 2012

Net change

Balance, December 31, 2013

Net change

Balance, December 31, 2014

oi The net change in fair value represents the impact of changes in spot foreign exchange rates on the Corporation's net investment in non-U.S. operations, and related hedges

The table below 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 before- and after-tax for 2014, 2013 and 2012.

Changes in OCI Components Before- and After-tax

(Dollars in millions)

Available-for-sale debt securities: Net increase (decrease) in fair value Net realized gains reclassified into earnings
Net change

Available-for-sale marketable equity securities: Net increase in fair value Net realized gains reclassified into earnings

2014								
2012			2013					
Before-tax	Tax effect	After-tax	Before-tax	Tax effect	After-tax	Before-tax	Tax effect	After-tax
(724)								
4,540	(7,700)							
2,067								
1,343								
8,698	\$ (3,268)	\$ 5,430	\$ (10,989)	\$ 4,077	\$ (6,912)	\$ 3,676		
(1,338)	508	(830)	(1,251)	463	(788)	(1,609)		
20	(486)							
748	(19)							

(277) 7

(12) 285
(2,760) 4,600 (12.240)

21
(13)

32 (771)

Net change

Derivatives: Net increase in fair value Net realized losses reclassified into earnings

Net change

Employee benefit plans: Net increase (decrease) in fair value Net realized losses reclassified into earnings Settlements, curtailments and other

Net change

34

195 760
955

(1,629) 55 (1)
(1,575)
(13)

(54) (285)
(339)

614 (23) 41
632

141 475
616

(1,015) 32 40
(943)
(739)

156 773
929

2,985 237 46

3,268
105 487
273
592

(51) (286)
(337)

(1,128) 1,857 (79) 158 (12) 34
(1,219) 2.049

459
(270)
(166) (383)

264 652
729
(549)
916

430 1,035
1,465

(1,891) 660 (1,231)

490 (192) 298

(23)
(42)
1,378 (510) 868
(65)

Net change

\$ 7,508 \$ (3,371) \$ 4,137 \$ (8,400) \$ 2,740 \$(5,660) \$ 3,982 \$(1,342) \$ 2,640

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The table below presents impacts on net income of significant amounts reclassified out of each component of accumulated OCI before- and after-tax for 2014, 2013 and 2012.

Reclassifications Out of Accumulated OCI

(Dollars In millions) Accumulated OCI Components

Available-for-sale debt securities:

Gains on sales of debt securities Other income (loss)

Income before income taxes

Income tax expense

Reclassification to net income

(16)

(53)

1,338 508

1,251 463

\$ 1,354 \$ 1,271 \$ 1,662

(20)

830

788

1,609 595

1,014

Available-for-sale marketable equity securities:

Equity investment income

Income before income taxes Income tax expense

771

771 285

19

19 7

Derivatives: Interest rate contracts Commodity contracts Interest rate contracts Equity compensation contracts

Reclassification to net income

Net interest income Trading account profits Other income Personnel

Loss before income taxes Income tax benefit

(1,119)

(760) (285)

486

(1,119) (1) 18 329

(773) (286)

12

(956) (1)

(78)

(1,035) (383)

Employee benefit plans: Prior service cost Transition obligation Net actuarial losses Settlements and curtailments
Reclassification to net income

Personnel Personnel Personnel Personnel
Loss before income taxes Income tax benefit
(475)

(5)

(50)

(55) (23)
(487)

(4)

(225) (8)
(237) (79)
(652)

(539) (212)

(6) (32) (443) (58)

Foreign currency: Insignificant items

Reclassification to net income

Other income (loss)

Income (loss) before income taxes Income tax expense (benefit)
(32)

(20)

(20) (12)
(158)

(138)
(138) (133)
(327) ,

30

30 10

Reclassification to net income

Total reclassification adjustments

NOTE 15 Earnings Per Common Share

The calculation of earnings per common share (EPS) and diluted EPS for 2014, 2013 and 2012 is presented below. For more information on the calculation of EPS, see Note 1 - Summary of Significant Accounting Principles.

(Dollars in millions, except per share information; shares in thousands) Earnings per common share Net income

Preferred stock dividends

Net income applicable to common shareholders Dividends and undistributed earnings allocated to participating securities

Net income allocated to common shareholders

2014

4,833 (1,044)
3,789

3,789

2013

11,431 (1,349)

10,080 \$

10,082 (2)

2012

4,188 (1,428)

2,758

2,760 (2)

10,527,818 10,731,165 10,746,028

Earnings per common share

Diluted earnings per common share

Net income applicable to common shareholders

Add preferred stock dividends due to assumed conversions

Dividends and undistributed earnings allocated to participating securities

Net income allocated to common shareholders

Average common shares issued and outstanding Dilutive potential common shares ⁽¹⁾

3,789 \$

3,789 \$

10,527,818 56,717

10,082 300 (2)

10,380

10,731,165 760,253

2,760

(2)

2,758

10,746,028 94,826

Total diluted average common shares issued and outstanding

Diluted earnings per common share

ⁱ¹ Includes incremental dilutive shares from restricted stock units, restricted stock, stock options and warrants.

The Corporation previously issued a warrant to purchase 700 million shares of the Corporation's common stock to the holder of the Series T Preferred Stock. The warrant may be exercised, at the option of the holder, through tendering the Series T Preferred Stock or paying cash. For 2014 and 2012, 700 million average dilutive potential common shares associated with the Series T Preferred Stock were not included in the diluted share count because the result would have been antidilutive under the "if-converted" method. For 2013, 700 million average dilutive potential common shares associated with the Series T Preferred Stock were included in the diluted share count under the "if-converted" method. For additional information, see Note 13 - Shareholders' Equity.

For 2014, 2013 and 2012, 62 million average dilutive potential common shares associated with the Series L Preferred Stock were not included in the diluted share count because the result would have been antidilutive under the "if-converted" method. For 2014, 2013 and 2012, average options to purchase 91 million, 126 million and 163 million shares of common stock, respectively, were outstanding but not included in the computation of EPS because the result would have been antidilutive under the treasury stock method. For 2014, average warrants to purchase 400 million shares of common stock were outstanding

have been antidilutive under the treasury stock method. For 2014, average warrants to purchase 122 million shares of common stock were outstanding but not included in the computation of EPS because the result would have been antidilutive under the treasury stock method compared to 272 million shares for both 2013 and 2012. For 2014, average warrants to purchase 150 million shares of common stock were included in the diluted EPS calculation under the treasury stock method.

In connection with the preferred stock actions described in Note 13 - Shareholders' Equity, the Corporation recorded a \$100 million non-cash preferred stock dividend in 2013 and a \$44 million reduction to preferred stock dividends in 2012, both of which are included in the calculation of net income allocated to common shareholders.

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NOTE 16 Regulatory Requirements and Restrictions

The Corporation manages its regulatory capital to comply with internal capital guidelines and regulatory standards of capital adequacy based on its current understanding of the rules and how they should be applied to its business as currently conducted.

The Federal Reserve, OCC and Federal Deposit Insurance Corporation (collectively, joint agencies) establish regulatory capital guidelines for U.S. banking organizations. Regulatory capital guidelines require that capital be measured in relation to the credit and market risks of both on- and off-balance sheet items using various risk weights. On January 1, 2014, the Basel 3 rules became effective and include transition provisions through January 1, 2019. Under Basel 3, Total capital consists of two tiers of capital, Tier 1 and Tier 2. Tier 1 capital is further composed of Common equity tier 1 capital and additional tier 1 capital.

Common equity tier 1 capital primarily includes qualifying common shareholders' equity, retained earnings, accumulated other comprehensive income and certain minority interests. Goodwill, disallowed intangible assets and certain disallowed deferred tax assets are excluded from Common equity tier 1 capital.

Additional tier 1 capital primarily includes qualifying non-cumulative preferred stock, trust preferred securities (Trust Securities) subject to phase-out and certain minority interests. Certain deferred tax assets are also excluded.

Tier 2 capital primarily consists of qualifying subordinated debt, a limited portion of the allowance for loan and lease losses, Trust Securities subject to phase-out and reserves for unfunded lending commitments. The Corporation's Total capital is the sum of Tier 1 capital plus Tier 2 capital.

To meet adequately capitalized regulatory requirements, an institution must maintain a Tier 1 capital ratio of 4.0 percent and a Total capital ratio of 8.0 percent. A "well-capitalized" institution must generally maintain capital ratios 200 bps higher than the minimum guidelines. The risk-based capital rules have been further supplemented by a Tier 1 leverage ratio, defined as Tier 1 capital divided by quarterly average total assets, after certain adjustments. BHCs must have a minimum Tier 1 leverage ratio of at least 4.0 percent. National banks must maintain a Tier 1 leverage ratio of at least 5.0 percent to be classified as "well capitalized." Failure to meet the capital requirements established by the joint agencies can lead to certain mandatory and discretionary actions by regulators that could have a material adverse effect on the Corporation's financial position. At December 31, 2014, the Corporation's Tier 1 capital, Total capital and Tier 1 leverage ratios were 13.4 percent, 16.5 percent and 8.2 percent, respectively. Effective January 1, 2015, to meet adequately capitalized regulatory requirements, the Tier 1 capital ratio increases from 4.0 percent to 6.0 percent. This increase reflects a transfer of 2.0 percent from Tier 2 capital to Tier 1 capital, as less Tier 2 capital is permitted and more Tier 1 capital is required. The minimum Total capital ratio of 8.0 percent remains unchanged.

The table below presents capital ratios and related information in accordance with Basel 3 - Standardized Transition as measured at December 31, 2014 and the Basel 1 - 2013 Rules at December 31, 2013. Prior to October 1, 2014, the Corporation operated its banking activities primarily under two charters: BANA and, to a lesser extent, FIA. On October 1, 2014, FIA was merged into BANA.

Regulatory Capital

December 31

2013

Basel 3 Transition

(Dollars in millions)

Common equity tier 1 capital

Bank of America Corporation

Bank of America, N.A. Tier 1 common capital

Bank of America Corporation Tier 1 capital

Bank of America Corporation

Bank of America, N.A. Total capital

Bank of America Corporation

Bank of America, N.A. Tier 1 leverage

Bank of America Corporation

Bank of America, N.A. Risk-weighted assets (in billions)

Bank of America Corporation

Bank of America, N.A. Adjusted quarterly average total assets (in billions)

Bank of America Corporation

Bank of America, N.A.

Amount

n/a

13.4 13.1

16.5 14.6

8.2 9.6

n/a n/a

n/a n/a

12.3% \$ 155,361 13.1 145,150

n/a

168,973 145,150

208,670 161,623

168,973 145,150

1,262 1,105

2,060 1,509

Mini Requ
mum ired >>

4.0% 4.0

n/a

6.0 6.0

10.0 10.0

5.0 5.0

n/a n/a

n/a n/a

n/a n/a

n/a n/a

n/a

6.0% 6.0

10.0 10.0

5.0	5.0		
	n/a	n/a	
	n/a	n/a	
			Minimum Amount Required m
	n/a	n/a	
12.2	12.3		
15.1	13.8		
7.7	9.2		
	n/a	n/a	
	n/a	n/a	
10.9%	\$ 141,522		
	157,742	125,886	
	196,567	141,232	
	157,742	125,886	
	1,298	1,020	
	2,052	1,368	

i¹ Percent required to meet guidelines to be considered "well capitalized" under the Prompt Corrective Action framework, except for Common equity tier 1 capital which reflects capital adequacy minimum requirements as an advanced approaches bank under Basel 3 during a transition period in 2014 (i Reflects adjusted average total assets for the three months ended December 31, 2014 and 2013 n/n - not applicable

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Regulatory Capital

As a financial services holding company, the Corporation is subject to regulatory capital rules issued by U.S. banking regulators. On January 1, 2014, the Corporation became subject to the Basel 3 rules, which include certain transition provisions through 2018. Basel 3 generally continues to be subject to interpretation and clarification by U.S. banking regulators. Through December 31, 2013, the Corporation was subject to the Basel 1 general risk-based capital rules which included new measures of market risk including a charge related to stressed Value-at-Risk (VaR), an incremental risk charge and the comprehensive risk measure (CRM), as well as other technical modifications to Basel 1 (the Basel 1 - 2013 Rules).

Regulatory Capital Composition - Transition Important differences in determining the composition of regulatory capital between the Basel 1 - 2013 Rules and Basel 3 include changes in capital deductions related to the Corporation's MSR's, deferred tax assets and defined benefit pension assets, and the inclusion of unrealized gains and losses on AFS debt and certain marketable equity securities recorded in accumulated OCI. These changes will be impacted by, among other things, future changes in interest rates, overall earnings performance and corporate actions. Changes to the composition of regulatory capital under Basel 3, as compared to the Basel 1 - 2013 Rules, are recognized in 20 percent annual increments, and will be fully recognized as of January 1, 2018. When presented on a fully phased-in basis, capital, risk-weighted assets and the capital ratios assume all regulatory capital adjustments and deductions are fully recognized.

Additionally, Basel 3 revised the regulatory capital treatment for Trust Securities, requiring them to be partially transitioned from Tier 1 capital into Tier 2 capital in 2014 and 2015, until fully excluded from Tier 1 capital in 2016, and partially transitioned from Tier 2 capital beginning in 2016 with the full amount excluded in 2022.

Other Regulatory Matters

On February 18, 2014, the Federal Reserve approved a final rule implementing certain enhanced supervisory and prudential requirements established under the Dodd-Frank Wall Street Reform and Consumer Protection Act. The final rule formalizes risk management requirements primarily related to governance and liquidity risk management and reiterates the provisions of previously issued final rules related to risk-based and leverage capital and stress test requirements. Also, a debt-to-equity limit may be enacted for an individual BHC if it is determined to pose a grave threat to the financial stability of the U.S. Such limit is at the discretion of the Financial Stability Oversight Council (FSOC) or the Federal Reserve on behalf of the FSOC.

The Federal Reserve requires the Corporation's banking subsidiaries to maintain reserve balances based on a percentage of certain deposits. Average daily reserve balance requirements for the Corporation by the Federal Reserve were \$18.2 billion and \$16.6 billion for 2014 and 2013. Currency and coin residing in branches and cash vaults (vault cash) are used to partially satisfy the reserve requirement. The average daily reserve balances for 2014 and 2013 were \$2.4 billion and \$2.0 billion for 2014 and 2013. As of December 31, 2014

balances, in excess of vault cash, held with the Federal Reserve amounted to \$9.1 billion and \$7.8 billion for 2014 and 2013. As of December 31, 2014 and 2013, the Corporation had cash in the amount of \$4.5 billion and \$6.0 billion, and securities with a fair value of \$13.1 billion and \$8.4 billion that were segregated in compliance with securities regulations or deposited with clearing organizations.

The primary sources of funds for cash distributions by the Corporation to its shareholders are capital distributions received from its banking subsidiary, BANA. In 2014, the Corporation received \$12.4 billion in dividends from BANA. Prior to its merger with BANA, FIA returned capital of \$4.2 billion to the Corporation in 2014. In 2015, BANA can declare and pay dividends of \$16.9 billion to the Corporation plus an additional amount equal to its retained net profits for 2015 up to the date of any such dividend declaration. Bank of America California, N.A. can pay dividends of \$924 million in 2015 plus an additional amount equal to its retained net profits for 2015 up to the date of any such dividend declaration. The amount of dividends that each subsidiary bank may declare in a calendar year is the subsidiary bank's net profits for that year combined with its retained net profits for the preceding two years. Retained net profits, as defined by the OCC, consist of net income less dividends declared during the period.

NOTE 17 Employee Benefit Plans

Pension and Postretirement Plans

The Corporation sponsors noncontributory trustee pension plans, a number of noncontributory nonqualified pension plans, and postretirement health and life plans that cover eligible employees. As discussed below, certain of the pension plans were amended, effective June 30, 2012, to freeze benefits earned. The pension plans provide defined benefits based on an employee's compensation and years of service. The Bank of America Pension Plan (the Pension Plan) provides participants with compensation credits, generally based on years of service. In 2013, the Corporation merged a defined benefit pension plan, which covered eligible employees of certain legacy companies, into the Bank of America Pension Plan. This plan is referred to as the Qualified Pension Plan (Qualified Pension Plans prior to this merger). For account balances based on compensation credits prior to January 1, 2008, the Pension Plan allows participants to select from various earnings measures, which are based on the returns of certain funds or common stock of the Corporation. The participant-selected earnings measures determine the earnings rate on the individual participant account balances in the Pension Plan. Participants may elect to modify earnings measure allocations on a periodic basis subject to the provisions of the Pension Plan. For account balances based on compensation credits subsequent to December 31, 2007, the account balance earnings rate is based on a benchmark rate. For eligible employees in the Pension Plan on or after January 1, 2008, the benefits become vested upon completion of three years of service. It is the policy of the Corporation to fund no less than the minimum funding amount required by ERISA.

The Pension Plan has a balance guarantee feature for account balances with participant-selected earnings, applied at the time a benefit payment is made from the plan that effectively provides principal protection for participant balances transferred and certain compensation credits. The Corporation is responsible for funding any shortfall on the guarantee feature.

As a result of acquisitions, the Corporation assumed the obligations related to the pension plans of certain legacy companies. The benefit structures under these acquired plans have not changed and remain intact in the merged plan. Certain benefit structures are substantially similar to the Pension Plan discussed above; however, certain of these structures do not allow participants to select various earnings measures; rather the earnings rate is based on a benchmark rate. In addition, these structures include participants with benefits determined under formulas based on average or career compensation and years of service rather than by reference to a pension account. Certain of the other structures provide a participant's retirement benefits based on the number of years of benefit service and a percentage of the participant's average annual compensation during the five highest paid consecutive years of the last 10 years of employment.

The 2013 merger of the defined benefit pension plan into the Qualified Pension Plan required a remeasurement of the qualified pension obligations and plan assets at fair value as of the merger date in addition to the required December 31 remeasurement. The 2013 remeasurements resulted in an increase in accumulated OCI of \$2.0 billion, net-of-tax.

In 2012, in connection with a reduction of the Corporation's retirement plans, the Compensation and Benefits Committee of the Corporation's Board

In 2012, in connection with a redesign of the Corporation's retirement plans, the Compensation and Benefits Committee of the Corporation's Board of Directors approved amendments to freeze benefits earned in the Qualified Pension Plans effective June 30, 2012. As a result of freezing the Qualified Pension Plans, a curtailment was triggered and a remeasurement of the qualified pension obligations and plan assets occurred. As of the remeasurement date, the plan assets had increased in value from the prior measurement date resulting in an increase in the funded status of the plan and the curtailment impact reduced the projected benefit obligation. The combined impact resulted in a \$1.3 billion increase to the net pension assets recognized in other assets and a corresponding increase in accumulated OCI of \$832 million, net-of-tax. The impact of the immediate recognition of the prior service cost of \$58 million was recorded in personnel expense as a curtailment loss in 2012.

As a result of freezing the Qualified Pension Plans, the amortization period for actuarial gains and losses was changed from the average working life to the estimated average lifetime of benefits being paid.

The Corporation assumed the obligations related to the plans of Merrill Lynch. These plans include a terminated U.S. pension plan (the Other Pension Plan), non-U.S. pension plans, nonqualified pension plans and postretirement plans. The non-U.S. pension plans vary based on the country and local practices.

The Corporation has an annuity contract, previously purchased by Merrill Lynch, that guarantees the payment of benefits vested under the Other Pension Plan. The Corporation, under a supplemental agreement, may be responsible for, or benefit from actual experience and investment performance of the annuity assets. The Corporation made no contribution under this agreement in 2014 or 2013. Contributions may be required in the future under this agreement.

The Corporation sponsors a number of noncontributory, nonqualified pension plans (the Nonqualified Pension Plans). As a result of acquisitions, the Corporation assumed the obligations related to the noncontributory, nonqualified pension plans of certain legacy companies including Merrill Lynch. These plans, which are unfunded, provide defined pension benefits to certain employees.

In addition to retirement pension benefits, full-time, salaried employees and certain part-time employees may become eligible to continue participation as retirees in health care and/or life insurance plans sponsored by the Corporation. Based on the other provisions of the individual plans, certain retirees may also have the cost of these benefits partially paid by the Corporation. The obligations assumed as a result of acquisitions are substantially similar to the Corporation's postretirement health and life plans, except for Countrywide which did not have a postretirement health and life plan. Collectively, these plans are referred to as the Postretirement Health and Life Plans.

The Pension and Postretirement Plans table summarizes the changes in the fair value of plan assets, changes in the projected benefit obligation (PBO), the funded status of both the accumulated benefit obligation (ABO) and the PBO, and the weighted-average assumptions used to determine benefit obligations for the pension plans and postretirement plans at December 31, 2014 and 2013. Amounts recognized at December 31, 2014 and 2013 are reflected in other assets, and in accrued expenses and other liabilities on the Consolidated Balance Sheet. The estimation of the Corporation's PBO associated with these plans considers various actuarial assumptions, including assumptions for mortality rates and discount rates. As of December 31, 2014, the Corporation adopted mortality assumptions published by the Society of Actuaries in October 2014, adjusted to reflect observed and anticipated future mortality

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experience of the participants in the Corporation's U.S. plans. The adoption of the new mortality assumptions resulted in an increase to the PBO of approximately \$580 million at December 31, 2014. The discount rate assumptions are derived from a cash flow matching technique that utilizes rates that are based on Aa-rated corporate bonds with cash flows that match estimated benefit payments of each of the plans. The decrease in weighted-average discount rates in 2014 resulted in an increase to the PBO of approximately \$1.9 billion at December 31, 2014.

The Corporation's best estimate of its contributions to be made to the Non-U.S. Pension Plans, Nonqualified and Other Pension Plans, and Postretirement Health and Life Plans in 2015 is \$56 million, \$101 million and \$87 million, respectively. The Corporation does not expect to make a contribution to the Qualified Pension Plan in 2015.

Pension and Postretirement Plans

Qualified Pension Plan i"

Non-U.S. Pension Plans <<

Nonqualified and Other Pension Plans <<
Postretirement Health and Life Plans u)

(Dollars in millions)

Change in fair value of plan assets Fair value, January 1

Actual return on plan assets

Company contributions

Plan participant contributions

Settlements and curtailments

Benefits paid

Federal subsidy on benefits paid Foreign currency exchange rate changes

2014

2013

2014

2013

336 97

256 84 1

(5) (68) n/a (161)

(80) (80) n/a 33
2013

\$ 18,276 \$ 16,274 \$ 2,457 \$ 2,306 \$ 2,720 \$ 3,063 \$

1,261
2,873
(923) n/a n/a
(871) n/a n/a
(226) n/a n/a
(217) 98

(7) (217) n/a n/a

2014

72 6 53 129

(248) 16
n/a

2013

86 9 61 138

(237) 15 n/a
Fair value, December 31

Change in projected benefit obligation Projected benefit obligation, January 1

Service cost Interest cost

Plan participant contributions Plan amendments Settlements and curtailments Actuarial loss (gain) Benefits paid

Federal subsidy on benefits paid Foreign currency exchange rate changes

Projected benefit obligation, December 31

28
72

29 109 1 1

(6) 208 (68) n/a (166)

\$ 18,614 \$ 18,276 \$ 2,564 \$ 2,457 \$ 2,927 \$ 2,720 \$

133

1

120

1

9 54 138

32 98 1 2

(116) 156 (80) n/a 27

\$ 14,145 \$ 15,655 \$ 2,580 \$ 2,460 \$ 3,070 \$ 3,334 \$ 1,356 \$ 1,574
623

(7) (161) (217) n/a n/a

1,621 (923) n/a n/a

351 (226) n/a n/a

29 (248) 16 (2)

8 58 129

(197) (237) 15

17 (1,279) (871) n/a n/a

\$ 15,508 \$ 14,145 \$ 2,688 \$ 2,580 \$ 3,329 \$ 3,070 \$ 1,346 \$ 1,356

Amount recognized, December 31

Funded status, December 31

Accumulated benefit obligation

Overfunded (unfunded) status of ABO

Provision for future salaries

Projected benefit obligation

Weighted-average assumptions, December 31 Discount rate

Rate of compensation increase

(123) \$ (402) \$ (350) \$ (1,318) \$ (1,284)

2,582 \$ 2,463 \$ 3,329 \$ 3,067 n/a n/a

(18) (6)(402) (347) n/a n/a

106 117 -3n/a n/a

3.80% 4.00

3.75% n/a

4.30% 4.91

4.50% 4.00

4.55% 4.00

2,688 2,580 3,329 3,070 \$ 1,346 \$ 1,356

4.50% n/a

3.56% 4.70

Amounts recognized on the Consolidated Balance Sheet at December 31, 2014 and 2013 are presented in the table below.

Amounts Recognized on Consolidated Balance Sheet

(Dollars in millions) Other assets
Accrued expenses and other liabilities

Qualified Pension Plan
2013
3,106 \$ 4,131 \$

Non-U.S. Pension Plans
2013

252 (376)
Nonqualified
and Other Pension Plans
2013

777 (1,127)

Postretirement Health and Life Plans

(1,284)
3,106 \$ 4,131 \$ (124) \$ (123) \$ (402) \$ (350) \$ (1,318) \$ (1,284)

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Pension Plans with ABO and PBO in excess of plan assets as of December 31, 2014 and 2013 are presented in the table below. For the non-qualified plans not subject to ERISA or non-U.S. pension plans, funding strategies vary due to legal requirements and local practices.

Plans with ABO and PBO in Excess of Plan Assets

(Dollars in millions)

Plans with ABO In excess of plan assets PBO ABO

Fair value of plan assets

Plans with PBO in excess of plan assets PBO

Fair value of plan assets

Non-U.S. Pension Plans
583 563 206
2013

617 606 290

583 \$ 720 206 392

Nonqualified
and Other Pension Plans
2013

1,190 \$ 1,190 2

1,190 \$ 2

Net periodic benefit cost of the Corporation's plans for 2014, 2013 and 2012 included the following components.

Components of Net Periodic Benefit Cost

Non-U.S. Pension Plans

(Dollars in millions)

Components of net periodic benefit cost Service cost Interest cost

Expected return on plan assets
 Amortization of prior service cost
 Amortization of net actuarial loss (gain)
 Recognized loss (gain) due to settlements and curtailments

2014

665 (1,018)

2013

623 (1,024)

242 17

2012

\$ 236 681 (1,246) 9
 469 58

2014

29 109 (137) 1 3 2

2013

32 98 (121)

2

(7)

2012

40 97 (137)

(9)

\$ (242) \$ (142) \$

207

Net periodic benefit cost (income)

Weighted-average assumptions used to determine net cost for years ended December 31

Discount rate	4.85%	4.00%	4.95%	4.30%
Expected return on plan assets	6.00	6.50	8.00	5.52
Rate of compensation increase	n/a	n/a	4.00	4.91

(9)

4.23% 4.87% 5.50 6.65 4.37 4.42

(Dollars in millions)

Components of net periodic benefit cost Service cost Interest cost

Expected return on plan assets
 Amortization of transition obligation
 Amortization of prior service cost (credits)
 Amortization of net actuarial loss (gain)
 Recognized loss due to settlements and curtailments

Nonqualified and Other Pension Plans

120 (109)

2013

1

25 2

133 (124)

25

2012

138 (152)

(3)	\$						
2013							
54							
(5)							
4							
(42)		6					
26	\$						
35	\$						
39	\$						
(8)	\$	(23)	\$				
74							

Postretirement Health and Life Plans

Net periodic benefit cost (income)						
Weighted-average assumptions used to determine net cost for years ended December 31						
Discount rate	4.55%	3.65%	4.65%	4.50%	3.65%	■ 4.65%
Expected return on plan assets	4.60	3.75	5.25	6.00	6.50	8.00
Rate of compensation increase	4.00	4.00	4.00	n/a	n/a	n/a

n/a = not applicable

The asset valuation method used to calculate the expected return on plan assets component of net period benefit cost for the Qualified Pension Plan recognizes 60 percent of the prior year's market gains or losses at the next measurement date with the remaining 40 percent spread equally over the subsequent four years.

Net periodic postretirement health and life expense was determined using the "projected unit credit" actuarial method. Gains and losses for all benefit plans except postretirement health care are recognized in accordance with the standard amortization provisions of the applicable accounting guidance. For the Postretirement Health Care Plans, 50 percent of the unrecognized gain or loss at the beginning of the fiscal year (or at subsequent remeasurement) is recognized on a level basis during the year.

Assumed health care cost trend rates affect the postretirement benefit obligation and benefit cost reported for the Postretirement Health and Life Plans. The assumed health care cost trend rate used to measure the expected cost of benefits covered by the

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Postretirement Health and Life Plans is 7.00 percent for 2015 and 2016, reducing in steps to 5.00 percent in 2021 and later years. A one-percentage-point increase in assumed health care cost trend rates would have increased the service and interest costs, and the benefit obligation by \$2 million and \$47 million in 2014. A one-percentage-point decrease in assumed health care cost trend rates would have lowered the service and interest costs, and the benefit obligation by \$2 million and \$41 million in 2014.

The Corporation's net periodic benefit cost (income) recognized for the plans is sensitive to the discount rate and expected return on plan assets. With all other assumptions held constant, a 25 basis point (bp) decline in the discount rate and expected return on plan asset assumptions would have resulted in an increase in the net periodic benefit cost for the Qualified Pension Plan recognized in 2014 of approximately \$7 million and \$43 million, and to be recognized in 2015 of approximately \$9 million and \$44 million. For the Postretirement Health and Life Plans, a 25 bp decline in the discount rate would have resulted in an increase in the net periodic benefit cost recognized in 2014 of approximately \$9 million, and to be recognized in 2015 of approximately \$10 million. For the Non-U.S. Pension Plans and the Nonqualified and Other Pension Plans, a 25 bp decline in discount rates would not have a significant impact on the net periodic benefit cost for 2014 and 2015.

Pretax amounts included in accumulated OCI for employee benefit plans at December 31, 2014 and 2013 are presented in the table below.

Pretax Amounts included in Accumulated OCI

(Dollars in millions)

Net actuarial loss (gain)

Prior service cost (credits)

Amounts recognized in accumulated OCI

Nonqualified and Other Pension Plans

Qualified Pension Plan
Non-U.S. Pension Plans

Total

2014

2014

2013

2014

2013

2014

2013

2014

2013

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Plan Assets'

The Qualified Pension Plan has been established as a retirement vehicle for participants, and trusts have been established to secure benefits promised under the Qualified Pension Plan. The Corporation's policy is to invest the trust assets in a prudent manner for the exclusive purpose of providing benefits to participants and defraying reasonable expenses of administration. The Corporation's investment strategy is designed to provide a total return that, over the long term, increases the ratio of assets to liabilities. The strategy attempts to maximize the investment return on assets at a level of risk deemed appropriate by the Corporation while complying with ERISA and any applicable regulations and laws. The investment strategy utilizes asset allocation as a principal determinant for establishing the risk/ return profile of the assets. Asset allocation ranges are established, periodically reviewed and adjusted as funding levels and liability characteristics change. Active and passive investment managers are employed to help enhance the risk/return profile of the assets. An additional aspect of the investment strategy used to minimize risk (part of the asset allocation plan) includes matching the equity exposure of participant-selected earnings measures. For example, the common stock of the Corporation held in the trust is maintained as an offset to the exposure related to participants who elected to receive an earnings measure based on the return performance of common stock of the Corporation. No plan assets are expected to be returned to the Corporation during 2015.

The assets of the Non-U.S. Pension Plans are primarily attributable to a U.K. pension plan. This U.K. pension plan's assets are invested prudently so that the benefits promised to members are provided with consideration given to the nature and the duration of the plan's liabilities. The current investment strategy was set following an asset-liability study and advice from the trustee's investment advisors. The selected asset allocation strategy is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the plan's liabilities.

The expected return on asset assumption was developed through analysis of historical market returns, historical asset class volatility and correlations, current market conditions, anticipated future asset allocations, the funds' past experience, and expectations on potential future market returns. The expected return on assets assumption is determined using the calculated market-related value for the Qualified Pension Plan and the Other Pension Plan and the fair value for the Non-U.S. Pension Plans and Postretirement Health and Life Plans. The expected return on assets assumption represents a long-term average view of the performance of the assets in the Qualified Pension Plan, the Non-U.S. Pension Plans, the Other Pension Plan, and Postretirement Health and Life Plans, a return that may or may not be achieved during any one calendar year. The terminated Other U.S. Pension Plan is invested solely in an annuity contract which is primarily invested in fixed-income securities structured such that asset maturities match the duration of the plan's obligations.

The target allocations for 2015 by asset category for the Qualified Pension Plan, Non-U.S. Pension Plans, Nonqualified and Other Pension Plans, and Postretirement Health and Life Plans are presented in the table below.

2015 Target Allocation

Asset Category	Percentage				
	Qualified	Non-U.S.	Nonqualified and Other	Postretirement Health and Life	
Equity securities			30-60	40-70	0-10
Debt securities			10-35	40-80	0-15
Real estate			0-5	95	-100
Other			0-5	0-5	0-5
Pension Plan			0-20	70	-100
Pension Plans					0-5
Pension Plans					0-5
Plans					0-5

Equity securities for the Qualified Pension Plan include common stock of the Corporation in the amounts of \$215 million (1.15 percent of total plan assets) and \$200 million (1.10 percent of total plan assets) at December 31, 2014 and 2013.

Fair Value Measurements °

For information on fair value measurements, including descriptions of Level 1, 2 and 3 of the fair value hierarchy and the valuation methods employed by the Corporation, see Note 1 - Summary of Significant Accounting Principles and Note 20 - Fair Value Measurements.

Combined plan investment assets measured at fair value by level and in total at December 31, 2014 and 2013 are summarized in the Fair Value Measurements table.

Fair Value Measurements

(Dollars in millions)

Cash and short-term Investments

Money market and interest-bearing cash

Cash and cash equivalent commingled/mutual funds Fixed Income

U.S. government and government agency securities

Corporate debt securities

Asset-backed securities

Non-U.S. debt securities

Fixed income commingled/mutual funds Equity

Common and preferred equity securities Equity commingled/mutual funds Public real estate investment trusts Real estate Private real estate

Real estate commingled/mutual funds Limited partnerships Other investments <1>

3,814 \$

2,004

627 101

6,628 16 124

Level 3
December 31, 2014

Level 2

- \$ 4

11

2,151 1,454 1,930 487 1,397

122 490

4

1 817

	127 632 65 127
Total	
	3,814 4
4,166 1,454 1,930 1,114 1,498	
	6,628 1,833 124
127 636 187 618	
Total plan investment assets, at fair value	
Cash and short-term investments	
Money market and interest-bearing cash	
Cash and cash equivalent commingled/mutual funds Fixed income	
U.S. government and government agency securities	
Corporate debt securities	
Asset-backed securities	
Non-U.S. debt securities	
Fixed income commingled/mutual funds Equity	
Common and preferred equity securities Equity commingled/mutual funds Public real estate investment trusts Real estate Private real estate	
Real estate commingled/mutual funds Limited partnerships Other investments ('>	
2,586 \$	
1,590	
547 89	
7,463 213 127	
December 31, 2013	
	223
2,245 1,233 1,455 502 1,279	
2,308	
	7
117 662	
12	
119 462 145 135	

2,586 223

3,847 1,233 1,455 1,055 1,368

7,463 2,521 127

119 469 262 797

Total plan investment assets, at fair value

Other investments include interest rate swaps of \$297 million and \$435 million, participant loans of \$78 million and \$87 million, commodity and balanced funds of \$178 million and \$229 million and other various investments of \$65 million and \$46 million at December 31, 2014 and 2013

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The Level 3 Fair Value Measurements table presents a reconciliation of all plan investment assets measured at fair value using significant unobservable inputs (Level 3) during 2014, 2013 and 2012.

Level 3 Fair Value Measurements

(Dollars in millions) Fixed income

U.S. government and government agency securities Non-U.S. debt securities Real estate Private real estate
Real estate commingled/mutual funds Limited partnerships Other investments

Balance January 1

12 6

119 462 145 135

Actual Return on Plan Assets Still
Held at the Reporting Date

- \$

5 20 5 1

Purchases

- \$

5

150 3 1

Sales and Settlements

(1) (2)

(2)

(88) (10)

Transfers into/ (out of) Level 3

(4)

Balance December 31

11

127 632 65 127

(103) \$

Fixed income

U.S. government and government agency securities Non-U.S. debt securities Real estate Private real estate

Real estate commingled/mutual funds Limited partnerships Other investments

Total

13 10

110 324 231 129

817

(2)

4 15 8

(6)

19

2013

7

123 23 13

166

(1)

(2)

(2)

(89) (1)

(95)

12 6

119 462 145 135

879

Fixed income

U.S; government and government agency securities \$ 13 \$

Non-U.S. debt securities 10

Real estate

Private real estate 113

Real estate commingled/mutual funds 249

Limited partnerships 232

Other investments	122	Total	\$ 739 \$~
-------------------	-----	-------	------------

(1)

(2) 13

8

7

25 \$

2012

2 62 11

4

80 \$

(1)

(3)

(20) (4) (28) \$

13 10

110 324 231 129 817

Projected Benefit Payments

Benefit payments projected to be made from the Qualified Pension Plan, Non-U.S. Pension Plans, Nonqualified and Other Pension Plans, and Postretirement Health and Life Plans are presented in the table below.

Projected Benefit Payments

Postretirement Health and Life Plans

(Dollars in millions)

2015

2016

2017

2018

2019

2020 - 2024

Non-U.S. Pension Plans <2>

921 \$ 908 900 899 895 4.407

Nonqualified and Other Pension Plans <2>

244 241 242 239 236 1,136

(3)

Net Payments

130 126 122 117 111 495

Medicare Subsidy

14 14 14 13 13 58

⁽¹⁾ Benefit payments expected to be made from the plan's assets

⁽²⁾ Benefit payments expected to be made from a combination of the plans' and the Corporation's assets

⁽³⁾ Benefit payments (net of retiree contributions) expected to be made from a combination of the plans' and the Corporation's assets

Defined Contribution Plans

Defined Contribution Plans

The Corporation maintains qualified defined contribution retirement plans and nonqualified defined contribution retirement plans. The Corporation contributed \$1.0 billion, \$1.1 billion and \$886 million in 2014, 2013 and 2012, respectively, to the qualified defined contribution plans. At December 31, 2014 and 2013, 238 million and 235 million shares of the Corporation's common stock were held by these plans. Payments to the plans for dividends on common stock were \$29 million, \$10 million and \$10 million in 2014, 2013 and 2012, respectively.

Certain non-U.S. employees are covered under defined contribution pension plans that are separately administered in accordance with local laws.

NOTE 18 Stock-based Compensation Plans

The Corporation administers a number of equity compensation plans, with awards being granted predominantly from the Corporation's Key Associate Stock Plan. Under the Key Associate Stock Plan, the Corporation grants stock-based awards, including stock options, restricted stock and restricted stock units (RSUs). Grants in 2014 included RSUs which generally vest in three equal annual installments beginning one year from the grant date, and awards which will vest subject to the attainment of specified performance goals.

For most awards, expense is generally recognized ratably over the vesting period net of estimated forfeitures, unless the employee meets certain retirement eligibility criteria. For awards to employees that meet retirement eligibility criteria, the Corporation records the expense upon grant. For employees that become retirement eligible during the vesting period, the Corporation recognizes expense from the grant date to the date on which the employee becomes retirement eligible, net of estimated forfeitures. The compensation cost for the stock-based plans was \$2.30 billion, \$2.28 billion and \$2.27 billion in 2014, 2013 and 2012, respectively. The related income tax benefit was \$854 million, \$842 million and \$839 million for 2014, 2013 and 2012, respectively.

Key Associate Stock Plan

The Key Associate Stock Plan became effective January 1, 2003. It provides for different types of awards, including stock options, restricted stock and RSUs. As of December 31, 2014, the shareholders had authorized approximately 1.1 billion shares for grant under this plan. Additionally, any shares covered by awards under certain legacy plans that cancel, terminate, expire, lapse or settle in cash after a specified date may be re-granted under the Key Associate Stock Plan.

During 2014, the Corporation issued 133 million RSUs to certain employees under the Key Associate Stock Plan. Certain awards are earned based on the achievement of specified performance criteria. RSUs may be settled in cash or in shares of common stock depending on the terms of the applicable award. In 2014, two million of these RSUs were authorized to be settled in shares of common stock with the remainder in cash. Certain awards contain clawback provisions which permit the Corporation to cancel all or a portion of the award under specified circumstances. The compensation cost for cash-settled awards and awards subject to certain clawback provisions, which in the aggregate represented substantially all of the awards in 2014, is accrued over the vesting period and adjusted to fair value based upon changes in the share price of the Corporation's common stock.

From time to time, the Corporation enters into equity total return swaps to hedge a portion of RSUs granted to certain employees as part of their compensation in prior periods to minimize the change in the expense to the Corporation driven by fluctuations in the fair value of the RSUs. Certain of these derivatives are designated as cash flow hedges of unrecognized unvested awards with the changes in fair value of the hedge recorded in accumulated OCI and reclassified into earnings in the same period as the RSUs affect earnings. The remaining derivatives are used to hedge the price risk of cash-settled awards with changes in fair value recorded in personnel expense. For information on amounts recognized on equity total return swaps used to hedge the Corporation's outstanding RSUs, see Note 2 - Derivatives.

Other Stock Plans

The Corporation assumed the obligations of certain stock compensation plans with the acquisition of Merrill Lynch. These plans are no longer active and no awards were granted in 2014, 2013 or 2012. At December 31, 2014, five million unvested RSUs remained outstanding under the Merrill Lynch Financial Advisor Capital Accumulation Award Plan. These awards were granted in 2003 and thereafter and are generally payable eight years from the grant date in a fixed number of the Corporation's common shares.

Restricted Stock/Units

The table below presents the status at December 31, 2014 of the share-settled restricted stock/units and changes during 2014.

Stock-settled Restricted Stock/Units

	Weighted-average Grant Shares/Units	Date	Fair Value
Outstanding at January 1, 2014	71,202,751		\$ 12.05
Granted	2,064,195		16.63
Vested	(42,209,408)		14.27
Canceled	(1,174,769)		10.45
		<u>Outstanding at December 31, 2014</u>	<u>29,882,769</u> <u>9.30</u>

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The table below presents the status at December 31, 2014 of the cash-settled RSUs granted under the Key Associate Stock Plan and changes during 2014.

NOTE 19 Income Taxes

The components of income tax expense (benefit) for 2014, 2013 and 2012 are presented in the table below.

Income Tax Expense (Benefit)

	359,928,869	130,956,173	(162,061,256)	(11,867,351)
Outstanding at January 1, 2014				
Granted				
Vested				
316,956,435				
Canceled				
Outstanding at December 31, 2014				

At December 31, 2014, there was an estimated \$1.5 billion of total unrecognized compensation cost related to certain share-based compensation awards that is expected to be recognized over a period of up to four years, with a weighted-average period of 1.6 years. The total fair value of restricted stock vested in 2014, 2013 and 2012 was \$576 million, \$1.0 billion and \$2.9 billion, respectively. In 2014, 2013 and 2012, the amount of cash paid to settle equity-based awards for all equity compensation plans was \$1.7 billion, \$1.4 billion and \$779 million, respectively.

Stock Options

The table below presents the status of all option plans at December 31, 2014 and changes during 2014.

Stock Options

	Weighted-average Exercise Price			
Outstanding at January 1, 2014				
Forfeited				
122,168,691 (34,081,637)				
Options				
\$				
Outstanding at December 31, 2014				
88,087,054				
Options vested and exercisable at December 31, 2014				
88,087,054				
	48.23	46.32	48.96	
	48.96			
2013				
2012				
443 340 513				
180 786 513				
458 592 569				
{Dollars in millions}				
Current income tax expense				
U.S. federal				
U.S. state and local				
1,296				
1,479				
1,619				
Non-U.S.				
Total current expense				
Deferred income tax expense (benefit)				
U.S. federal	583	2,056	(3,433)	
U.S. state and local	85(94)	(55)		
726				
3,262				
(2,735)				
Non-U.S.	581,300	753		
Total deferred expense (benefit)				
Total income tax expense (benefit) \$ 2,022 \$ 4,741 \$ (1,116)				

Total income tax expense (benefit) does not reflect the deferred tax effects of unrealized gains and losses on AFS debt and marketable equity securities, foreign currency translation adjustments, derivatives and employee benefit plan adjustments that are included in accumulated OCI. These tax

securities, foreign currency translation adjustments, derivatives and employee benefit plan adjustments that are included in accumulated OCI. These tax effects resulted in an expense of \$3.4 billion in 2014 and \$1.3 billion in 2012, and a benefit of \$2.7 billion in 2013, recorded in accumulated OCI. In addition, total income tax expense (benefit) does not reflect tax effects associated with the Corporation's employee stock plans which decreased common stock and additional paid-in capital \$35 million, \$128 million and \$277 million in 2014, 2013 and 2012, respectively.

Outstanding options at December 31, 2014 included 79 million options under the Key Associate Stock Plan and nine million options to employees of predecessor company plans assumed in mergers. All options outstanding as of December 31, 2014 were vested and exercisable with a weighted-average remaining contractual term of 1.6 years and have no aggregate intrinsic value. No options have been granted since 2008.

Income tax expense (benefit) for 2014, 2013 and 2012 varied from the amount computed by applying the statutory income tax rate to income before income taxes. A reconciliation of the expected U.S. federal income tax expense, calculated by applying the federal statutory tax rate of 35 percent, to the Corporation's actual income tax expense (benefit), and the effective tax rates for 2014, 2013 and 2012 are presented in the table below.

Reconciliation of Income Tax Expense (Benefit)

2012	
(Dollars in millions)	
Expected U.S. federal income tax expense Increase (decrease) in taxes resulting from: State tax expense, net of federal benefit Affordable housing credits/other credits Changes in prior period UTBs, including interest Tax-exempt income, including dividends Non-U.S. tax rate differential <u>Nondeductible expenses Leveraged lease tax differential Non-U.S. statutory rate reductions Other	
<u>Total Income tax expense (benefit)</u>	
Amount	
2,399	
	276 (950) (741) (533) (507) 1,982 53
	43
	2,022
Amount	
35.0 %	\$ 5,660
	450 (863) (255) (524) (940) 104 26 1,133 (50)
29.5 %	\$ 4,741
Amount	
Percent	
<u>2.8 (5.3) (1-6) (3.2) (5.8) 0.6 0.2 7.0 (0.4)</u>	
35.0 %	\$ 1,075
	349 (783) (198) (576) (1,968) 231 83 788 (117)
	29.3 % \$ (1,116)
Percent	
35.0%	
	11.4
	(36.3)%
	(25.5) (6.4) (18.8) (64.1) 7.5 2.7 25.7 (3.8)

i! Includes in 2012, a \$1.7 billion income tax benefit attributable to the excess of foreign tax credits recognized in the U.S. upon repatriation of the earnings of certain non-U.S. subsidiaries over the related U.S. tax liability.

The reconciliation of the beginning unrecognized tax benefits (UTB) balance to the ending balance is presented in the table below.

Reconciliation of the Change in Unrecognized Tax Benefits

(Dollars in millions) Balance, January 1	
Increases related to positions taken during the current year	
Increases related to positions taken during prior years ">	
Decreases related to positions taken during prior years ⁽¹⁾ >	
Settlements	
Expiration of statute of limitations	
Balance, December 31	
2013	
2012	
	3,677 98 254 (508) (448) (5)
<u>4,203 352 142 (711) (205) (104)</u>	
2014	
	3,068 75 519 (973) (1,594) (27)
1,068 \$	3,068 \$ 3,677

The sum per year of positions taken during prior years differs from the \$741 million, \$255 million and \$198 million in the Reconciliation of Income Tax Expense (Benefit) table due to temporary items, state items and jurisdictional offsets, as well as the inclusion of interest in the Reconciliation of Income Tax Expense (Benefit) table.

At December 31, 2014, 2013 and 2012, the balance of the Corporation's UTBs which would, if recognized, affect the Corporation's effective tax rate was \$0.7 billion, \$2.5 billion and \$3.1 billion, respectively. Included in the UTB balance are some items the recognition of which would not affect the effective tax rate, such as the tax effect of certain temporary differences, the portion of gross state UTBs that would be offset by the tax benefit of the associated federal deduction and the portion of gross non-U.S. UTBs that would be offset by tax reductions in other jurisdictions.

The Corporation files income tax returns in more than 100 state and non-U.S. jurisdictions each year. The IRS and other tax authorities in countries and states in which the Corporation has significant business operations examine tax returns periodically (continuously in some jurisdictions). The Tax Examination Status table summarizes the status of significant examinations (U.S. federal unless otherwise noted) for the Corporation and various subsidiaries as of December 31, 2014.

Years under Examination
U.S. vs U.S.
New York U.K.

Status at December 31 2014

2010 - 2011 IRS Appeals
2012 - 2013 Field examination
2008 - 2012 Field examination

2012

Field examination

ⁱ¹ Field examination completed during 2014 The Corporation filed a protest related to certain adjustments with the IRS administrative appeals division

During 2014, the Corporation settled and effectively resolved the federal examinations related to years 2005 through 2009 and all open Merrill Lynch years through 2008, as well as various state and local examinations for multiple years.

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It is reasonably possible that the UTB balance may decrease by as much as \$0.4 billion during the next 12 months, since resolved items will be removed from the balance whether their resolution results in payment or recognition.

During 2014, 2013 and 2012, the Corporation recognized a benefit of \$196 million and expense of \$127 million and \$99 million, respectively, for interest and penalties, net-of-tax, in income tax expense. At December 31, 2014 and 2013, the Corporation's accrual for interest and penalties that related to income taxes, net of taxes and remittances, was \$455 million and \$888 million.

Significant components of the Corporation's net deferred tax assets and liabilities at December 31, 2014 and 2013 are presented in the table below.

Deferred Tax Assets and Liabilities

	December 31	
	2013	2014
	9,787	5,916
	5,614	5,190
	5,047	3,665
	2,034	
	1,688	
	10,967	6,749
	9,689	4,264
	6,100	2,729
	2,643	1,918
	722	
(Dollars in millions) Deferred tax assets		
Net operating loss carryforwards		
Accrued expenses		
Tax credit carryforwards		
Security, loan and debt valuations		
Allowance for credit losses		
Employee compensation and retirement benefits		
State income taxes		
	38,941	(1,111)
	45,781	(1,940)
Available-for-sale securities		
Other		
	43,841	
Gross deferred tax assets Valuation allowance		
	37,830	
		2,880
		1,349
		1,041
		828
		816
		587
		2,075
	3,106	1,529
	1,547	
	798	3,033
	1,472	
Total deferred tax assets, net of valuation allowance		

Deferred tax liabilities Equipment lease financing Intangibles

9,576
 11,485
 Mortgage servicing rights Available-for-sale securities Fee income Long-term borrowings Other
 \$ 28,254 \$ 32,356
 Gross deferred tax liabilities
 Net deferred tax assets

The table below summarizes the deferred tax assets and related valuation allowances recognized for the net operating loss (NOL) and tax credit carryforwards at December 31, 2014.

Deferred Tax Asset
 Valuation Allowance
 First Year Expiring

Net Operating Loss and Tax Credit Carryforward Deferred Tax Assets

3,065	6,276		
130			
708	3,383	2,163	
After 2027	None	in	
Various			
Various	After 2029	After 2022	
3,065	6,276		
			446
1,168	3,383	2,231	
			- \$
			(316) (460) (68)

Net Deferred Tax Asset
 U.S. U.K.
 (Dollars in millions) Net operating losses Net operating losses Net operating losses
 U.S.
 other non-U.S. Net operating losses
 states ¹)
 General business credits
 Foreign tax credits

¹ The U.K. net operating losses may be carried forward indefinitely.
² The net operating losses and related valuation allowances for U.S. states before considering the benefit of federal deductions were \$1.8 billion and \$708 million.

Management concluded that no valuation allowance was necessary to reduce the U.K. NOL carryforwards and U.S. NOL and general business credit carryforwards since estimated future taxable income will be sufficient to utilize these assets prior to their expiration. The majority of the Corporation's U.K. net deferred tax assets, which consist primarily of NOLs, are expected to be realized by certain subsidiaries over an extended number of years. Management's conclusion is supported by financial results and forecasts, the reorganization of certain business activities and the indefinite period to carry forward NOLs. However, significant changes to those estimates, such as changes that would be caused by a substantial and prolonged worsening of the condition of Europe's capital markets, or a change in applicable laws, could lead management to reassess its U.K. valuation allowance conclusions.

At December 31, 2014, U.S. federal income taxes had not been provided on \$17.2 billion of undistributed earnings of non-U.S. subsidiaries that management has determined have been reinvested for an indefinite period of time. If the Corporation were to record a deferred tax liability associated with these undistributed earnings, the amount would be approximately \$4.5 billion at December 31, 2014.

NOTE 20 Fair Value Measurements

Under applicable accounting guidance, 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 based on the fair value hierarchy established under applicable accounting guidance which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs used to measure fair value. The Corporation conducts a review of its 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 became unobservable or observable, respectively, in the current marketplace. These transfers are considered to be effective as of the beginning of the quarter in which they occur. For more information regarding the fair value hierarchy and how the Corporation measures fair value, see Note 1 - Summary of Significant Accounting Principles. The Corporation accounts for certain financial instruments under the fair value option. For additional information, see Note 21 - Fair Value Option.

Valuation Processes and Techniques

The Corporation has various processes and controls in place to ensure that fair value is reasonably estimated. A model validation policy governs the use and control of valuation models used to estimate fair value. This policy requires review and approval of models by personnel who are independent of the front office, and periodic reassessments of models to ensure that they are continuing to perform as designed. In addition, detailed reviews of trading gains and losses are conducted on a daily basis by personnel who are independent of the front office. A price verification group, which is also independent of the front office, utilizes available market information including executed trades, market prices and market-observable valuation model inputs to ensure that fair values are reasonably estimated. The Corporation performs due diligence procedures over third-party pricing service providers in order to support their use in the valuation process. Where market information is not available to support internal valuations, independent reviews of the valuations are performed and any material exposures are escalated through a management review process.

While the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During 2014, except for the adoption of FVA, there were no changes to the valuation techniques that had, or are expected to have, a material impact on the Corporation's consolidated financial position or results of operations.

Level 1, 2 and 3 Valuation Techniques

Financial instruments are considered Level 1 when the valuation is based on quoted prices in active markets for identical assets or liabilities. Level 2 financial instruments are valued using quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or models using inputs that are observable or

can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques, and at least one significant model assumption or input is unobservable and when determination of the fair value requires significant management judgment or estimation.

Trading Account Assets and Liabilities and Debt Securities The fair values of trading account assets and liabilities are primarily based on actively traded markets where prices are based on either direct market quotes or observed transactions. The fair values of debt securities are generally based on quoted market prices or market prices for similar assets. Liquidity is a significant factor in the determination of the fair values of trading account assets and liabilities and debt securities. Market price quotes may not be readily available for some positions, or positions within a market sector where trading activity has slowed significantly or ceased. Some of these instruments are valued using a discounted cash flow model, which estimates the fair value of the securities using internal credit risk, interest rate and prepayment risk models that incorporate management's best estimate of current key assumptions such as default rates, loss severity and prepayment rates. Principal and interest cash flows are discounted using an observable discount rate for similar instruments with adjustments that management believes a market participant would consider in determining fair value for the specific security. Other instruments are valued using a net asset value approach which considers the value of the underlying securities. Underlying assets are valued using external pricing services, where available, or matrix pricing based on the vintages and ratings. Situations of illiquidity generally are triggered by the market's perception of credit uncertainty regarding a single company or a specific market sector. In these instances, fair value is determined based on limited available market information and other factors, principally from reviewing the issuer's financial statements and changes in credit ratings made by one or more rating agencies.

Derivative Assets and Liabilities

The fair values of derivative assets and liabilities traded in the OTC market are determined using quantitative models that utilize multiple market inputs including interest rates, prices and indices to generate continuous yield or pricing curves and volatility factors to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services. When third-party pricing services are used, the methods and assumptions are reviewed by the Corporation. Estimation risk is greater for derivative

when third-party pricing services are used, the methods and assumptions are reviewed by the Corporation. Estimation risk is greater for derivative asset and liability positions that are either option-based or have longer maturity dates where observable market inputs are less readily available, or are unobservable, in which case, quantitative-based extrapolations of rate, price or index scenarios are used in determining fair values. The fair values of derivative assets and liabilities include adjustments for market liquidity, counterparty credit quality and other instrument-specific factors, where appropriate. In addition, the Corporation incorporates within its fair value measurements of OTC derivatives a valuation adjustment to reflect the credit risk associated with the net position. Positions are netted by counterparty, and fair value for net long exposures is adjusted for counterparty credit risk while the fair value for net short exposures is adjusted for the

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Corporation's own credit risk. The Corporation also incorporates FVA within its fair value measurements to include funding costs on uncollateralized derivatives and derivatives where the Corporation is not permitted to use the collateral it receives. An estimate of severity of loss is also used in the determination of fair value, primarily based on market data.

Loans and Loan Commitments

The fair values of loans and loan commitments are based on market prices, where available, or discounted cash flow analyses using market-based credit spreads of comparable debt instruments or credit derivatives of the specific borrower or comparable borrowers. Results of discounted cash flow analyses may be adjusted, as appropriate, to reflect other market conditions or the perceived credit risk of the borrower.

Mortgage Servicing Rights

The fair values of MSR are determined using models that rely on estimates of prepayment rates, the resultant weighted-average lives of the MSR and the option-adjusted spread levels. For more information on MSR, see Note 23 - Mortgage Servicing Rights.

Loans Held-for-sale

The fair values of LHFS are based on quoted market prices, where available, or are determined by discounting estimated cash flows using interest rates approximating the Corporation's current origination rates for similar loans adjusted to reflect the inherent credit risk. The borrower-specific credit risk is embedded within the quoted market prices or is implied by considering loan performance when selecting comparables.

Private Equity Investments

Private equity investments consist of direct investments and fund investments which are initially valued at their transaction price. Thereafter, the fair value of direct investments is based on an assessment of each individual investment using methodologies that include publicly-traded comparables derived by multiplying a key performance metric (e.g., earnings before interest, taxes, depreciation and amortization) of the portfolio company by the relevant valuation multiple observed for comparable companies, acquisition comparables, entry level multiples and discounted cash flow analyses, and are subject to appropriate discounts for lack of liquidity or marketability. After initial recognition, the fair value of fund investments is based on the Corporation's proportionate interest in the fund's capital as reported by the respective fund managers.

Short-term Borrowings and Long-term Debt The Corporation issues structured liabilities that have coupons or repayment terms linked to the performance of debt or equity securities, indices, currencies or commodities. The fair values of these structured liabilities are estimated using quantitative models for the combined derivative and debt portions of the notes. These models incorporate observable and, in some instances, unobservable inputs including security prices, interest rate yield curves, option volatility, currency, commodity or equity rates and correlations among these inputs. The Corporation also considers the impact of its own credit spreads in determining the discount rate used to value these liabilities. The credit spread is determined by reference to observable spreads in the secondary bond market.

Securities Financing Agreements

The fair values of certain reverse repurchase agreements, repurchase agreements and securities borrowed transactions are determined using quantitative models, including discounted cash flow models that require the use of multiple market inputs including interest rates and spreads to generate continuous yield or pricing curves, and volatility factors. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services.

Deposits

The fair values of deposits are determined using quantitative models, including discounted cash flow models that require the use of multiple market inputs including interest rates and spreads to generate continuous yield or pricing curves, and volatility factors. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services. The Corporation considers the impact of its own credit spreads in the valuation of these liabilities. The credit risk is determined by reference to observable credit spreads in the secondary cash market.

Asset-backed Secured Financings

The fair values of asset-backed secured financings are based on external broker bids, where available, or are determined by discounting estimated cash flows using interest rates approximating the Corporation's current origination rates for similar loans adjusted to reflect the inherent credit risk.

Recurring Fair Value

Assets and liabilities carried at fair value on a recurring basis at December 31, 2014 and 2013, including financial instruments which the Corporation accounts for under the fair value option, are summarized in the following tables.

December 31, 2014
Fair Value Measurements

(Dollars in millions) Assets

Federal funds sold and securities borrowed or purchased under agreements to resell

Trading account assets:

U.S. government and agency securities ⁵

Corporate securities, trading loans and other

Equity securities

Non-U.S. sovereign debt

Mortgage trading loans and ABS

Total trading account assets Derivative assets ³ AFS debt securities:

U.S. Treasury and agency securities

Mortgage-backed securities: Agency

Agency-collateralized mortgage obligations

Non-agency residential

Commercial Non-U.S. securities Corporate/Agency bonds Other taxable securities Tax-exempt securities

Total AFS debt securities

Other debt securities carried at fair value: U.S. Treasury and agency securities Mortgage-backed securities: Agency

Non-agency residential Non-U.S. securities Other taxable securities

Total other debt securities earned at fair value Loans and leases Mortgage servicing rights Loans held-for-sale Other assets

Total assets ">

Level 1

33,470 243 33,518 20,348

87,579 4,957

67,413

3,191 20

70,624 1,541

13,270

14,811

11,581
189,552 \$

Level 2

62,182 \$

17,549 31,699 22,488 15,332 10,879
97,947 972,977

2,182

165,039 14,248 4,175 4,000 3,029 368 9,104 8,950
211,095

15,704 3,745 1,862 299

21,610 6,698

6,628 1,381
1,380,518 \$

Assets/Liabilities at Fair Value

62,182

51,019 35,212 56,358 36,254 12,942
191,785 52,682

69,595

165,039 14,248 4,454 4,000 6,230 368 10,791 9,549

284,274

1,541

15,704 3,745 15,132 299

36,421 8,681 3,530 6,801
13,873
660,229

Liabilities

Interest-bearing deposits in U.S. offices Federal funds purchased and securities loaned or sold under agreements to repurchase

Trading account liabilities:

U.S. government and agency securities Equity securities Non-U.S. sovereign debt Corporate securities and other

Total trading account liabilities

Derivative liabilities (3)

Short-term borrowings

Accrued expenses and other liabilities

Long-term debt

Total liabilities >>

18,514 24,679 16,089 189

59,471 4,493

10,795

74,759 \$

1,469 \$ 35,357

440
 3,670 3,625 6,944
 14,685 969,502 2,697 1,250
 34,042
 1,059,002 \$

36 7,771

10 2,362
 10,179

1,469 35,357

18,960 28,349 19,714 7,169

74,192 46,909 2,697 12,055 36,404
 209,083

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

Includes \$17.2 billion of government-sponsored enterprise obligations ⁱⁱⁱ For further disaggregation of derivative assets and liabilities, see Note 2 - Derivatives

During 2014, the Corporation reclassified certain assets and liabilities within its fair value hierarchy based on a review of its inputs used to measure fair value. Accordingly, approximately \$4.1 billion of assets related to U.S. government and agency securities, non-U.S. government securities and equity derivatives, and \$570 million of liabilities related to equity derivatives were transferred from Level 1 to Level 2.

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December 31, 2013

Fair Value Measurements

(Dollars in millions) Assets

Federal funds sold and securities borrowed or purchased under agreements to resell

Trading account assets:

U.S. government and agency securities ⁱ²>
 Corporate securities, trading loans and other
 Equity securities
 Non-U.S. sovereign debt

Mortgage trading loans and ABS

Total trading account assets Derivative assets ¹³) AFS debt securities:

U.S. Treasury and agency securities

Mortgage-backed securities: Agency

Agency-collateralized mortgage obligations

Non-agency residential

Commercial Non-U.S. securities Corporate/Agency bonds Other taxable securities Tax-exempt securities

Total AFS debt securities

Other debt securities carried at fair value:

U.S. Treasury and agency securities

Mortgage-backed securities: Agency

Agency-collateralized mortgage obligations Commercial Non-U.S. securities

Total other debt securities carried at fair value Loans and leases Mortgage servicing rights Loans held-for-sale Other assets

Total assets <*>

Liabilities

Interest-bearing deposits in U.S. offices

Federal funds purchased and securities loaned or sold under

agreements to repurchase Trading account liabilities:

U.S. government and agency securities

Equity securities

Non-U.S. sovereign debt

Corporate securities and other

Total trading account liabilities

Derivative liabilities <³>

Short-term borrowings

Accrued expenses and other liabilities
Long-term debt
Total liabilities <">

Level 1

34,222 1,147 41,324 24,357

101,050 2,374

6,591

3,698 20

10,309 4,062

7,457
11,519

14,474
139,726 \$

26,915 23,874 20,755 518

72,062 1,968

10,130

84,160 \$

Level 2

68,656

14,625 27,746 22,741 12,399 13,388
90,899 910,602

2,363

220,882

164,935 22,492 6,239 2,480 3,415 873 12,963 5,122

21,325 6,985

16,500 218 749 3,858

5,727 1,912
1,326.988 \$

1,899 \$ 26,500

348 3,711 1,387 5,926
11,272,000,000 1,000,000

107			
3,847,806			
409,463			
(2)(7)			
98			
Non-U.S. sovereign debt			
Mortgage trading loans and ABS			3,629,823
11,241			
(11)(8)			
154			
4,760,307,504,929,1,669			
			(35)(10)(1,990)
			869(1,231)45(98)
			1249
Total trading account assets Net derivative assets i<sup>1> AFS debt securities: Non-agency residential MBS Non-U.S. securities Corporate/Agency bonds Other taxable securities Tax-exempt securities			
(19)			
59			
10,169			
Total AFS debt securities Loans and leases <sup>3> Mortgage servicing rights Loans held-for-sale <sup>3> Other assets <sup>51>			
Trading account liabilities - Corporate securities and other			
Accrued expenses and other liabilities <			
Long-term debt <sup>31>			
[¹² Assets (liabilities) For assets, increase (decrease) to Level 3 and for liabilities, (increase) decrease to Level 3.			
Net derivatives include derivative assets of \$6.9 billion and derivative liabilities of \$7.8 billion			
Amounts represent instruments that are accounted for under the fair value option. <sup>4> Issuances represent loan originations and mortgage servicing rights retained following securitizations or whole-<sup>5>			
Other assets is primarily comprised of private equity investments and certain long-term fixed-rate margin loans			
			Gross Transfers Into
Issuances	Settlements	Level 3	
(87)	\$ -		
			(857)(86)(34)(1,259)
			1,275,146,113,39
			- \$
	(938)		
	(16)		
(2,323)	(1,738)		
	(19)	(585)	
270,933,36			
			(1,558)1,471(432)28
	(147)		
(16)			
399,25			
			699,707,23
(16)(3)			
(61)(725)(430)			
(13)			
	(1,381)(235)		
83,39			
			(1,763)(1,591)(927)(216)(245)
(3)(615)			
	(9)(1,581)		
540			

(Dollars in millions) Trading account assets: Corporate securities, trading loans and other

Equity securities				
9,559	1,468			
10				
92	3,928	1,061		
Non-U.S. sovereign debt				
Mortgage trading loans and ABS				
59				
419	(304)			
				6,580
(5,296)	(1,467)			
982	(10)			
(1,655)	(1,362)			
				(10)
100				
(1)				
				2
1,055				4
				15
				19
				(1,155)
				(109)
100	19			
				1,056
				310
				1,252
				472
				4
(1,274)	(757)	(1,043)	(1,507)	(1,019)
				(1)
				(128)
				(2,044)
				(402)
				(383)
				(54)
				(4)

Total trading account assets Net derivative assets ⁽²⁾ AFS debt securities: Commercial MBS Non-U.S. securities Corporate/Agency bonds Other taxable securities Tax-exempt securities

40				
Total AFS debt securities	5,091	17		
Loans and leases ¹ 2,287		98		
34	239			
8	46			
Mortgage servicing rights <">	5,716	1,941		
43	358			
Loans held-for-sale oi	2,733	62		
(5)	(751)	(172)		
				(9)
				(1)
				(1,331)
Other assets is)	3,129	(288)		
Trading account liabilities - Corporate				
724	258			
securities and other	(64)	10		
Accrued expenses and other liabilities	(15)	30		
Long-term debt <3>	(2,301)	13		

¹⁾ Assets (liabilities) For assets, increase (decrease) to Level 3 and for liabilities, (increase) decrease to Level 3
²⁾ Net derivatives include derivative assets of \$7.3 billion and derivative liabilities of \$7.5 billion.

³⁾ Amounts represent instruments that are accounted for under the fair value option

⁴⁾ Issuances represent loan originations and mortgage servicing rights retained following securitizations or whole-loan sales

⁵⁾ Other assets is primarily comprised of private equity investments and certain long-term fixed-rate margin loans that are accounted for under the fair value option

During 2013, the transfers into Level 3 included \$982 million of trading account assets, \$100 million of AFS debt securities, \$239 million of other assets and \$1.3 billion of long-term debt. Transfers into Level 3 for trading account assets were primarily the result of decreased third-party prices available for certain corporate loans and securities. Transfers into Level 3 for AFS debt securities were primarily due to decreased price observability. Transfers into Level 3 for other assets were primarily due to a lack of independent pricing data for certain receivables. Transfers into Level 3 for long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured liabilities. Transfers occur on a regular basis for these 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.

During 2013, the transfers out of Level 3 included \$1.6 billion of trading account assets, \$627 million of net derivative assets, \$269 million of AFS debt securities and \$1.2 billion of long-term debt. Transfers out of Level 3 for trading account assets were primarily the result of increased market liquidity and third-party prices available for certain corporate loans and securities. Transfers out of Level 3 for net derivative assets were primarily due to increased price observability (i.e., market comparables for the referenced instruments) for certain options. Transfers out of Level 3 for AFS debt securities were primarily due to increased market liquidity. Transfers out of Level 3 for long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured liabilities.

Level 3 - Fair Value Measurements w

6,880 544 342
3,689

(Dollars in millions) Trading account assets: Corporate securities, trading loans and other »)

Equity securities Non-U.S. sovereign debt Mortgage trading loans and ABS <2>
11,455 5,866

37 860 40 162 4,265 2,648

Total trading account assets Net derivative assets i-1' AFS debt securities: Mortgage-backed securities: Agency	
Non-agency residential Non-agency commercial Corporate/Agency bonds Other taxable securities Tax-exempt securities	
Total AFS debt securities	8,012
Loans and leases i4-5i	2,744
Mortgage servicing rights gi	7,378
Loans held-for-sale <4>	3,387
Other assets i6>	4,235
Trading account liabilities - Corporate	
securities and other	(114)
Short-term borrowings <4>	-
Accrued expenses and other liabilities <4i	(14)
Long-term debt <4>	(2,943)

Gains (Losses) in OCI

19

26 20
65

GrossGross

Transfers	Transfers Balance	into	out of	December 31
Level 3	Level 3 2012			
436	90			
(950)	(77)			(21)
(173)				
3,726	545			353
4,935				
Issuances	Settlements			
-	\$ (1,077)	\$		
-	27			
844				
1,370	(269)			
				(1,221) (461)
9,559	1,468			
•	' (5)			
•	(678)			
(33)	(502)			
(27)	(209)			
	(1,733)	(3,328)		
				10 92 3,928 1,061
450	80			
(68)				
(4,931)	(274)			
(1,484)	(414)	(381)		
80	232			
1,239				
5,091	2,287	5,716	2,733	3,129
(64)				
(15)	(2,301)			
				(4) (2) (6) (39) (3,345) (1,535)
374	270			
(771)	(11)			
(632)	(11)			
				(232) (9) (259)
54				
- 4	(2,040)	1,752		

During 2012, the transfers into Level 3 included \$1.4 billion of trading account assets, \$269 million of net derivative assets, \$450 million of loans and leases and \$2.0 billion of long-term debt. Transfers into Level 3 for trading account assets were primarily the result of decreased market liquidity for certain corporate loans and updated information related to certain CLOs. Transfers into Level 3 for net derivative assets were primarily related to decreased price observability for certain long-dated equity derivative liabilities due to a lack of independent pricing. Transfers into Level 3 for loans and leases were due to updated information related to certain commercial loans. Transfers into Level 3 for long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured liabilities. Transfers occur on a regular basis for these 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.

During 2012, the transfers out of Level 3 included \$1.2 billion of trading account assets, \$461 million of net derivative assets, \$771 million of AFS debt securities, \$632 million of LHFS and \$1.8 billion of long-term debt. Transfers out of Level 3 for trading account assets were primarily related to increased market liquidity for certain corporate and commercial real estate loans. Transfers out of Level 3 for net derivative assets were primarily related to increased price observability (i.e., market comparables for the referenced instruments) for certain total return swaps and foreign exchange swaps. Transfers out of Level 3 for AFS debt securities were primarily related to increased price observability for certain non-agency RMBS and ABS. Transfers out of Level 3 for LHFS were primarily related to increased observable inputs, primarily liquid comparables. Transfers out of Level 3 for long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured liabilities.

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The following tables summarize gains (losses) due to changes in fair value, including both realized and unrealized gains (losses), recorded in earnings for Level 3 assets and liabilities during 2014, 2013 and 2012. These amounts include gains (losses) on loans, LHFS, loan commitments and structured liabilities that are accounted for under the fair value option.

Level 3 - Total Realized and Unrealized Gains (Losses) Included in Earnings

2014

(Dollars in millions) Trading account assets:

Corporate securities, trading loans and other

Non-U.S. sovereign debt

Mortgage trading loans and ABS

Total trading account assets

Net derivative assets

AFS debt securities: Non-agency residential MBS Non-U.S. securities Other taxable securities Tax-exempt securities

Total AFS debt securities Loans and leases ³ Mortgage servicing rights Loans held-for-sale ³ Other assets

Trading account liabilities - Corporate securities and other Accrued expenses and other liabilities ³

Long-term debt ³

Total

Trading Account Profits (Losses)

180 30 199

409

(475)

(6) (14)

1

78

(7) \$

Mortgage Banking Income (Loss) in

834

(1,225) (79)

- \$

104

(2) (7) 9 8
8 69

59 (19)

2
(29)
194 \$

180 30 199

409 463

(2) (7) 9 8

8 69 (1,231) 45 (98) ■ 12 49 (283)

2013

Trading account assets:

Corporate securities, trading loans and other	\$	242	\$	-	\$	-	\$	242
Equity securities		74		-		-		74
Non-U.S. sovereign debt	.50			-		-		50
Mortgage trading loans and ABS		53		-		-		53
Total trading account assets		419		-		-		419
Net derivative assets		(1,224)		927		(7)		(304)
AFS debt securities:								
Non-U.S. securities		-		-		5		5
Other taxable securities		-		-		9		9
Tax-exempt securities		-		-		3		3
Total AFS debt securities		-		-		17		17
Loans and leases <³>		-		(38)		136		98
Mortgage servicing rights		-		1,941		-		1,941
Loans held-for-sale «!		-		2		60		62
Other assets		-		122		(410)		(288)
Trading account liabilities - Corporate securities and other		10		-		-		10
Accrued expenses and other liabilities <³>		-		30		-		30
Long-term debt ^{2!}		45				(32)		13
<u>Total</u>	\$			(750)		2,984		(236) \$ 1,998

<³> Mortgage banking income (loss) does not reflect the impact of Level 1 and Level 2 hedges on MSRs

Amounts included are primarily recorded in other income (loss) Equity investment gains of \$86 million and \$77 million recorded on net derivative assets and other assets were also included for 2011 and 2013

!-) Amounts represent instruments that are accounted for under the fair value option

Level 3 - Total Realized and Unrealized Gains (Losses) Included in Earnings (continued)

2012

195 31 8 215

(Dollars in millions) Trading account assets:

Corporate securities, trading loans and other

Equity securities

449 (3,208)

Non-U.S. sovereign debt

Mortgage trading loans and ABS

2,987

Total trading account assets

Net derivative assets

AFS debt securities:

Non-agency residential MBS

Corporate/Agency bonds

Other taxable securities

Tax-exempt securities

(430) 148 (74)

4

(133)

Total AFS debt securities Loans and leases ³ Mortgage servicing rights

Loans held-for-sale ³ Other assets

Trading account liabilities - Corporate securities and other

\$

Accrued expenses and other liabilities ³

Total

(2,886)

Long-term debt ³

2,631 \$

in Mortgage banking income (loss) does not reflect the impact of Level 1 and Level 2 hedges on MSR's

(2i Amounts included are primarily recorded in other income (loss) Equity investment gains of \$97 million recorded on other assets were also included for 2012. (3i Amounts represent instruments that are accounted for under the fair value option

Other m

- \$

(69) (2) 21 61

11 334

204 20

(4) (174)

391 \$

195 31 8

215

449 (221)

(69) (2) 23 61

13 334 (430) 352 (54) 4

(4) (307)

136

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The table below summarizes changes in unrealized gains (losses) recorded in earnings during 2014, 2013 and 2012 for Level 3 assets and liabilities that were still held at December 31, 2014, 2013 and 2012. These amounts include changes in fair value on loans, LHFS, loan commitments and structured liabilities that are accounted for under the fair value option.

Level 3 - Changes in Unrealized Gains (Losses) Relating to Assets and Liabilities Still Held at Reporting Date

2014

(Dollars in millions) Trading account assets:

Corporate securities, trading loans and other

Equity securities

Non-U.S. sovereign debt

Mortgage trading loans and ABS

Total trading account assets Net derivative assets Loans and leases <²> Mortgage servicing rights Loans held-for-sale <³> Other assets

Trading account liabilities - Corporate securities and other Accrued expenses and other liabilities <³> Long-term debt <³> Total

Trading Account Profits (Losses)

69 (8) 31 79

171 (276)

(6) (14)

29

(95) \$

Mortgage Banking Income (Loss) n>

85 (1,747) (50)

(1,712) \$

Other<>

- \$

104 76

10 102

(37) 256

1

Total

69 (8) 31 79

171 (87) 76 (1,753) (4) 52 1 1

(8)
(1,551)

2013

Trading account assets:

Corporate securities, trading loans and other	\$	(130)	\$	-	\$	(130)
Equity securities		40		-		40
Non-U.S. sovereign debt		80		-		80
<u>Mortgage trading loans and ABS</u>		<u>(174)</u>		=		<u>(174)</u>
Total trading account assets		(184)		-		(184)
Net derivative assets		(1,375)		42		(7) (1,340)
Loans and leases < ³ >		-		(34)		152 118
Mortgage servicing rights		-		1,541		- 1,541
Loans held-for-sale < ³ >		-		6		57 63
Other assets		-		166		14 180
<u>Long-term debt <³></u>		<u>(4)</u>		=		<u>(32)</u> <u>(36)</u>
<u>Total</u>	\$	<u>(1,563)</u>		<u>1,721</u>		<u>184</u> <u>342</u>

Trading account assets:

Corporate securities, trading loans and other

Equity securities

Non-U.S. sovereign debt

Mortgage trading loans and ABS

Total trading account assets Net derivative assets

AFS debt securities - Other taxable securities Loans and leases <³¹> Mortgage servicing rights Loans held-for-sale <³> Other assets

Trading account liabilities - Corporate securities and other Accrued expenses and other liabilities <³> Long-term debt i³>

(19) 17 20 36

54 (2,782) 2

(136)
2012

- \$

456	
(1,100) 112 (71)	
- \$	
214	
168 50	
(2) (173)	
(19) 17 20 36	
(2) (309)	54 (2,326) 2
<u>(2,858) \$</u>	214 (1,100) ' 280 (21) 4

¹¹¹ Mortgage banking income (loss) does not reflect the impact of Level 1 and Level 2 hedges on MSRs
^{<1} Amounts included are primarily recorded in other income (loss) Equity investment gains of \$170 million and \$53 million recorded on net derivative assets and other assets were included tot 2014 and 2013, and gains of \$141 million recorded on other assets were included for 2012 i⁹ Amounts represent instruments that are accounted for under the fair value option

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The following tables present information about significant unobservable inputs related to the Corporation's material categories of Level 3 financial assets and liabilities at December 31, 2014 and 2013.

Quantitative Information about Level 3 Fair Value Measurements at December 31, 2014

(Dollars in millions) Inputs	Value Technique	Significant Unobservable Ranges of Weighted Inputs
Fair Valuation Financial Instrument		Inputs Average
Loans and Securities u>		
Instruments backed by residential real estate asset\$ 2,030 483 trading loans and ABS Loans and leases Loans he1,374 173	Discounted cash flow, Market comparables	Yield Prepayment speed 0% to 25% 0% to 35% C6% 14% 7% Loss severity to 15% CDR 26% to 100%34%
Commercial loans, debt securities and other Tradir\$ 7,203 3,224 trading loans and other Trading account assets - N574 1,580 assets - Mortgage trading loans and ABS AFS deb1,216 609 Loans and leases	Discounted cash flow, Market comparables	Yield Enterprise value/EE0% to 40% Ox to 30x 1%6% 6x 12% 4% Prepayment speed Defa1% to 5% 25% to 40% 0 38% 3 years severity Duration Price 5 years \$0 to \$107 \$76
Auction rate securities Trading account assets - Cc\$ 1,096 46 other AFS debt securities - Other taxable securities451 599 securities Structured liabilities	Discounted cash flow, Market comparables	Price \$60 to \$100 \$95
Long-term debt \$ (2,362)	Industry standard derivative pricing <2 3>	Equity correlation Long-d20% lo 98% 6% to 69% 65% 24% 1% volatilities Long-dated vo
Net derivative assets		
Credit derivatives \$ 22	Discounted cash flow, ■ Stochastic recovery correlation model	Yield Upfront points Spre0% to 25% 0 points to 1014% 65 points Credit correlation Prepay25 bps to 450 bps 24% tcl19 bps 51% Default rate Loss severity3% to 20% CPR 4% CDF11% n/a n/a
Equity derivatives \$ (1,560)	Industry standard derivative pricing <1	Equity correlation Long-d20% to 98% 6% to 69% 65% 24% volatilities
Commodity derivatives \$ 141	Discounted cash flow, Industry standard derivative pricing <?>	Natural gas forward price\$2/MMBtu to \$7/MMBtu 85/MMBtu 90% Volatilities 93% 16% to 98% 35%
Interest rate derivatives \$ 477	Industry standard derivative pricing <?>	Correlation (IR/IR) Correl1 1% to 99% -48% to 40%55% -5% 1% Long-dated inflation rates3% 0%to2% 1% inflation volatilities
Total net derivative assets * (920)		

([¶] 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 245¹: Trading account assets - Corporate securities, trading loans and other of \$3.3 billion, Trading account assets - Non-U.S. sovereign debt of \$574 million, Trading account assets - Mortgage trading loans and ABS of \$2.1 billion, AFS debt securities - Other taxable securities of \$1.7 billion, AFS debt securities - Tax-exempt securities of \$599 million, Loans and leases of \$2.0 billion and LHFS of \$173 million.
 Includes models such as Monte Carlo simulation and Black-Scholes <sup>¶> Includes models such as Monte Carlo simulation, Black-Scholes and other methods that model the joint dynamics of interest, inflation and foreign exchange rates. CPR = Constant Prepayment Rate, CDR = Constant Default Rate.
 EBITDA = Earnings before interest, taxes, depreciation and amortization
 MMBtu = Million British thermal units
 IR = Interest Rate
 FX = Foreign Exchange
 n/a = not applicable

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Quantitative information about Level 3 Fair Value Measurements at December 31, 2013

(Dollars in millions) Inputs	Value Technique	Significant Unobservable Ranges of Weighted Inputs
Loans and Securities		Inputs Average
Instruments backed by residential real estate assets\$ 3,443,363 trading loans and ABS Loans and leases Loans he2,151,929	Discounted cash flow, Market comparables	Yield Prepayment speed 2% to 25% 0% to 35% C16% 9% 6% Loss severity 20% CDR 21% to 80% 35%
Commercial loans, debt securities and other Tradin\$ 12,135 trading loans and other Trading account assets - N3,462,468 assets - Mortgage trading loans and ABS AFS debt4,268,3,031 Loans and leases	Discounted cash flow, Market comparables	Yield Enterprise value/EBD% to 45% O _x to 24x 5%5% 7x 19% 4% Prepayment speed Default % to 5% 25% to 42% 1 36% 4 years seventy Duration years
Auction rate securities Trading account assets - Co\$ 1,719,97 other AFS debt securities - Other taxable securities816,806 securities Structured liabilities	Discounted cash flow, Market comparables	Projected tender price/ R60% to 100% 96%
Long-term debt \$ (1,990)	Industry standard derivative pricing <sup>¶>	Equity correlation Long-d18% to 98% 4% to 63% C70% 27% 1% volatilities Long-dated vol
Net derivative assets		
Credit derivatives \$ 808	Discounted cash flow, Stochastic recovery correlation model	Yield Upfront points Spre3% to 25% 0 points to 1014% 63 points Credit correlation Prepay+1,407 bps to 1,741 bps 491 bps 47% Default rate Loss severity99% 3% to 40% CPR 1%13% 3% 35% CDR 20% to 42%
Equity derivatives \$ (1,596)	Industry standard derivative pricing <sup>¶>	Equity correlation Long-d18% to 98% 4% to 63% 70% 27% volatilities
Commodity derivatives \$ 6	Discounted cash flow, Industry standard derivative pricing <sup>¶>	Natural gas forward price\$/MMBtu to \$/MMBtu 4\$/MMBtu 81% Volatilities 89% 9% to 109% 30%
Interest rate derivatives \$ 558	Industry standard derivative pricing <sup>¶>	Correlation (IR/IR) Correl24% to 99% -30% to 40%60% -4% 2% Long-dated inflation rates3% 0% to 2% 1% inflation volatilities
Total net derivative assets \$ (224)		

w 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 246: Trading account assets - Corporate securities, trading loans and other of \$3.6 billion, Trading account assets - Non-U.S. sovereign debt of \$468 million, Trading account assets - Mortgage trading loans and ABS of \$4.6 billion, AFS debt securities - Other taxable securities of \$3.8 billion, AFS debt securities - Tax-exempt securities of \$806 million, Loans and leases of \$3.1 billion and LHFS of \$929 million.
 <sup>¶> Includes models such as Monte Carlo simulation and Black-Scholes
 <sup>¶> Includes models such as Monte Carlo simulation, Black-Scholes and other methods that model the joint dynamics of interest, inflation and foreign exchange rates. CPR = Constant Prepayment Rate, CDR = Constant Default Rate.
 EBITDA = Earnings before interest, taxes, depreciation and amortization MMBtu = Million British thermal units IR = Interest Rate FX = Foreign Exchange

In the tables above, instruments backed by residential real estate assets include RMBS, whole loans and mortgage CDOs. Commercial loans, debt securities and other include corporate CLOs and CDOs, commercial loans and bonds, and securities backed by non-real estate assets. Structured liabilities primarily include equity-linked notes that are accounted for under the fair value option.

In addition to the instruments in the tables above, the Corporation held \$347 million and \$767 million of instruments at December 31, 2014 and 2013 consisting primarily of certain direct private equity investments and private equity funds that were classified as Level 3 and reported within other assets. Valuations of direct private equity investments are based on the most recent company financial information. Inputs generally include market and acquisition comparables, entry level multiples, as well as other variables. The Corporation selects a valuation methodology (e.g., market comparables) for each investment and, in certain instances, multiple inputs are weighted to derive the most representative value. Discounts are applied as appropriate to consider the lack of liquidity and marketability versus publicly-traded companies. For private equity funds, fair value is determined using the net asset value as provided by the individual fund's general partner.

The Corporation uses multiple market approaches in valuing certain of its Level 3 financial instruments. For example, market comparables and discounted cash flows are used together. For a given product, such as corporate debt securities, market comparables may be used to estimate some of the unobservable inputs and then these inputs are incorporated into a discounted cash flow model. Therefore, the balances disclosed encompass both of these techniques.

The level of aggregation and diversity within the products disclosed in the tables result in certain ranges of inputs being wide and unevenly distributed across asset and liability categories. At December 31, 2014 and 2013, weighted averages are disclosed for all loans, securities, structured liabilities and net derivative assets.

For more information on the inputs and techniques used in the valuation of MSRs, see Note 23 - Mortgage Servicing Rights.

Sensitivity of Fair Value Measurements to Changes in Unobservable Inputs

Loans and Securities

For instruments backed by residential real estate assets and commercial loans, debt securities and other, a significant increase in market yields, default rates, loss severities or duration would result in a significantly lower fair value for long positions. Short positions would be impacted in a directionally opposite way. The impact of changes in prepayment speeds would have differing impacts depending on the seniority of the instrument and, in the case of CLOs, whether prepayments can be reinvested.

For auction rate securities, a significant increase in price and/ or projected tender price/refinancing levels would result in a significantly higher fair value.

Structured Liabilities and Derivatives

For credit derivatives, a significant increase in market yield, including spreads to indices, upfront points (i.e., a single upfront payment made by a protection buyer at inception), default rates or loss severities would result in a significantly lower fair value for protection sellers and higher fair value for protection buyers. The impact of changes in prepayment speeds would have differing impacts depending on the seniority of the instrument and, in the case of CLOs, whether prepayments can be reinvested.

Structured credit derivatives, which include tranching portfolio CDS and derivatives with derivative product company (DPC) and monoline counterparties, are impacted by credit correlation, including default and wrong-way correlation. Default correlation is a parameter that describes the degree of dependence among credit default rates within a credit portfolio that underlies a credit derivative instrument. The sensitivity of this input on the fair value varies depending on the level of subordination of the tranche. For senior tranches that are net purchases of protection, a significant increase in default correlation would result in a significantly higher fair value. Net short protection positions would be impacted in a directionally opposite way. Wrong-way correlation is a parameter that describes the probability that as exposure to a counterparty increases, the credit quality of the counterparty decreases. A significantly higher degree of wrong-way correlation between a DPC counterparty and underlying derivative exposure would result in a significantly lower fair value.

For equity derivatives, interest rate derivatives and structured liabilities, a significant change in long-dated rates and volatilities and correlation inputs (e.g., the degree of correlation between an equity security and an index, between two different interest rates, or between interest rates and foreign exchange rates) would result in a significant impact to the fair value; however, the magnitude and direction of the impact depends on whether the Corporation is long or short the exposure.

NOTE 21 Fair Value Option Loans and Loan Commitments

The Corporation elects to account for certain commercial loans and loan commitments that exceed the Corporation's single name credit risk concentration guidelines under the fair value option. Lending commitments, both funded and unfunded, are actively managed and monitored and, as appropriate, credit risk for these lending relationships may be mitigated through the use of credit derivatives, with the Corporation's public side credit view and market perspectives determining the size and timing of the hedging activity. These credit derivatives do not meet the requirements for designation as accounting hedges and therefore are carried at fair value with changes in fair value recorded in other income (loss). Electing the fair value option allows the Corporation to carry these loans and loan commitments at fair value, which is more consistent with management's view of the underlying economics and the manner in which they are managed. In addition, election of the fair value option allows the Corporation to reduce the accounting volatility that would otherwise result from the asymmetry created by accounting for the financial instruments at historical cost and the credit derivatives at fair value. The Corporation also elected the fair value option for certain loans held in consolidated VIEs. Of the changes in fair value of these loans, gains of \$32 million, \$148 million and \$527 million were attributable to changes in borrower-specific credit risk in 2014, 2013 and 2012.

Loans Held-for-sale

The Corporation elects to account for residential mortgage LHFS, commercial mortgage LHFS and certain other LHFS under the fair value option with interest income on these LHFS recorded in other interest income. These loans are actively managed and monitored and, as appropriate, certain market risks of the loans may be mitigated through the use of derivatives. The Corporation has elected not to designate the derivatives as qualifying accounting hedges and therefore they are carried at fair value with changes in fair value recorded in other income (loss). The changes in fair value of the loans are largely offset by changes in the fair value of the derivatives. Of the changes in fair value of these loans, gains of \$84 million, \$225 million and \$425 million were attributable to changes in borrower-specific credit risk in 2014, 2013 and 2012. Election of the fair value option allows the Corporation to reduce the accounting volatility that would otherwise result from the asymmetry created by accounting for the financial instruments at the lower of cost or fair value and the derivatives at fair value. The Corporation has not elected to account for certain other LHFS under the fair value option primarily because these loans are floating-rate loans that are not hedged using derivative instruments.

Loans Reported as Trading Account Assets

The Corporation elects to account for certain loans that are held for the purpose of trading and risk-managed on a fair value basis under the fair value option. Of the changes in fair value of these loans, gains of \$28 million and \$56 million were attributable to changes in borrower-specific credit risk in 2014 and 2013. An immaterial portion of the changes in fair value of these loans was attributable to changes in borrower-specific credit risk in 2012.

Other Assets

The Corporation elects to account for certain private equity investments that are not in an investment company under the fair value option as this measurement basis is consistent with applicable accounting guidance for similar investments that are in an investment company. The Corporation also elects to account for certain long-term fixed-rate margin loans that are hedged with derivatives under the fair value option. Election of the fair value option allows the Corporation to reduce the accounting volatility that would otherwise result from the asymmetry created by accounting for the financial instruments at historical cost and the derivatives at fair value.

Securities Financing Agreements

The Corporation elects to account for certain securities financing agreements, including resale and repurchase agreements, under the fair value option based on the tenor of the agreements, which reflects the magnitude of the interest rate risk. The majority of securities financing agreements collateralized by U.S. government securities are not accounted for under the fair value option as these contracts are generally short-dated and therefore the interest rate risk is not significant.

Long-term Deposits

The Corporation elects to account for certain long-term fixed-rate and rate-linked deposits that are hedged with derivatives that do not qualify for hedge accounting under the fair value option. Election of the fair value option allows the Corporation to reduce the accounting volatility that would otherwise result from the asymmetry created by accounting for the financial instruments at historical cost and the derivatives at fair value. The Corporation did not

result from the asymmetry created by accounting for the financial instruments at historical cost and the derivatives at fair value. The Corporation did not elect to carry other long-term deposits at fair value because they were not hedged using derivatives.

Short-term Borrowings

The Corporation elects to account for certain short-term borrowings, primarily short-term structured liabilities, under the fair value option because this debt is risk-managed on a fair value basis.

The Corporation elects to account for certain asset-backed secured financings, which are also classified in short-term borrowings, under the fair value option. Election of the fair value option allows the Corporation to reduce the accounting volatility that would otherwise result from the asymmetry created by accounting for the asset-backed secured financings at historical cost and the corresponding mortgage LHFS securing these financings at fair value.

Long-term Debt

The Corporation elects to account for certain long-term debt, primarily structured liabilities, under the fair value option. This long-term debt is either risk-managed on a fair value basis or the related hedges do not qualify for hedge accounting.

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The table below provides information about the fair value carrying amount and the contractual principal outstanding of assets and liabilities accounted for under the fair value option at December 31, 2014 and 2013.

Fair Value Option Elections

	December 31
2013	
(Dollars in millions)	
Loans reported as trading account assets ¹	
Trading inventory - other	
Consumer and commercial loans	
: Loans held-for-sale	
Securities financing agreements	
Other assets	
Long-term deposits	
Unfunded loan commitments	
Short-term borrowings	
Long-term debt <²>	
Fair Value Carrying Amount	
4,607 6,865 8,681 6,801	
97,539 253 1,469 405 2,697	
36,404	
Contractual	
Principal Outstanding	
	8,487 n/a 8,925 6,920 97,234 270 1,361 n/a 2,697 35,815
	Fair Value Carrying Amount Less Unpaid Principal
(3,880) n/a (244) (119) 305 (17) 108 n/a	
589	
Fair Value	
Carrying	
Amount	
2,406	
5,475 10,042	
6,656 95,156 278	
1,000 274	

1,899,554
1,520,47,035

Contractual
Principal Outstanding

Fair Value Carrying Amount Less Unpaid Principal

4,541 n/a 10,423 6,996 94,890 270 1,797 n/a 1,520 46,669

(2,135) n/a (381) (340) 266 8 102 n/a

366

i¹ A significant portion of the loans reported as trading account assets are distressed loans which trade and were purchased at a deep discount to par, and the remainder are loans with a fair value near contractual principal outstanding.
Includes structured liabilities with a fair value of \$35.3 billion and contractual principal outstanding of \$34.6 billion at December 31, 2014 compared to \$40.7 billion and \$39.7 billion at December 31, 2013.
n/a = not applicable

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The table below provides information about where changes in the fair value of assets and liabilities accounted for under the fair value option are included in the Consolidated Statement of Income for 2014, 2013 and 2012.

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

2014

(Dollars in millions)

Loans reported as trading account assets Trading inventory - other i¹ Consumer and commercial loans Loans held-for-sale ¹²> Securities financing agreements Long-term deposits Unfunded loan

commitments Short-term borrowings Long-term debt (> Total
Trading Account Profits (Losses)
(87) \$ 1,091 (24) (56) (110) 23

52 239 1,128 \$

Mortgage Banking Income (Loss)

798

798 \$

Other Income (Loss)

- \$

69 83

(26) (64)

407

469 \$

(87) 1,091 45 825 (110) (3) (64) 52 646 2,395

Loans reported as trading account assets Trading inventory - other Consumer and commercial loans Loans held-for-sale <" Securities financing agreements Other assets Long-term deposits Asset-backed secured financings Unfunded loan commitments Short-term borrowings Long-term debt <^> Total

83 1.355 (28) 7

(80) 30

(70) (602) 695
2013 - \$

(38) 966

(91)

837 \$

240 75

(77) 84

180

(649) (147) \$

83 1,355 174 1,048 (80) (77) 114 (91) 180 (70) (1,251) 1,385

Loans reported as trading account assets
Trading inventory - other ">
Consumer and commercial loans

Loans held-for-sale <>
 Securities financing agreements
 Other assets
 Long-term deposits
 Asset-backed secured financings
 Unfunded loan commitments
 Short-term borrowings
 Long-term debt <3'

232 659 17 75 (90)

1

(1,888)

542 190

12 29

704

(5,107)

232 659 559 3,313 (90) 12 29 (180) 704 1

(6,995)
 (3,630) \$

^{al} Tho gains (losses) in trading account profits (losses) are primarily offset by gains (losses) on trading liabilities that hedge these assets *i
 Includes the value of interest rate lock commitments on loans funded, including those sold during the period.

⁽³ⁱ⁾ Tho majority of the net gains (losses) in trading account profits (losses) relate to the embedded derivative in structured liabilities and are offset by gains (losses) on derivatives and securities that hedge these liabilities Tho net gains (losses) in other income (loss) relate to the impact on structured liabilities of changes in the Corporation's credit spreads

NOTE 22 Fair Value of Financial Instruments

The fair values of financial instruments and their classifications within the fair value hierarchy have been derived using methodologies described in Note 20 - Fair Value Measurements. The following disclosures include financial instruments where only a portion of the ending balance at December 31, 2014 and 2013 was carried at fair value on the Consolidated Balance Sheet.

Short-term Financial Instruments

The carrying value of short-term financial instruments, including cash and cash equivalents, time deposits placed and other short-term investments, federal funds sold and purchased, certain resale and repurchase agreements, customer and other receivables, customer payables (within accrued expenses and other liabilities on the Consolidated Balance Sheet), and short-term borrowings approximates the fair value of these instruments. These financial instruments generally expose the Corporation to limited credit risk and have no stated maturities or have short-term maturities and carry interest rates that approximate market. Tho Corporation elected to account for certain resale and repurchase agreements under the fair value option.

Under the fair value hierarchy, cash and cash equivalents are classified as Level 1. Time deposits placed and other short-term investments, such as U.S. government securities and short-term commercial paper, are classified as Level 1 and Level 2. Federal

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funds sold and purchased are classified as Level 2. Resale and repurchase agreements are classified as Level 2 because they are generally short-dated and/or variable-rate instruments collateralized by U.S. government or agency securities. Customer and other receivables primarily consist of margin loans, servicing advances and other accounts receivable and are classified as Level 2 and Level 3. Customer payables and short-term borrowings are classified as Level 2. ,

Held-to-maturity Debt Securities

HTM debt securities, which consist primarily of U.S. agency debt securities, are classified as Level 2 using the same methodologies as AFS U.S. agency debt securities. For more information on HTM debt securities, see Note 3 - Securities.

Loans

The fair values for commercial and consumer loans are generally determined by discounting both principal and interest cash flows expected to be collected using a discount rate for similar instruments with adjustments that the Corporation believes a market participant would consider in determining fair value. Tho Corporation estimates the cash flows expected to be collected using internal credit risk, interest rate and prepayment risk models that incorporate the Corporation's best estimate of current key assumptions, such as default rates, loss severity and prepayment speeds for the life of the loan. Tho carrying value of loans is presented net of the applicable allowance for loan losses and excludes losses. Tho Corporation accounts for certain

loan. The carrying value of loans is presented net of the applicable allowance for loan losses and excludes leases. The Corporation accounts for certain commercial loans and residential mortgage loans under the fair value option.

Deposits

The fair value for certain deposits with stated maturities was determined by discounting contractual cash flows using current market rates for instruments with similar maturities. The carrying value of non-U.S. time deposits approximates fair value. For deposits with no stated maturities, the carrying value was considered to approximate fair value and does not take into account the significant value of the cost advantage and stability of the Corporation's long-term relationships with depositors. The Corporation accounts for certain long-term fixed-rate deposits under the fair value option.

Long-term Debt

The Corporation uses quoted market prices, when available, to estimate fair value for its long-term debt. When quoted market prices are not available, fair value is estimated based on current market interest rates and credit spreads for debt with similar terms and maturities. The Corporation accounts for certain structured liabilities under the fair value option.

Fair Value of Financial Instruments

The carrying values and fair values by fairvalue hierarchy of certain financial instruments where only a portion of the ending balance was carried at fair value at December 31, 2014 and 2013 are presented in the table below.

Fair Value of Financial Instruments

	December 31, 2014			
	Carrying Value		Fair Value	
Level 3	Total	Level 2		
			\$ 776,370	618
			\$ 863,544	12,854
			\$ 842,259	12,836
			1,118,936	243,139
			187,174	12,236
			1,119,427	249,692
 (Dollars in millions) Financial assets Loans				
	- 1,119,427	2,362	252,054	
December 31, 2013				
			\$ 885,724	\$ 102,564
			11,362	8,872
			\$ 789,273	\$ 891,837
			2,613	11,485
 <u>Loans held-for-sale</u> <u>Financial liabilities</u> <u>Deposits</u> <u>Long-term debt</u>				
<u>Financial assets</u> Loans				
			1,119,271	249,674
			1,119,512	259,392
			1,119,512	257,402
 <u>Loans held-for-sale</u> <u>Financial liabilities</u> <u>Deposits</u> <u>Long-term debt</u>				
	1,990			

Commercial Unfunded Lending Commitments

Fair values were generally determined using a discounted cash, flow valuation approach which is applied using market-based CDS or internally developed benchmark credit curves. The Corporation accounts for certain loan commitments under the fair value option.

The carrying values and fair values of the Corporation's commercial unfunded lending commitments were \$932 million and \$3.8 billion at December 31, 2014, and \$830 million and \$3.7 billion at December 31, 2013. Commercial unfunded lending commitments are primarily classified as Level 3. The carrying value of these commitments is classified in accrued expenses and other liabilities.

The Corporation does not estimate the fair values 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 12 - Commitments and Contingencies.

NOTE 23 Mortgage Servicing Rights

The Corporation accounts for consumer MSR's at fair value with changes in fairvalue recorded in mortgage banking income in the Consolidated Statement of Income. The Corporation manages the risk in these MSR's with securities including MBS and U.S. Treasury securities, as well as certain derivatives such as options and interest rate swaps, which are not designated as accounting hedges. The securities used to manage the risk in the MSR's are classified in other assets with changes in the fair value of the securities and the related interest income recorded in mortgage banking income.

The table below presents activity for residential mortgage and home equity MSR's for 2014 and 2013. Residential reverse mortgage MSR's, which are carried at the lower of cost or fair value and accounted for using the amortization method, totaled \$10 million at December 31, 2013, and are not included in the tables below.

Significant economic assumptions in estimating the fair value of MSR's at December 31, 2014 and 2013 are presented below. The change in fair value as a result of changes in OAS rates is included within "Model and other cash flow assumption changes" in the Rollforward of Mortgage Servicing Rights table. The weighted-average life is not an input in the valuation model but is a product of both changes in market rates of interest and changes in model and other cash flow assumptions. The weighted-average life represents the average period of time that the MSR's' cash flows are expected to be received. Absent other changes, an increase (decrease) to the weighted-average life would generally result in an increase (decrease) in the fair value of the MSR's.

Significant Economic Assumptions
2014

December 31

2013

Rollforward of Mortgage Servicing Rights

(Dollars in millions)	2014	2013
Balance, January 1	\$ 5,042	\$ 5,716
Additions		707 472
Sales		(61) (2,044)
Amortization of expected cash flows <u		(927) (1,043)
Impact of changes in interest rates and other market factors		(1,191) 1,524
Model and other cash flow assumption changes: ⁽¹⁾ > Projected cash flows, including changes in costs to service loans		(163) (27)
Impact of changes in the Home Price Index	(25)	(398)
Impact of changes to the prepayment model		243609
\$ 3,530	\$ 5,042	
<u>Other model changes ⁽²⁾</u>	<u>(95)</u>	<u>233</u>

490 \$

550

Balance, December 31⁽⁵⁾

Mortgage loans serviced for investors (In billions)

4.52% 4.53

3.97% 5.70

Weighted-average OAS Weighted-average life, in years

The table below presents the sensitivity of the weighted-average lives and fair value of MSR's to changes in modeled assumptions. These sensitivities are hypothetical and should be used with caution. As the amounts indicate, changes in fair value based on variations in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of MSR's that continue to be held by the Corporation is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities. The below sensitivities do not reflect any hedge strategies that may be undertaken to mitigate such risk.

⁽¹⁾> Represents the net change in fair value of the MSR asset due to the recognition of modeled cash flows.

⁽²⁾ These amounts reflect the changes in modeled MSR fair value primarily due to observed changes in interest rates, volatility, spreads and the shape of the forward swap curve

⁽³⁾> These amounts reflect periodic adjustments to the valuation model to reflect changes in the modeled relationship between inputs and their impact on projected cash flows as well as changes in certain cash flow assumptions such as cost to service and ancillary income per loan

⁽⁴⁾ These amounts include the impact of periodic recalibrations of the model to reflect changes in the relationship between market interest rate spreads and projected cash flows. Also included is a decrease of \$127 million for 2014 due to changes in option-adjusted spread rate assumptions is At December 31, 2014, includes \$3.3 billion of U.S. and \$259 million of non-U.S. consumer MSR balances

The Corporation primarily uses an option-adjusted spread (OAS) valuation approach which factors in prepayment risk to determine the fair value of

The Corporation primarily uses an option-adjusted spread (OAS) valuation approach which factors in prepayment risk to determine the fair value of MSR. This approach consists of projecting servicing cash flows under multiple interest rate scenarios and discounting these cash flows using risk-adjusted discount rates. In addition to updating the valuation model for interest, discount and prepayment rates, periodic adjustments are made to recalibrate the valuation model for factors used to project cash flows. The changes to the factors capture the effect of variances related to actual versus estimated servicing proceeds.

Sensitivity Impacts

(Dollars in millions)

Prepayment rates Impact of 10% decrease Impact of 20% decrease Impact of 10% increase Impact of 20% increase
 OAS level Impact of 100 bps decrease Impact of 200 bps decrease Impact of 100 bps increase Impact of 200 bps increase

December 31 2014

Change in Weighted-average Lives

Fixed Adjustable

	years	\$		
years	0.19	0.40	(0,16)	(0.31)

NOTE 24 Business Segment Information

The Corporation reports the results of its operations through five business segments: Consumer & Business Banking (CBB), Consumer Real Estate Services (CRES), Global Wealth & Investment Management (GWIM), Global Banking and Global Markets, with the remaining operations recorded in All Other. Effective January 1, 2015, to align the segments with how the Corporation manages the businesses in 2015, the Corporation changed its basis of segment presentation as follows: the Home Loans subsegment within CRES was moved to CBB, and Legacy Assets & Servicing became a separate segment. Also, a portion of the Business Banking business, based on the size of the client relationship, was moved from CBB to Global Banking. Prior periods will be restated to conform to the new segment alignment.

Consumer & Business Banking

CBB offers a diversified range of credit, banking and investment products and services to consumers and businesses. CBB product offerings include traditional savings accounts, money market savings accounts, CDs and IRAs, noninterest- and interest-bearing checking accounts, investment accounts and products, as well as credit and debit cards to consumers and small businesses in the U.S. Customers and clients have access to a franchise network that stretches coast to coast through 32 states and the District of Columbia. The franchise network includes approximately 4,800 banking centers, 15,800 ATMs, nationwide call centers, and online and mobile platforms. CBB also offers a wide range of lending-related products and services, integrated working capital management and treasury solutions to clients through a network of offices and client relationship teams along with various product partners to U.S.-based companies generally with annual sales of \$1 million to \$50 million.

Consumer Real Estate Services

CRES provides an extensive line of consumer real estate products and services to customers nationwide. CRES products include fixed- and adjustable-rate first-lien mortgage loans for home purchase and refinancing needs, home equity lines of credit (HELOCs) and home equity loans. First mortgage products are generally either sold into the secondary mortgage market to investors, while retaining MSR and the Bank of America customer relationships, or are held on the balance sheet in Home Loans or in All Other for ALM purposes. Newly originated HELOCs and home equity loans are retained on the CRES balance sheet. CRES services mortgage loans, including those loans it owns, loans owned by other business segments and All Other, and loans owned by outside investors.

The financial results of the on-balance sheet loans are reported in the segment that owns the loans or in All Other. CRES is not impacted by the Corporation's first mortgage production retention decisions as CRES is compensated for loans held for ALM purposes on a management accounting basis, with a corresponding offset recorded in All Other, and for servicing loans owned by other business segments and All Other.

Global Wealth & Investment Management

Global Wealth & Investment Management

GWIM provides comprehensive wealth management solutions to a broad base of clients from emerging affluent to ultra high net worth. These services include investment and brokerage services, estate and financial planning, fiduciary portfolio management, cash and liability management, and specialty asset management. GWIM also provides retirement and benefit plan services, philanthropic management and asset management to individual and institutional clients.

Global Banking

Global Banking provides a wide range of lending-related products and services, integrated working capital management and treasury solutions to clients, and underwriting and advisory services through the Corporation's network of offices and client relationship teams. Global Banking's lending products and services include commercial loans, leases, commitment facilities, trade finance, real estate lending and asset-based lending. Global Banking's treasury solutions business includes treasury management, foreign exchange and short-term investing options. Global Banking also provides investment banking products to clients such as debt and equity underwriting and distribution, and merger-related and other advisory services. The economics of most investment banking and underwriting activities are shared primarily between Global Banking and Global Markets based on the activities performed by each segment. Global Banking clients generally include middle-market companies, commercial real estate firms, auto dealerships, not-for-profit companies, large global corporations, financial institutions and leasing clients.

Global Markets

Global Markets offers sales and trading services, including research, 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. Global Markets provides market-making, financing, securities clearing, settlement and custody services globally to institutional investor clients in support of their investing and trading activities. Global Markets also works with commercial and corporate clients to provide risk management products using interest rate, equity, credit, currency and commodity derivatives, foreign exchange, fixed-income and mortgage-related products. As a result of market-making activities in these products. Global Markets may be required to manage risk in a broad range of financial products including government securities, equity and equity-linked securities, high-grade and high-yield corporate debt securities, syndicated loans, MBS, commodities and ABS. In addition, the economics of most investment banking and underwriting activities are shared primarily between Global Markets and Global Banking based on the activities performed by each segment.

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All Other

All Other consists of ALM activities, equity investments, the international consumer card business, liquidating businesses, residual expense allocations and other. ALM activities encompass the whole-loan residential mortgage portfolio and investment securities, interest rate and foreign currency risk management activities including the residual net interest income allocation, the impact of certain allocation methodologies and accounting hedge ineffectiveness. Additionally, certain residential mortgage loans that are managed by CRES are held in All Other. The results of certain ALM activities are allocated to the business segments.

Basis of Presentation

The management accounting and reporting process derives segment and business results by utilizing allocation methodologies for revenue and expense. The net income derived for the businesses is dependent upon revenue and cost allocations using an activity-based costing model, funds transfer pricing, and other methodologies and assumptions management believes are appropriate to reflect the results of the business.

Total revenue, net of interest expense, includes net interest income on an FTE basis and noninterest income. The adjustment of net interest income to an FTE basis results in a corresponding increase in income tax expense. The segment results also reflect certain revenue and expense methodologies that are utilized to determine net income. The net interest income of the businesses includes the results of a funds transfer pricing process that matches assets and liabilities with similar interest rate sensitivity and maturity characteristics. In segments where the total of liabilities and equity exceeds assets, which are generally deposit-taking segments, the Corporation allocates assets to match liabilities. Net interest income of the business segments also includes an allocation of net interest income generated by certain of the Corporation's ALM activities. In addition, the business segments are impacted by the migration of customers and clients and their deposit, loan and brokerage balances between client-managed businesses. Subsequent to the date of migration, the associated net interest income, noninterest income and noninterest expense are recorded in the business to which the customers or clients migrated.

The Corporation's ALM activities include an overall interest rate risk management strategy that incorporates the use of various derivatives and cash instruments to manage fluctuations in earnings and capital that are caused by interest rate volatility. The Corporation's goal is to manage interest rate sensitivity so that movements in interest rates do not significantly adversely affect earnings and capital. The results of a majority of the Corporation's ALM activities are allocated to the business segments and fluctuate

earnings and capital. The results of a majority of the Corporation's ALM activities are allocated to the business segments and include based on the performance of the ALM activities. ALM activities include external product pricing decisions including deposit pricing strategies, the effects of the Corporation's internal funds transfer pricing process and the net effects of other ALM activities.

Certain expenses not directly attributable to a specific business segment are allocated to the segments. The most significant of these expenses include data and item processing costs and certain centralized or shared functions. Data processing costs are allocated to the segments based on equipment usage. Item processing costs are allocated to the segments based on the volume of items processed for each segment. The costs of certain other centralized or shared functions are allocated based on methodologies that reflect utilization.

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The table below presents net income (loss) and the components thereto (with net interest income on an FTE basis) for 2014, 2013 and 2012, and total assets at December 31, 2014 and 2013 for each business segment, as well as All Other.

Business Segments

At and for the Year Ended December 31

(Dollars in millions)

Net interest income (FTE basis)

Noninterest income

Income (loss) before income taxes (FTE basis) Income tax expense (benefit) (FTE basis)

\$ 43,124 46,677

Total Corporation i¹

2013

7,724 2,891

\$ 40,821 44,295

17,031 5,600

2014

2012

Consumer & Business Banking

2013

11,318 4,222

\$ 19,685 \$ 20,050 10,177 9,814

10,497 3,850

2014

2012

2011 2010

4,851 \$ 4,011

2,928 5,821
Consumer Real Estate Services
2013

4,848 160

8,749 1,442

2,890 \$ 4,825

(7,944) (2,913)

(9,661) (3,360)

7,715 (156)

23,226 15,815 16,968

(18,538) (5,143)

\$ 4,833 \$ 11,431 \$ 4,188 \$ 7,096 \$ 6,647 \$ 5,590 \$ (13,395) \$ (5,031) \$ (6,301)

\$ 2,104,534 \$ 2,102,273

Global Wealth & Investment Management

Net interest income (FTE basis) Noninterest income

Total revenue, net of interest expense (FTE basis) Provision for credit losses Amortization of intangibles Other noninterest expense

Income before income taxes (FTE basis) Income tax expense (FTE basis)

Net income

2014

2014

2012

2013

2012

8,999 \$ 7,599

8,914 \$ 7,565

8.131 7.538

2013

18,404 17,790 14 56 367 387

16,518 266 410

16,598 336 45 7,636

5,836 \$ 6,064 \$ 5,827 12,568 11,726 10,691

16,479 15,669

1,075 (342)

4,743 1,769

8,581 3,146

4,701 1,724

3,530 1,286

7,853 2,880

62 79

7,4897,538

13,280 12,646 12,312

8,394 3,052

\$ 2,974 \$ 2,977 \$ 2,244 \$ 5,435 \$ 4,973 \$ 5,342

\$ 379,513 \$ 378,659

Global Markets

Net interest income (FTE basis) Noninterest income

Total revenue, net of interest expense (FTE basis) Provision for credit losses Amortization of intangibles Other noninterest expense

Income (loss) before income taxes (FTE basis) Income tax expense (benefit) (FTE basis)

Net income (loss)

2014

2012

3,667 5,507

2013

9,174 34 64

16,119 110 65

\$ 3,986 \$ 4,224 \$ 12,133 11,166

4,238 1,519

3,254 2,101

15,390 140 65

11,706 11,931 11,221

(2,145) (161)

\$ 2,719 \$ 1,153 \$ (1,984) \$

2014

(516) \$ (199)

(715) (978) 61 2,820

(2,618) (2,622)

4 \$			
2012			
2013			4,340 2,621 85 6,495
982 \$ 1,151 1,581 3,189			
(4,861) (4,158)			2,563 (666) 67 4,492
(703)			
(1,330) (2,042)			
712			
\$142,812 \$167,624			
(* There were no material intersegment revenues.			

The table below presents a reconciliation of the five business segments' total revenue, net of interest expense, on an FTE basis, and net income to the Consolidated Statement of Income, and total assets to the Consolidated Balance Sheet. The adjustments presented in the table below include consolidated income, expense and asset amounts not specifically allocated to individual business segments.

Business Segment Reconciliations

(Dollars in millions)

Segments' total revenue, net of interest expense (FTE basis) Adjustments:

- ALM activities
- Equity investment income
- Liquidating businesses and other
- FTE basis adjustment
- Consolidated revenue, net of Interest expense

Segments' total net income

Adjustments, net of taxes: ALM activities Equity investment income Liquidating businesses and other

Consolidated net Income

2013	
(804) 601 (512) (869)	
85,831 \$ 87,238	

(545) 2,610 498 (859)

84,247 \$ 88,942	
(343) 376 (29)	
4,829 \$ 10,719 \$	

(929) 1,644
(3)

4,833 \$ 11,431 \$	
2012	
79,895	

2,266 1,136 938 (901)

83,334	
4,891	

(1,144) 716 (275)	
4,188	

December 31

Segments' total assets Adjustments:

- ALM activities, including securities portfolio
- Equity investments
- Liquidating businesses and other
- Elimination of segment asset allocations to match liabilities
- Consolidated total assets

2014	2013
\$ 1,961,722 \$ 1,934,649	

658,319	664,530
---------	---------

1,770 2,426
72,638 70,470

(589,915) (569,802)	
\$ 2,104,534 \$ 2,102,273	

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NOTE 25 Parent Company Information

The following tables present the Parent Company-only financial information. This financial information is presented in accordance with bank regulatory reporting requirements and, accordingly, the information for 2012 has not been restated for the 2013 merger of Merrill Lynch & Co., Inc. into Bank of America Corporation.

Condensed Statement of Income

(Dollars in millions) Income

Dividends from subsidiaries: Bank holding companies and related subsidiaries Nonbank companies and related subsidiaries

Interest from subsidiaries

Other income (loss)

Total income

Expense

Interest on borrowed funds Noninterest expense

Total expense

Income (loss) before Income taxes and equity in undistributed earnings of subsidiaries Income tax benefit

Income (loss) before equity in undistributed earnings of subsidiaries Equity in undistributed earnings (losses) of subsidiaries:

Bank holding companies and related subsidiaries

Nonbank companies and related subsidiaries

2014

2013

542 627 (304)
2012

149 1,836 72

\$ 12,400 \$ 8,532 \$ 16,213

14,457

11,209

357 2,087 233

7,213 4,471

8,109 10,938
 17,078
11,684
 19,047
2,773 (4,079)
 (7,838) (7,227)

6,147 10,872
 17,019
6,852

3,613 (5,632)
 59 (5,883)
 5,942
 1,072 (2,826)

(611)

14,150 (2,108)
 Total equity in undistributed earnings (losses) of subsidiaries
 4,833 \$ 11,431
 Net income applicable to common shareholders

Condensed Balance Sheet

(Dollars in millions)	2014	December 31 2013
Assets		
Cash held at bank subsidiaries <<	\$ 100,304	\$ 98,679
Securities 932		747
Receivables from subsidiaries:		
Bank holding companies and related subsidiaries	23,356	23,558
Banks and related subsidiaries	2,395	1,682
Nonbank companies and related subsidiaries 52,251 investments in subsidiaries:		46,577
Bank holding companies and related subsidiaries	270,441	268,234
Nonbank companies and related subsidiaries	2,139	1,818
<u>Other assets</u>		<u>14,599</u>
<u>Total assets</u>		<u>\$ 466,417</u>
<u>Liabilities and shareholders' equity</u>		<u>\$ 460,368</u>
Short-term borrowings	\$ 46	\$ 181
Accrued expenses and other liabilities 16,872		15,428
Payables to subsidiaries:		
Banks and related subsidiaries	2,559	1,991
Nonbank companies and related subsidiaries	17,698	15,980
<u>Long-term debt</u>		<u>185,771</u>
<u>Total liabilities</u>		<u>222,946</u>
<u>Shareholders' equity</u>		<u>243,471</u>
<u>Total liabilities and shareholders' equity</u>		<u>\$ 466,417</u>

u> Balance includes third party cash held of \$29 million and \$33 million at December 31, 2014 and 2013 .

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Condensed Statement of Cash Flows

(Dollars in millions) Operating activities Net income
 Reconciliation of net income to net cash provided by (used in) operating activities: Equity in undistributed (earnings) losses of subsidiaries Other operating activities, net
Net cash provided by (used in) operating activities
 Investing activities
 Net sales (purchases) of securities
 Net payments from (to) subsidiaries

Other investing activities, net			
Net cash provided by (used in) investing activities			
Financing activities			
Net increase (decrease) in short-term borrowings			
Net increase (decrease) in other advances			
Proceeds from issuance of long-term debt			
Retirement of long-term debt			
Proceeds from issuance of preferred stock			
Redemption of preferred stock			
Common stock repurchased			
Cash dividends paid			
Other financing activities, net			
2012	2013		
2,019	2,143		
1,754	(3,432)		
4,833	\$ 11,431	\$ 4,188	
8,995			
2,510			
(12,042)	(10,422)		
			13 12,973 445
			459 39,336 3
(11,033)			
(6,025)			
13.431			
			(142) (5,902) 19
39,798			
			(616) 10,100 17,176 (63,851) 667
			178 (14,378) 30,966 (39,320) 1,008 (6,461) (3,220) (1,677)
			(1,909) (668)
<u>Net cash used in financing activities</u>			
Net increase (decrease) in cash held at bank subsidiaries			
Cash held at bank subsidiaries at January 1			
Cash held at bank subsidiaries at December 31			
(1,345)			
(39,101)			
1,625 98,679			
(23,160)	124,991		
(32,904)			
(4,139)	102,818		
\$ 100,304	\$ 98,679	\$ 101,831	

NOTE 26 Performance by Geographical Area

Since the Corporation's operations are highly integrated, certain asset, liability, income and expense amounts must be allocated to arrive at total assets, total revenue, net of interest expense, income before income taxes and net income (loss) by geographic area. The Corporation identifies its geographic performance based on the business unit structure used to manage the capital or expense deployed in the region as applicable. This requires certain judgments related to the allocation of revenue so that revenue can be appropriately matched with the related capital or expense deployed in the region.

Year Ended December 31

(Dollars in millions) U.S. ¹

Europe, Middle East and Africa

Latin America and the Caribbean

Total Non-U.S.

Total Consolidated

Year

2014
2013 2012
2014
2013 2012
2014
2013 2012
2014
2013 2012
2014
2013 2012
2014
2013 2012
2014
2013 2012

Total Assets »>

1,792,719
1,803,243

92,005 98,605

190,365 169,708

29,445
30,717

311,815
299,030

2,104,534
2,102,273

Total Revenue, Net of Interest Expense ^{i2j}

72,960
76,612 72,175
3,605 4,442 3,478
6,409
6.353 6.011
1,273
1,535 1,670
11,287
12.330 11,159
84,247
88,942 83,334

Income Before Income Taxes

\$ 4,643

13,221 1,867

759
1,382 353
1,098
1,003 323
355
566 529
2,212
2,951 1,205

6,855 16,172 3,072

Net Income (Loss)

3,305 10,588 4,116

473
887 282
813
(403) (543)
242
250 200

359 333
1,528

843 72
4,833 11,431 4,188

i¹ Total assets include long-lived assets, which are primarily located in the U S
<i>There were no material intercompany revenues between geographic regions for any of the periods presented »i
Substantially reflects the U S
Amounts include pretax gains of \$753 million (\$474 million net-of-tax) on the sale of common shares of CCB during 2013.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures Disclosure Controls and Procedures

As of the end of the period covered by this report and pursuant to Rule 13a-15 of the Securities Exchange Act of 1934 (Exchange Act), Bank of America's management, including the Chief Executive

Officer and Chief Financial Officer, conducted an evaluation of the effectiveness and design of our disclosure controls and procedures (as that term is defined in Rule 13a-15(e) of the Exchange Act). Based upon that evaluation, Bank of America's Chief Executive Officer and Chief Financial Officer concluded that Bank of America's disclosure controls and procedures were effective, as of the end of the period covered by this report, in recording, processing, summarizing and reporting information required to be disclosed by the Corporation in reports that it files or submits under the Exchange Act, within the time periods specified in the Securities and Exchange Commission's rules and forms.

Report of Independent Registered Public Accounting Firm

To the Board of Directors of Bank of America Corporation:

We have examined, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, Bank of America Corporation's (the "Corporation") assertion, included under Item 9A, that the Corporation's disclosure controls and procedures were effective as of December 31, 2014 ("Management's Assertion"). Disclosure controls and procedures mean controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by an issuer in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that information required to be disclosed by an issuer in reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the issuer's management, including its principal executive and principal financial officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. The Corporation's management is responsible for maintaining effective disclosure controls and procedures and for Management's Assertion of the effectiveness of its disclosure controls and procedures. Our responsibility is to express an opinion on Management's Assertion based on our examination.

There are inherent limitations to disclosure controls and procedures. Because of these inherent limitations, effective disclosure controls and procedures can only provide reasonable assurance of achieving the intended objectives. Disclosure controls and procedures may not prevent, or detect and correct, material misstatements, and they may not identify all information relating to the Corporation to be accumulated and communicated to the Corporation's management to allow timely decisions regarding required disclosures. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that disclosure controls and procedures may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We conducted our examination in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether effective disclosure controls and procedures were maintained in all material respects. Our examination included obtaining an understanding of the Corporation's disclosure controls and procedures and testing and evaluating the design and operating effectiveness of the Corporation's disclosure controls and procedures based on the assessed risk. Our examination also included performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination was not conducted for the purpose of expressing an opinion, and accordingly we express no opinion, on the accuracy or completeness of the Corporation's disclosures in its reports, or whether such disclosures comply with the rules and regulations adopted by the Securities and Exchange Commission.

In our opinion, Management's Assertion that the Corporation's disclosure controls and procedures were effective as of December 31, 2014 is fairly stated, in all material respects, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Charlotte, North Carolina February 25, 2015

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Report of Management on Internal Control Over Financial Reporting

The Report of Management on Internal Control over Financial Reporting is set forth on page 141 and incorporated herein by reference. The Report of Independent Registered Public Accounting Firm with respect to the Corporation's internal control over financial reporting is set forth on page 142 and incorporated herein by reference.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the quarter ended December 31, 2014, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None

Part III

Bank of America Corporation and Subsidiaries

Item 10. Directors, Executive Officers and Corporate Governance

Executive Officers of The Registrant

The name, age, position and office, and business experience during the last five years of our current executive officers are:

Dean C. Athanasia (48) President, Preferred & Small Business Banking, and Co-Head - Consumer Banking since September 2014; Preferred and Small Business Banking Executive from April 2011 to September 2014; and Head of Global Banking and Merrill Edge from April 2009 to April 2011.

David C. Darnell (62) Vice Chairman, Global Wealth & Investment Management since September 2014; Co-chief Operating Officer from September 2011 to September 2014; and President, Global Commercial Banking from July 2005 to September 2011. Mr. Darnell joined the Corporation in 1979 and served in a number of senior leadership roles prior to July 2005.

Geoffrey S. Greener (50) Chief Risk Officer since April 2014; Head of Enterprise Capital Management from April 2011 to April 2014; Head of Global Markets Portfolio Management, Chair of Global Markets Capital Committee and Global Markets Regulatory Reform Executive Committee from April 2010 to March 2011; and Head of Structured Portfolios Group from March 2009 to April 2010.

Terry Laughlin (60) President of Strategic Initiatives since April 2014; Chief Risk Officer from August 2011 to April 2014; Legacy Asset Servicing Executive from February 2011 to August 2011; Credit Loss Mitigation Strategies & Secondary Markets Executive from August 2010 to February 2011; and Chief Executive Officer and President of One West Bank, FSB from March 2009 to July 2010.

Gary G. Lynch (64) Global General Counsel since September 2012; Head of Compliance and Regulatory Relations from September 2012 to February 2015; Global Chief of Legal, Compliance and Regulatory Relations from July 2011 to September 2012; Vice Chairman of Morgan Stanley from May 2009 to July 2011; and Chief Legal Officer of Morgan Stanley from October 2005 to September 2010.

Thomas K. Montag (58) Chief Operating Officer since September 2014; Co-chief Operating Officer from September 2011 to September 2014; and President, Global Banking and Markets from August 2009 to September 2011.

Brian T. Moynihan (55) Chairman of the Board since October 2014 and President and Chief Executive Officer and member of the Board of Directors since January 2010.

Thong M. Nguyen (56) President, Retail Banking, and Co-Head - Consumer Banking since September 2014; Retail Banking Executive from April 2014 to September 2014; Retail Strategy, Operations & Digital Banking Executive from September 2012 to April 2014; Global Corporate Strategy, Planning and Development Executive from November 2011 to September 2012; West Division Executive for U.S. Trust from February 2010 to November 2011; and GCIB Business Transformation Executive from 2008 to February 2010.

Bruce R. Thompson (50) Chief Financial Officer since June 2011; and Chief Risk Officer from January 2010 to June 2011.

Information included under the following captions in the Corporation's proxy statement relating to its 2015 annual meeting of stockholders, scheduled to be held on May 6, 2015 (the 2015 Proxy Statement), is incorporated herein by reference:

- "Proposal 1: Electing Directors - The Nominees;"
- "Corporate Governance - Section 16(a) Beneficial Ownership Reporting Compliance;"
- "- Additional Corporate Governance Information" and
- "- Board Meetings, Committee Membership and Attendance."

Item 11. Executive Compensation

Information included under the following captions in the 2015 Proxy Statement is incorporated herein by reference:

- "Proposal 2: Approving our Executive Compensation (an advisory, non-binding "Say on Pay" resolution) - Compensation Discussion and Analysis;"
- "- Compensation and Benefits Committee Report;"

- - Compensation and Benefits Committee Report;
- "- Executive Compensation;"
- "Corporate Governance - "Compensation Governance and Risk Management;" and - "Director Compensation."

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Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Remaining for Future Issuance Under Equity Compensation Plans <*>

Information included under the following caption in the 2015 Proxy Statement is incorporated herein by reference: • "Corporate Governance - Stock Ownership of Directors, Executive Officers and Certain Beneficial Owners." The table below presents information on equity compensation plans at December 31, 2014:

Weighted-average Exercise Price of Outstanding Options ¹>

Plan Category <1>	Number of Shares to be Issued Under Outstanding Options and Rights	Number of Shares
-------------------	---	------------------

Plans approved by shareholders <5> Plans not approved by shareholders

Total
m This table does not include outstanding options to purchase 3,573,160 shares of the Corporation's common stock that were assumed by the Corporation in connection with prior acquisitions, under whose plans the options were originally granted. The weighted-average exercise price of these assumed options was \$82.50 at December 31, 2014. Also, at December 31, 2014, there were 96,699 vested restricted stock units associated with these plans
l² This table does not include outstanding options to purchase 5,328,026 shares of the Corporation's common stock that were assumed by the Corporation in connection with the Merrill Lynch acquisition, which were originally issued under certain Merrill Lynch plans. The weighted-average exercise price of these assumed options was \$45.82 at December 31, 2014. Also, at December 31, 2014, there were 5,481,907 outstanding restricted stock units and 1,073,175 vested restricted stock units and stock option gain deferrals associated with such plans. These Merrill Lynch plans were frozen at the time of the acquisition and no additional awards may be granted under these plans. However, as previously approved by the Corporation's shareholders, if any of the outstanding awards under these frozen plans subsequently are canceled, forfeited or settled in cash, the shares relating to such awards thereafter will be available for future awards issued under the Corporation's Key Associate Stock Plan (KASP).
o) Does not reflect restricted stock units included in the first column, which do not have an exercise price.
*> Plans approved by shareholders include 325,123,558 shares of common stock available for future issuance under the KASP (including 29,795,525 shares originally subject to awards outstanding under frozen Merrill Lynch plans at the time of the acquisition which subsequently have been canceled, forfeited or settled in cash and become available for issuance under the KASP, as described in footnote (2) above) and 326,616 shares of common stock which are available for future issuance under the Corporation's Directors' Stock Plan
<5> Includes 24,310,796 outstanding restricted stock units.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information included under the following captions in the 2015 Proxy Statement is incorporated herein by reference:

- "Corporate Governance - Related Person and Certain Other Transactions;" and
- "- Director Independence."

Item 14. Principal Accounting Fees and Services

Information included under the following captions in the 2015 Proxy Statement is incorporated herein by reference:

- "Proposal 3: Ratifying Appointment of our Registered Independent Public Accounting Firm for 2015 - PwC's 2014 and 2013 Fees;"
- "- Audit Committee Pre-Approval Policies and Procedures."

Part IV

Bank of America Corporation and Subsidiaries

Item 15. Exhibits, Financial Statement Schedules

The following documents are filed as part of this report:

- 1) Financial Statements:
 - Report of Independent Registered Public Accounting Firm
 - Consolidated Statement of Income for the years ended December 31, 2014, 2013 and 2012
 - Consolidated Statement of Comprehensive Income for the years ended December 31, 2014, 2013 and 2012
 - Consolidated Balance Sheet at December 31, 2014 and 2013
 - Consolidated Statement of Changes in Shareholders' Equity for the years ended December 31, 2014, 2013 and 2012
 - Consolidated Statement of Cash Flows for the years ended December 31, 2014, 2013 and 2012 Notes to Consolidated Financial Statements
- 2) Schedules: None
- 3) The exhibits filed as part of this report and exhibits incorporated herein by reference to other documents are listed in the Index to Exhibits to this Annual Report on Form 10-K (pages E-1 through E-4).

With the exception of the information expressly incorporated herein by reference, the 2015 Proxy Statement shall not be deemed filed as part of this Annual Report on Form 10-K.

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Signatures

Pursuant to the requirements of Section 13 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.

Date: February 25, 2015

Bank of America Corporation

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature

/s/ Brian T. Moynihan

Brian T. Moynihan */s/ Bruce R. Thompson

Bruce R. Thompson */s/ Neil A. Cotty

Neil A. Cotty */s/ Sharon L. Allen
Sharon L. Allen

Chief Executive Officer, Chairman and Director (Principal Executive Officer)

Chief Financial Officer (Principal Financial Officer)

Chief Accounting Officer (Principal Accounting Officer)

Director

**/s/ Susan S. Bies*

Susan S. Bies

**/s/ Jack O. Bovender, Jr.*

Jack O. Bovender, Jr.

**/s/ Frank P. Bramble, Sr.*

Frank P. Bramble, Sr.

**/s/ Pierre de Week*

Pierre de Week

**/s/ Arnold W. Donald*

Arnold W. Donald

**/s/ Charles K. Gifford*

Charles K. Gifford

**/s/ Charles O. Holliday, Jr.*

Charles O. Holliday, Jr.

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Signature

**/s/ Linda P. Hudson* Linda P. Hudson

**/s/ Monica C. Lozano* Monica C. Lozano

**/s/ Thomas J. May* Thomas J. May

**/s/ Lionel L. Nowell, III*

Lionel L. Nowell, III

**/s/ Clayton S. Rose* Clayton S. Rose

**/s/ R. David Yost*

R. David Yost

**By*

/s/ Ross E. Jeffries, Jr.

Ross E. Jeffries, Jr. Attorney-in-Fact

Date
Title

Director

February 25, 2015

Director February 25, 2015

Director February 25, 2015

Director February 25, 2015

Director February 25, 2015

Director February 25, 2015

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Index to Exhibits

Exhibit No. Description

- 3(a) Amended and Restated Certificate of Incorporation of the Corporation, as in effect on the date hereof, incorporated by reference to Exhibit 4.1 of the post-effective amendment to the Corporation's Registration Statement on Form S-3ASR (File No. 333-180488) filed on February 23, 2015.
- (b) Amended and Restated Bylaws of the Corporation, as in effect on the date hereof, incorporated by reference to Exhibit 3.1 of the Corporation's Current Report on Form 8-K (File No. 1-6523) filed on October 1, 2014.
- 4(a) Indenture dated as of January 1, 1995 between registrant (successor to NationsBank Corporation) and BankAmerica National Trust Company incorporated by reference to Exhibit 4.1 of registrant's Registration Statement on Form S-3 (Registration No. 33-57533) filed on February 1, 1995; First Supplemental Indenture thereto dated as of September 18, 1998 between registrant and U.S. Bank Trust National Association (successor to BankAmerica National Trust Company), incorporated by reference to Exhibit 4.3 of registrant's Current Report on Form 8-K (File No. 1-6523) filed on November 18, 1998; Second Supplemental Indenture thereto dated as of May 7, 2001 between registrant, U.S.

Bank Trust National Association, as Prior Trustee, and The Bank of New York as Successor Trustee, incorporated by reference to Exhibit 4.4 of registrant's Current Report on Form 8-K (File No. 1-6523) filed on June 14, 2001; Third Supplemental Indenture thereto dated as of July 28, 2004 between registrant and The Bank of New York, incorporated by reference to Exhibit 4.2 of registrant's Current Report on Form 8-K (File No. 1-6523) filed on August 27, 2004; Fourth Supplemental Indenture thereto dated as of April 28, 2006 between the registrant and The Bank of New York, incorporated by reference to Exhibit 4.6 of registrant's Registration Statement on Form S-3 (Registration No. 333-133852) filed on May 5, 2006; Fifth Supplemental Indenture thereto dated as of December 1, 2008 between registrant and The Bank of New York Mellon Trust Company, N.A. (successor to The Bank of New York), incorporated by reference to Exhibit 4.1 of registrant's Current Report on Form 8-K (File No. 1-6523) filed on December 5, 2008; and Sixth Supplemental Indenture thereto dated as of February 23, 2011 between registrant and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4(ee) of registrant's 2010 Annual Report on Form 10-K (File No. 1-6523) filed on February 20, 2011 (the "2010 10-K").

- b) Successor Trustee Agreement effective December 15, 1995 between registrant (successor to NationsBank Corporation) and First Trust of New York, National Association, as successor trustee to BankAmerica National Trust Company, incorporated by reference to Exhibit 4.2 of registrant's Registration Statement on Form S-3 (Registration No. 333-07229) filed on June 28, 1996.
- c) Agreement of Appointment and Acceptance dated as of December 29, 2006 between registrant and The Bank of New York Trust Company, N.A., incorporated by reference to Exhibit 4(aaa) of registrant's 2006 Annual Report on Form 10-K (File No. 1-6523) filed on February 28, 2007 (the "2006 10-K").
- d) Form of Senior Registered Note, incorporated by reference to Exhibit 4.7 of registrant's Registration Statement on Form S-3 (Registration No. 333-133852) filed on May 5, 2006.
- e) Form of Global Senior Medium-Term Note, Series L, incorporated by reference to Exhibit 4.13 of registrant's Registration Statement on Form S-3 (Registration No. 333-180488) filed on March 30, 2012.
- f) Form of Master Global Senior Medium-Term Note, Series L, incorporated by reference to Exhibit 4.14 of registrant's Registration Statement on Form S-3 (Registration No. 333-180488) filed on March 30, 2012.

Registrant and its subsidiaries have other long-term debt agreements, but these are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. Copies of these agreements will be furnished to the Commission on request.

- 10(a) Bank of America Pension Restoration Plan, as amended and restated effective January 1, 2009, incorporated by reference to Exhibit 10(c) of registrant's 2008 Annual Report on Form 10-K (File No. 1-6523) filed on February 27, 2009 (the "2008 10-K"); Amendment thereto dated December 18, 2009, incorporated by reference to Exhibit 10(c) of registrant's 2009 Annual Report on Form 10-K (File No. 1-6523) filed on February 26, 2010 (the "2009 10-K"); Amendment thereto dated December 16, 2010, incorporated by reference to Exhibit 10(c) of the 2010 10-K; and Amendment thereto dated June 29, 2012, incorporated by reference to Exhibit 10(a) of registrant's 2012 Annual Report on Form 10-K (File No. 1-6523) filed February 28, 2013 (the "2012 10-K").*
- b) NationsBank Corporation Benefit Security Trust dated as of June 27, 1990, incorporated by reference to Exhibit 10(t) of registrant's 1990 Annual Report on Form 10-K (File No. 1-6523); First Supplement thereto dated as of November 30, 1992, incorporated by reference to Exhibit 10(v) of registrant's 1992 Annual Report on Form 10-K (File No. 1-6523); Trustee Removal/Appointment Agreement dated as of December 19, 1995, incorporated by reference to Exhibit 10(o) of registrant's 1995 Annual Report on Form 10-K (File No. 1-6523) filed on March 29, 1996.*
- c) Bank of America 401(k) Restoration Plan, as amended and restated effective January 1, 2015, filed herewith.*
- d) Bank of America Executive Incentive Compensation Plan, as amended and restated effective December 10, 2002, incorporated by reference to Exhibit 10 (g) of registrant's 2002 Annual Report on Form 10-K (File No. 1-6523) filed on March 3, 2003; and Amendment thereto dated January 23, 2013, incorporated by reference to Exhibit 10(d) of the 2012 10-K.*
- e) Bank of America Director Deferral Plan, as amended and restated effective January 1, 2005, incorporated by reference to Exhibit 10(g) of the 2006 10-K.*
- f) Bank of America Corporation Directors' Stock. Plan as amended and restated effective April 26, 2006, incorporated by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K filed on December 14, 2005* and the following forms of award agreements:

- Form of Restricted Stock Award Agreement, incorporated by reference to Exhibit 10(h) of registrant's 2004 Annual Report on Form 10-K (File No. 1-6523) filed on March 1, 2005 (the "2004 10-K");*
- Form of Directors Stock Plan Restricted Stock Award Agreement for Non-Employee Chairman, incorporated by reference to Exhibit 10(b) of registrant's Quarterly Report on Form 10-Q (File No. 1-6523) for the quarterly period ended September 30, 2009 filed on November 6, 2009;*
- Form of Directors' Stock Plan Restricted Stock Award Agreement for Non-U.S. Director, incorporated by reference to Exhibit 10(a) of registrant's Quarterly Report on Form 10-Q (File No. 1-6523) for the quarterly period ended March 31, 2011 filed on May 5, 2011;*
- Form of Directors' Stock Plan Conditional Restricted Stock Award Agreement for Non-U.S. Director, incorporated by reference to Exhibit 10(a) of registrant's Quarterly Report on Form 10-Q (File No. 1-6523) for the quarterly period ended June 30, 2011 filed on August 4, 2011.*

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Exhibit No. Description

- g) Bank of America Corporation Key Associate Stock Plan, as amended and restated effective April 28, 2010, incorporated by reference to Exhibit 10.2 of registrant's Current Report on Form 8-K (File No. 1-6523) filed on May 3, 2010* and the following forms of award agreement under the plan:
 - Form of Stock Option Award Agreement (February 2007 grant), incorporated by reference to Exhibit 10(i) of registrant's 2007 Annual Report on Form 10-K (File No. 1-6523) filed on February 28, 2008;*
 - Form of Stock Option Award Agreement for non-executives (February 2008 grant), incorporated by reference to Exhibit 10(i) of the 2009 10-K;*
 - Form of Restricted Stock Units Award Agreement for executives (February 2010 grant), incorporated by reference to Exhibit 10(i) of the 2010 10-K;*
 - Form of Performance Contingent Restricted Stock Units Award Agreement, incorporated by reference to Exhibit 10.3 of registrant's Current Report on Form 8-K (File No. 1-6523) filed on January 31, 2011;*
 - Form of Performance Contingent Restricted Stock Units Award Agreement (February 2011 grant), incorporated by reference to Exhibit 10(i) of the 2010 10-K;*
 - Form of Restricted Stock Units Award Agreement for non-executives (February 2011 grant), incorporated by reference to Exhibit 10(i) of the 2010 10-K;*
 - Form of Restricted Stock Units Award Agreement (February 2012 grant), incorporated by reference to Exhibit 10(i) of registrant's 2011 Annual Report on Form 10-K (File No. 1-6523) filed on February 25, 2012 (the "2011 10-K");*
 - Form of Performance Contingent Restricted Stock Units Award Agreement (February 2012 grant), incorporated by reference to Exhibit 10(i) of the 2011 10-K;*
 - Restricted Stock Units Award Agreement for Gary G. Lynch dated July 12, 2011, incorporated by reference to Exhibit 10(a) of registrant's Quarterly Report on Form 10-Q (File No. 1-6523) for the quarterly period ended March 31, 2012 (the "1Q 2012 10-Q") filed on May 3, 2012;
 - Form of Restricted Stock Units Award Agreement (February 2013 and subsequent grants), including grants to named executive officers, incorporated by reference to Exhibit 10(a)

- of registrant's Quarterly Report on Form 10-Q (File No. 1-6523) for the quarterly period ended March 31, 2013 filed on May 5, 2013 (the "IQ 2013 10-Q");* and
 - Form of Performance Restricted Stock Units Award Agreement (February 2013 and subsequent grants), including grants to named executive officers incorporated by reference to Exhibit 10(b) of the IQ 2013 10-Q.* and
 - Form of Performance Restricted Stock Units Award Agreement (February 2014 and subsequent grants), including grants to named executive officers, incorporated by reference to Exhibit 10(a) of registrant's Quarterly Report on Form 10-Q (File No. 1-6523) for the quarterly period ended March 31, 2014 filed on May 1, 2014.*
- h) Amendment to various plans in connection with FleetBoston Financial Corporation merger, incorporated by reference to Exhibit 10(v) of registrant's 2003 Annual Report on Form 10-K (File No. 1-6523) filed on March 1, 2004.*
- (0) FleetBoston Supplemental Executive Retirement Plan, as amended by Amendment One thereto effective January 1, 1997, Amendment Two thereto effective October 15, 1997, Amendment Three thereto effective July 1, 1998, Amendment Four thereto effective August 15, 1999, Amendment Five thereto effective January 1, 2000, Amendment Six thereto effective October 10, 2001, Amendment Seven thereto effective February 19, 2002, Amendment Eight thereto effective October 15, 2002, Amendment Nine thereto effective January 1, 2003, Amendment Ten thereto effective October 21, 2003, and Amendment Eleven thereto effective December 31, 2004, incorporated by reference to Exhibit 10(r) of the 2004 10-K.*
- 0) FleetBoston Executive Deferred Compensation Plan No. 2, as amended by Amendment One thereto effective February 1, 1999, Amendment Two thereto effective January 1, 2000, Amendment Three thereto effective January 1, 2002, Amendment Four thereto effective October 15, 2002, Amendment Five thereto effective January 1, 2003, and Amendment Six thereto effective December 16, 2003, incorporated by reference to Exhibit 10(u) of the 2004 10-K.*
- (k) FleetBoston Executive Supplemental Plan, as amended by Amendment One thereto effective January 1, 2000, Amendment Two thereto effective January 1, 2002, Amendment Three thereto effective January 1, 2003, Amendment Four thereto effective January 1, 2003, and Amendment Five thereto effective December 31, 2004, incorporated by reference to Exhibit 10(v) of the 2004 10-K.*
- (l) Retirement Income Assurance Plan for Legacy Fleet, as amended and restated effective January 1, 2009, incorporated by reference to Exhibit 10(p) of the 2009 10-K; Amendment thereto dated December 16, 2010, incorporated by reference to Exhibit 10(c) of the 2010 10-K; and Amendment thereto dated June 29, 2012, incorporated by reference to Exhibit 10(1) of the 2012 10-K.*
- (m) Trust Agreement for the FleetBoston Executive Deferred Compensation Plans No. 1 and 2, incorporated by reference to Exhibit 10(x) of the 2004 10-K.*
- (n) Trust Agreement for the FleetBoston Executive Supplemental Plan, incorporated by reference to Exhibit 10(y) of the 2004 10-K.*
- (o) Trust Agreement for the FleetBoston Retirement Income Assurance Plan and the FleetBoston Supplemental Executive Retirement Plan, incorporated by reference to Exhibit 10(z) of the 2004 10-K.*
- (p) FleetBoston Directors Deferred Compensation and Stock Unit Plan, as amended by an amendment thereto effective as of July 1, 2000, a Second Amendment thereto effective as of January 1, 2003, a Third Amendment thereto dated April 14, 2003, and a Fourth Amendment thereto effective January 1, 2004, incorporated by reference to Exhibit 10(aa) of the 2004 10-K.*
- (q) BankBoston Corporation and its Subsidiaries Deferred Compensation Plan, as amended by a First Amendment thereto, a Second Amendment thereto, a Third Amendment thereto, an Instrument thereto (providing for the cessation of accruals effective December 31, 2000) and an Amendment thereto dated December 24, 2001, incorporated by reference to Exhibit 10(cc) of the 2004 10-K.*
- (r) BankBoston, N.A Bonus Supplemental Employee Retirement Plan, as amended by a First Amendment thereto, a Second Amendment thereto, a Third Amendment thereto and a Fourth Amendment thereto, incorporated by reference to Exhibit 10(dd) of the 2004 10-K.*
- (s) Description of BankBoston Supplemental Life Insurance Plan, incorporated by reference to Exhibit 10(ee) of the 2004 10-K.*
- (t) BankBoston, N.A. Excess Benefit Supplemental Employee Retirement Plan, as amended by a First Amendment thereto, a Second Amendment thereto, a Third Amendment thereto (assumed by FleetBoston on October 1, 1999) and an Instrument thereto, incorporated by reference to Exhibit 10(ff) of the 2004 10-K.*
- (u) Description of BankBoston Supplemental Long-Term Disability Plan, incorporated by reference to Exhibit 10(gg) of the 2004 10-K.*
- (v) BankBoston Director Stock Award Plan, incorporated by reference to Exhibit 10(hh) of the 2004 10-K.*
- (w) BankBoston Corporation Directors' Deferred Compensation Plan, as amended by a First Amendment thereto and a Second Amendment thereto, incorporated by reference to Exhibit 10(ii) of the 2004 10-K.*
- (x) BankBoston, N.A. Directors' Deferred Compensation Plan, as amended by a First Amendment thereto and a Second Amendment thereto, incorporated by reference to Exhibit 10(jj) of the 2004 10-K.*
- (y) BankBoston 1997 Stock Option Plan for Non-Employee Directors, as amended by an amendment thereto dated as of October 16, 2001, incorporated by reference to Exhibit 10(kk) of the 2004 10-K.*
- (z) Description of BankBoston Director Retirement Benefits Exchange Program, incorporated by reference to Exhibit 10(11) of the 2004 10-K.*
- (aa) Employment Agreement, dated as of March 14, 1999, between FleetBoston and Charles K. Gifford, as amended by an amendment thereto effective as of February 7, 2000, a Second Amendment thereto effective as of April 22, 2002, and a Third Amendment thereto effective as of October 1, 2002, incorporated by reference to Exhibit 10(mm) of the 2004 10-K.*
- (bb) Form of Change in Control Agreement entered into with Charles K. Gifford, incorporated by reference to Exhibit 10(nn) of the 2004 10-K.*

E-2 Bank of America 2014

- (cc)
- (dd)
- (ee)
- (ff)
- (gg)
- (hh)
- (i)
- (jj)

(kk)

(N)

(mm)

(nn) (oo)

(PP)

Exhibit No. Description

Global amendment to definition of "change in control" or "change of control," together with a list of plans affected by such amendment, incorporated by reference to Exhibit 10(oo) of the 2004 10-K.*

Retirement Agreement dated January 26, 2005 between registrant and Charles K. Gifford, incorporated by reference to Exhibit 10.1 of registrant's Current Report on Form 8-K (File No. 1-6523) filed on January 26, 2005.*

Employment Agreement dated October 27, 2003 between registrant and Brian T. Moynihan, incorporated by reference to Exhibit 10(d) of registrant's Registration Statement on Form S-4 (Registration No. 333-110924) filed on December 4, 2003.*

Cancellation Agreement dated October 26, 2005 between registrant and Brian T. Moynihan, incorporated by reference to Exhibit 10.1 of registrant's Current Report on Form 8-K (File No. 1-6523) filed on October 26, 2005.*

Agreement Regarding Participation in the Fleet Boston Supplemental Executive Retirement Plan dated October 26, 2005 between registrant and Brian T. Moynihan, incorporated by reference to Exhibit 10.2 of registrant's Current Report on Form 8-K (File No. 1-6523) filed on October 26, 2005.*

Forms of Stock Unit Agreements for salary stock units awarded to certain executive officers in connection with registrant's participation in the U.S. Department of Treasury's Troubled Asset Relief Program, incorporated by reference to Exhibit 10(uu) of the 2009 10-K.*

Bank of America Corporation Equity Incentive Plan amended and restated effective as of January 1, 2008, incorporated by reference to Exhibit 10(zz) of the 2009 10-K.*

Merrill Lynch & Co., Inc. Long-Term Incentive Compensation Plan amended as of January 1, 2009 and 2008 Restricted Units/Stock Option Grant Document for Thomas K. Montag, incorporated by reference to Exhibit 10(aaa) of the 2009 10-K.*

Employment Letter dated May 1, 2008 between Merrill Lynch & Co., Inc. and Thomas K. Montag and Summary of Agreement with respect to Post-Employment Medical Coverage, incorporated by reference to Exhibit 10(bbb) of the 2009 10-K.*

Form of Warrant to purchase common stock (expiring October 28, 2018), incorporated by reference to Exhibit 4.2 of registrant's Registration Statement on Form 8-A (File No. 1-6523) filed on March 4, 2010.

Form of Warrant to purchase common stock (expiring January 16, 2019), incorporated by reference to Exhibit 4.2 of registrant's Registration Statement on Form 8-A (File No. 1-6523) filed on March 4, 2010.

Retention Award Letter Agreement with Bruce R. Thompson dated January 26, 2009, incorporated by reference to Exhibit 10(ddd) of the 2010 10-K.*

Aircraft Time Sharing Agreement (Multiple Aircraft) dated February 24, 2011 between Bank of America, N. A. and Brian T. Moynihan, incorporated by reference to Exhibit 10(QJ) of the 2010 10-K.*

(qq)

(rr)

(ss)

(tt) (uu) 12

21 23(a)

(b)

24 31(a)

(b) 32(a)

(b)

Exhibit 101.INS

Exhibit 101.SCH

Exhibit 101.CAL

Exhibit 101.LAB

Exhibit 101.PRE

Bank of America Corporation and Designated Subsidiaries Supplemental Executive Retirement Plan for Senior Management Employees effective as of January 1, 1989, reflecting the following amendments- Amendments thereto dated as of June 28, 1989, June 27, 1990, July 21, 1991, December 3, 1992, December 15, 1992, September 28, 1994, March 27, 1996, June 25, 1997, April 10, 1998, June 24, 1998, October 1, 1998, December 14, 1999, and March 28, 2001; and Amendment thereto dated December 10, 2002, incorporated by reference to Exhibit 10(jjj) of the 2011 10-K.*

Settlement Agreement dated as of June 28, 2011, among The Bank of New York Mellon, registrant, BAC Home Loans Servicing, LP, Countrywide Financial Corporation, and Countrywide Home Loans, Inc., incorporated by reference to Exhibit 99.2 of registrant's Current Report on Form 8-K (File No. 1-6523) filed on June 29, 2011.

Institutional Investor Agreement dated as of June 28, 2011, among The Bank of New York Mellon, registrant, BAC Home Loans Servicing, LP, Countrywide Financial Corporation, Countrywide Home Loans, Inc. and the other parties thereto, incorporated by reference to Exhibit 99.3 of registrant's Current Report on Form 8-K (File No. 1-6523) filed on June 29, 2011.

Securities Purchase Agreement dated August 25, 2011 between registrant and Berkshire Hathaway Inc. (including forms of the Certificate of Designations, Warrant and Registration Rights Agreement), incorporated by reference to Exhibit 1.1 of registrant's Current Report on Form 8-K (File No. 1-6523) filed on August 25, 2011.

Long-Term Cash Award Agreement for Gary G. Lynch dated July 12, 2011. incorporated by reference to Exhibit 10(b) of the IQ 2012 10-Q.* Offer Letter between registrant and Gary G.

Lynch dated April 14, 2011, incorporated by reference to Exhibit 10(c) of the IQ 2012 10-Q.* Ratio of Earnings to Fixed Charges, filed herewith.

Ratio of Earnings to Fixed Charges and Preferred Dividends, filed herewith.

List of Subsidiaries, filed herewith.

Consent of PncwaterhouseCoopers LLR filed herewith.

Consent of PncwaterhouseCoopers LLR filed herewith.

Power of Attorney, filed herewith.

Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. filed herewith. Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.

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, filed herewith.

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, filed herewith.

XBRL Instance Document, filed herewith.

XBRL Taxonomy Extension Schema Document, filed herewith.

XBRL Taxonomy Extension Calculation Linkbase Document, filed herewith.

XBRL Taxonomy Extension Label Linkbase Document, filed herewith

XBRL Taxonomy Extension Presentation Linkbase Document, filed herewith.

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Exhibit No. Description

Exhibit XBRL Taxonomy Extension Definitions Linkbase Document, filed herewith. 101. DEF

Exhibit is a management contract or a compensatory plan or arrangement.

** The registrant has received confidential treatment with respect to portions of this exhibit Those portions have been omitted from this exhibit and filed separately with the U.S Securities and Exchange Commission.

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Bank of America Corporation and Subsidiaries

Exhibit 12

Ratio of Earnings to Fixed Charges

Ratio of Earnings to Fixed Charges and Preferred Dividends

(Dollars in millions)	Year Ended December 31				
	2014	2013	2012	2011	2010
<i>Excluding Interest on Deposits</i>					
Equity in undistributed earnings (loss) of unconsolidated subsidiaries		(222)	(66)	212	596 1,210
Income (loss) before income taxes	\$ 6,855	\$16,172	\$ 3,072	\$(230)	\$(1,323)
Equity in undistributed earnings (loss) of unconsolidated subsidiaries		(222)	(66)	212	596 1,210
Interest expense	9,854	11,359	14,754	18,618	19,977
Total fixed charges	10,877	12,450	15,846	19,690	21,076
Preferred dividend requirements	1,767	1,080		802	
Fixed charges and preferred dividends	12,358	14,217	16,926	19,690	21,878
Earnings	20,963	28,556	14,510	9,130	20,056
Ratio of earnings to fixed charges ⁽³⁾	1.61	2.29	1.21	1.02	0.99
Ratio of earnings, to fixed charges and preferred dividends ⁽³⁾	1.69	2.01	1.13	1.02	0.96

(Dollars in millions)

Income (loss) before income taxes	\$ 6,855	\$ 16,172	\$ 3,072	\$(7230)	\$(1^23)
Equity in undistributed earnings (loss) of unconsolidated subsidiaries	(222)	(66)		212	596 1,210

Including Interest on Deposits

Income (loss) before income taxes	10.934	12.755	16.744	21.620	23.974
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1^023	1,09T' ~" ~" ,094r" ~ 1,072" ~-i^p99~;						
	Fjuiuity in undistributed earnings (loss) of unconsolidated subsidiaries						
	Fixed charges:: •		-Vr <				
	Interest expense						
	1/3 of net.rent expense (1).		■.:" ... ■.:" ~/y				
	_ Total fixed charges		11,957	13,846	17,836	22,692	25,073
	; Preferred dividend requirements<21		M81	1,767	- 1.080	n/m	./802**
	Fixed charges and preferred dividends				13,438	15,613	18,916 22,692 25,875
	. Earnings		'yl . ././.; ; ' V.■;		;y: {> S 18,590 . \$ 29,952 \$' 21,120a \$ 23,058 \$ 24,960 .		
	Ratio of earnings to fixed charges		h55	2.16	1.18	1.02	1.00
	Ratio of earnings to fixed charges and preferred dividends (1)		1.38 ,	1.92	1.12	1.02-	. 0.96 .

" Represents an appropriate interest factor

¹²¹ The earnings for 2011 reflect the impact of \$8 S billion of mortgage banking losses and \$3.2 billion of goodwill impairment charges, which resulted in a negative preferred dividend requirement

The earnings for 2010 were inadequate to cover fixed charges, and fixed charges and preferred dividends The earnings deficiency is a result of \$12.4 billion of goodwill impairment charges during 2010. The coverage deficiency for fixed charges was \$113 million and the coverage deficiency for fixed charges and preferred dividends was \$915 million for 2010

n/m = not meaningful

Exhibit 31(a)

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 Annual Report on Form 10-K 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)) forthe 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.

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

Exhibit 31(b)

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

I, Bruce R. Thompson, certify that:

1. I have reviewed this Annual Report on Form 10-K 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.

/s/ Bruce R. Thompson Bruce R. Thompson Chief Financial Officer

Exhibit 32(a)

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 Annual Report on Form 10-K of the registrant for the year ended December 31, 2014 (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 as of, and for, the periods presented.

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

Exhibit 32(b)

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

I, Bruce R. Thompson, 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 Annual Report on Form 10-K of the registrant for the year ended December 31, 2014 (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 as of, and for, the periods presented.

/s/ Bruce R. Thompson Bruce R. Thompson Chief Financial Officer

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT ,

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: Cabrera Capital

Markets, LLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant
OR
2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest:
OR
3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 10 South LaSalle St., Suite 1050
Chicago, IL 60603

C. Telephone: 312.236.8888 Fax: 312.236.8936 Email: raguilar@cabreracapital.com
<mailto:raguilar@cabreracapital.com>

D. Name of contact person: Robert Aguilar

E. Federal Employer Identification No. (if you have one)

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Midway Airport Revenue Bonds Series 2016

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # _____ and Contract # _____

Ver. 01-01-12

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SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY 1. Indicate the nature of the Disclosing Party:

Person

- Publicly registered business corporation
- Privately held business corporation
- Sole proprietorship
- General partnership (Is
- Limited partnership
- Trust

Limited liability company Limited liability partnership Joint venture
Not-for-profit corporation
the not-for-profit corporation also a 501(c)(3)?

Yes No

Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Martin Cabrera, Jr. President (Director/Manager)
Robert Libertini Vice President (Director)

Robert Aguililar Chipf Oprating Dffirw (P.nn) / Treasurer
Renee LaBran Board Member
Bruce Foerster Board Member

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
Cabr_eia Capital I no.	10 S. LaSalle St, Ste 1050, Chicago, IL 60603	76.5%
RCF Cabrera Holdings, Inc.	155 N Lake Ave, Ste 826, Pasadena, CA 91101	23.5%

SECTION III ~ BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.)
Muchin Rosenman LLP	525 W. Monroe, Chicago, IL 60661	Underwriter's Counsel	\$100,000

NOTE: "hourly rate" or "t.b.d." is not an acceptable response. Katten

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the

City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

Page 4 of 13

2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or

authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is [] is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b)

of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

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comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

x 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or

entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

**SECTION VII-- ACKNOWLEDGMENTS, CONTRACT INCORPORATION,
COMPLIANCE, PENALTIES, DISCLOSURE**

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Robert Aguilar

(Print or type name of person signing)

Chief Operating Officer

(Print or type title of person signing)

Signed and sworn to before me on (date) // "ai 3 ~* I S ,
at £66 County, jT*Z (state).

Notary Public.

OFFICIAL SEAL
DCATRIZ VELAZQUEZ

Commission expires: & I *** /&L-~^Q / J

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND

AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

**AFFIDAVIT
DEBT OBLIGATION AND BROKERAGE TRANSACTIONS**

Name of Reporting Firm: Cabrera Capital Markets, LLC

Report Date: 03/15/2022

Description of Matter: City of Chicago Midway Airport Revenue Bonds Series 2016

Role of Reporting Firm: Co-Manager

This affidavit is submitted in conjunction with (check one):

a City of Chicago debt obligation transaction (Municipal Code Section 2-154-017)
 brokerage services for the City Treasurer (Municipal Code Section 2-154-018)

Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Reporting Firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Reporting Firm and the role he or she will fill in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

Individual #	Position and Role	Gender	Race/Ethnicity
1	Chief Executive Officer	(m)f	Hispanic
2	Managing Director	@ F	Hispanic
3	Investment Banking Analyst	(M) F	Hispanic
		M F	
		M F	

(If needed, please use additional sheets to identify additional personnel.)

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Reporting Firm, and (2) the information in this Affidavit and associated attachment are true, complete, and correct.

By signing below, I understand and acknowledge, on behalf of the Reporting Firm, that failure to accurately and completely supply the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Printed Name:

Signature:

Title: Chief Operating Officer

Date:

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: Cabrera Capital, Inc

- Sole proprietorship
- General partnership (Is
- Limited partnership
- Trust

Limited liability company Limited liability partnership Joint venture

Not-for-profit corporation

the not-for-profit corporation also a 501(c)(3)?

Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Illinois

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Martin Cabrera. Jr.	President (Director) / Manager	^
Rose Gonzales	Secretary	_
"Robert Aguilar	Chief Operating Officer (COO) / Treasurer	

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
Martin Cabrera, Jr.	10 S. LaSalle, Ste 1050, Chicago, IL 60603	60.0%
Rose Gonzales	100 W. Washington, Chicago, IL 60607	37.0%

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes , No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
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(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section IT.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Cabrera Capitarflpc.

(Print or type name of Disclosing Party) By:.

Robert Aguilar

(Print or type name of person signing)

Chief Operating Officer

(Print or type title of person signing)

Signed and sworn to before me on (date)

at <Coo/<- County,

OFFICIAL SEAL BEATRIZ VELAZQUEZ NOTARY PUBUC. STATE OF ILLINOIS My Commission Expires
Jan 12, 2019

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CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes

No

Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: RC/F Member,
LLC

Check ONE of the following three boxes:

I have read the Disclosing Party's obligations under the EDS and

indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant
OR
2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest:
OR
3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control: Rustic Canyon/Fontis Partners GP, LLC

B. Business address of the Disclosing Party: 100 Wilshire Blvd. Suite 200
Santa Monica, CA 90401

C. Telephone: 626.744.7799 Fax: 225.626.744.9249 Email: renee@rcfontis.com
<mailto:renee@rcfontis.com>

D. Name of contact person: Renee LaBran

E. Federal Employer Identification No. (if you have one): '-;

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago Midway Airport Revenue Bonds Series 2016

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

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SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY 1. Indicate the nature of the Disclosing Party:

Person	<input checked="" type="checkbox"/>
Publicly registered business corporation	<input type="checkbox"/>
Privately held business corporation	<input type="checkbox"/>
Sole proprietorship	<input type="checkbox"/>
General partnership	<input type="checkbox"/>
Limited partnership	<input type="checkbox"/>

Trust

[]

Limited liability company Limited liability partnership Joint venture
Not-for-profit corporation
the not-for-profit corporation also a 501(c)(3))?
[] Yes [] No
Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

[] Yes [] No [] N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Renee LaBran

Managing Member

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code") the City Commission shall have the authority to request information from any person or entity who has a beneficial interest in the City of Chicago.

Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
Please see attached sheet		

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
--	------------------	--	---

(Add sheets if necessary)

[x] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or -
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

None

the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

x 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and

A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F. 1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F. 1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1, F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

RC/F Member, LLC
(Print or type name of Disclosing Party)

(Sign here) Renee

LaBran
(Print or type name of person signing)

Authorized Signatory
(Print or type title of person signing)

Signed and sworn to before me on (date) at Chicago, Ill. Coj

Commission expires: 01/12/2019

~*~

OFFICIAL SEAL BEATRIZ VELAZQUEZ

NOTARY PUBLIC, STATE OF ILLINOIS | My Commission Expires Jan 12, 2019

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section TLB. La., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

RC/F Member, LLC

Company	Address	Ownership
Lee Bailey	100 Wilshire Blvd., Suite 200 Santa Monica, CA 90401	3.00%
Mark Mencll	100 Wilshire Blvd., Suite 200 Santa Monica, CA 90401	4.43%
Michael Song	100 Wilshire Blvd., Suite 200 Santa Monica, CA 90401	4.43%
Jon Staenberg	100 Wilshire Blvd., Suite 200 Santa Monica, CA 90401	4.43%
Tom & Janet Unterman Living Trust	100 Wilshire Blvd., Suite 200	7.90%

John Babcock	Santa Monica, CA 90401 100 Wilshire Blvd., Suite 200	7.90%
Nate Redmond	Santa Monica, CA 90401 100 Wilshire Blvd., Suite 200	7.90%
Rcnce LaBran	Santa Monica, CA 90401 100 Wilshire Blvd., Suite 200	60.00%
Total	Santa Monica, CA 90401 100 Wilshire Blvd., Suite 200	100.00%

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

A. Rustic Canyon/Fontis Management, LLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

- the Applicant
OR
- a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest:
OR
- a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control: Rustic Canyon/Fontis Partners GP, LLC

B. Business address of the Disclosing Party: 155 North Lake Ave, Suite 826
Pasadena, CA91101

C. Telephone: 626.744.7799 Fax: 224.626.744.9249 Email: renee@rcfontis.cpm
<mailto:renee@rcfontis.cpm>

Renee LaBran

D. Name of contact person:

E. Federal Employer Identification No. (if you have one): _

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago Midway Airport Revenue Bonds Series 2016

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the

Daniel D. Villanueva
Daniel L. Villanueva

Managing Member
Managing Member

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

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interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
------	------------------	---

Please see attached sheet.
None of the parties hold 7.5% or more of the applicant named above

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf

of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

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Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
--	------------------	--	---

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity).

Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55

(Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

None

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge

that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

N/A

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

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comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must

supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Rustic Canyon/Fontis Management, LLC

Renee LaBran

(Print or type name of person signing) Member of Rustic
Canyon Management, LLC Managing Member of Rustic
Canyon/Fontis Management, LLC

(Print or type title of person signing)

Signed and sworn to before me on (date) // " 3-3- cP<g>/ S~~
at Coof< County, JTt- (state).

Notary Public.

Commission expires: 0/~ ~~~c3- of<j

 OFFICIAL SEAL BEATRIZ VELAZQUEZ
NOTARY PUBLIC, STATE OF ILLINOIS My Commission Expires Jan 12, 2019

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CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B. 1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such

person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes

No

Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12

OF THE ASSOCIATED EDS.

Rustic Canyon/Fontis Management, ILC Investors with 7.5% or More

Company	Address	%Ownership
Ms. Renee Labran	5210 Vista Miguel Dr., La Canada, CA 91011	21.40%
Ms. Gabrielle E. Greene	1650 E. Mountain Street Pasadena, CA 91105	28.57%
Mr. Daniel O. Villanueva	517 Via Con Dios Camarillo, CA 93010	14.29%
Mr. Daniel L. Villanueva	1076 Country Club Estates Castle Rock, CO 80108	28.57%

None of the parties above hold 7.5% or more in applicant named on page 1

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: Rustic

Canyon/Fontis Partners GP, LLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the

2. Applicant in which the Disclosing Party holds an interest:

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control: Rustic Canyon Fontis Partners. LP

B. Business address of the Disclosing Party: 155 North Lake Ave, Suite 826
Pasadena, CA 91101

C. Telephone: 626.744.7799 fax: 225.626.744.9249 Email:

renee@rcfontis.com <mailto:renee@rcfontis.com>_ D. Name of contact person: Renee LaBran

E. Federal Employer Identification No. (if you have one): ..

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago Midway Airport Revenue Bonds Series 2016

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

Page 1 of 13

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party: Person

Publicly registered business corporation

Privately held business corporation

Sole proprietorship

General partnership

Limited partnership Trust

Limited liability company Limited liability partnership

Joint venture Not-for-profit corporation (Is-the not-for-profit corporation also a 501(c)(3))?

Yes

No

Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

[]N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Rustic Canyon/Fontis Management, LLC	Managing Member
Renee LaBran	Managing Member
UabfTeTTe b. Green	Managing Member
Daniel D. Villatweva	Managmg-Memoef
Daniel L. Villanueva	Managing Member

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

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interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
------	------------------	---

Please See Attached Sheet

None of the parties hold 7.5% or more of the applicant listed on page 1

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

[] Yes [] No

LI ES LO

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

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Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.)	NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
---	-------------------------	---	---	--

(Add sheets if necessary)

[x] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.I. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions

- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
 - e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.
3. The certifications in subparts 3, 4 and 5 concern:
- the Disclosing Party;
 - any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
 - any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
 - any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

None

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If the letters "N A," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

N/A

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively "City Property Sale"). Compensation for property taken pursuant to the

legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes

No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

x 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to

NOTE: If the matter is federally funded, complete this section VI. If the matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating

pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

Page 11 of 13

F. 1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date

statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Rustic Canyon/Fontis Partners GP, LLC

(Print or type_name of Disclosing Party) By/

,yy,, , ^yt^/fUL

Renee LaBran

(Print or type name of person signing)

Authorized Signatory

(Print or type title of person signing)

County,

Signed and sworn to before me on (date) // - «A ? -^<o/S"~

at C o*/^

(state).

Notary Public.

Commission expires: c?/ - /<2 -

OFFICIAL SEAL BEATRIZ VELAZQUEZ

NOTARY PUBLIC, STATE OF ILLINOIS My Commission Expires Jan 12, 2019

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CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or

any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.La., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant

identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes

No

Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

Rustic Canyon/Fontis Partners, GP UC Investors with 7.5% or More

Company	Address	%Ownership
Mr. Daniel D Villanueva	517 Via Con Dios Camarillo, CA 93010	22.20%
Mr. Daniel I. Villanueva	1076 Country Club Estates Castle Rock, CO 80108	22.20%
Ms. Gabrielle E. Greene	1650 E. Mountain Street Pasadena, CA 91105	22.20%
RC/F Member, LLC	2425 Olympic Blvd., Suite 6050 W Santa Monica, CA 90404	33.30%

None of the parties above hold 7.5% or more in applicant named on page 1

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT**

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

A. Rustic Canyon/Fontis Partners, LP

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the

Applicant in which the Disclosing Party holds an interest: Cabrera Capital Markets, LLC

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 155 North Lake Ave, Suite 826
Pasadena, CA 91101

C. Telephone: 626.744.7799
<mailto:renee@rcfontis.com>

Fax: 225.626.744.9249 Email: renee@rcfontis.com

D. Name of contact person: Renee LaBran

E. Federal Employer Identification No. (if you have one): . . .

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago Midway Airport Revenue Bonds Series 2016

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

Page 1 of 13

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

Person

Publicly registered business corporation Privately held business corporation Sole proprietorship General partnership Limited partnership Trust

- Limited liability company
- Limited liability partnership
- Joint venture
- Not-for-profit corporation
- (Is the not-for-profit corporation also a 501(c)(3))?
 - Yes
 - No
- Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Qeaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name	Title
Rustic Canyon/Fontis Partners GP, LLC	General Partner (This party does not hold 7.5% or more of the applicant on pg 1
Renee LaBran	Managing Member
Gabrielle E. Green	Managing Member
Daniel D. Villanueva	Managing Member
Daniel L. Villanueva	Managing Member

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably

intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
------	------------------	---

Please Rphi attached sheet

None of the parties hold 7.5% or more of the applicant named above

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes []No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated)
---	------------------	--	---

retained or anticipated to be retained)	Address	(subcontractor, attorney, lobbyist, etc.)	paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
--	---------	--	--

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the
Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

None

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
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4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or

the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

Page 11 of 13

F. 1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. F.P.A. on the federal Excluded Parties List

permit their subcontractors to use, any facility listed by the U.S. EPLS on the Federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F. 1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Rustic Canyon/Fontis Partners, LP
By:/
(Print or typemime of Disclosing Party)
(Sign here)

Renee LaBran
(Print or type name of person signing)
Authorized Signatory, Rustic Canyon/Fontis Partners GP, LLC, its General Partner
(Print or type title of person signing)

Signed and sworn to before me on (date)
at QooJ<- County, X~Z-

Commission expires: &S "tS-O/^

OFFICIAL SEAL BEATRIZ VELAZQUEZ
NOTARY PUBLIC, STATE OF ILLINOIS My Commission Expires Jan 12, 2019

APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.I.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

APPENDIX B

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

- 1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

[] Yes O^No

- 2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

[] Yes [] No [^Not Applicable

- 3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

Rustic Canyon/Fontis Partners, LP Investors with 7.5% or More

Table with 3 columns: Company, Address, %Ownership. Rows include NXP Patners and New Mexico State Investement Council.

Land Grant Permanent
Fund

TMCTII, LLC	c/o Lucas, Horsfall Murphy & Plndroh, LLP 100 East Corson St., Suite 200 Pasadena, CA 91103- 3841	15.60%
Captton Link Fund, LLC	152 West 57th Street 34th Floor New York, NY 10010	13.90%

None of the parties above hold 7.5% or more in applicant named on page 1

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT**

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

RCF - Cabrera Holdings, Inc.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

- the Applicant
OR
- a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: *Cahrera Capital Markets I I C.*
OR
- a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 155 North Lake Ave, Suite 826
Pasadena, CA91101

C. Telephone: 626.744.7799 Fax: 225.626.744.9249 Email: renee@rcfontis.com

<mailto:renee@rcfontis.com>

D. Name of contact person: Renee LaBran

E. Federal Employer Identification No. (if you have one):

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago Water Revenue Bonds, Project and Refunding Series 2016

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # _____ and Contract # _____

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SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY 1. Indicate the nature of the Disclosing Party:

- Person
- Publicly registered business corporation
- Privately held business corporation
- Sole proprietorship
- General partnership (Is
- Limited partnership
- Trust

Limited liability company Limited liability partnership Joint venture

Not-for-profit corporation

the not-for-profit corporation also a 501(c)(3)?

Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an

EDS on its own behalf.

Name Title

Thomas Uterman

President

Renee LaBran

VP, Secretary & Treasurer

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
Rustic Canyon/Fontis Partners		100%
	155 North Lake Ave, Suite 826, Pasadena, CA 91101	

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to

connection with the matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
--	------------------	--	---

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes >5 No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

compliance with that agreement:

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article 1 applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the

- any Contractor (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the

Department of Commerce or their successors; the Specialty Designated Nationals List, the Debarred Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

N/A

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?
 Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?
 Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any

the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

Page 11 of 13

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F. 1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

RCF-Cabrera Holdings, Inc.

(Print or type name of Disclosing Party) By: /

Renee LaBran

(Print or type name of person signing)

(Print or type name of person signing)

Secretary

(Print or type title of person signing)

Signed and sworn to before me on (date) // - <3S - S"*
at CaoK County, X~L- (state).

Notary Public.

OFFICIAL SEAL BEATRIZ VELAZQUEZ

NOTARY PUBLIC, STATE OF ILLINOIS My Commission Expires Jan 12, 2019

Commission expires: Of " / «^ "c^c?/ *7

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

family relationship with an elected city official or department head:

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes

No

Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

**FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT
THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO AND MADE A PART OF**

THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

CITY OF CHICAGO ECONOMIC
DISCLOSURE STATEMENT AND
AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Estrada Hinojosa & Company, Inc.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant
OR
2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest:
OR
3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 161 North Clark St., Suite 4700, Chicago, IL 60601

1717 Main St., Suite 4700, Dallas, TX 75201

312.523.2086 312.277.7499 fegrillo@ehmuni.com
<mailto:fegrillo@ehmuni.com>

C. Telephone: 214.658.1670 Fax: 214.658.1671 Email: rae@ehmuni.com
<mailto:rae@ehmuni.com>

D. Name of contact person: Fernando Grillo & Robert A. Estrada

E. Federal Employer Identification No. (if you have one): • .

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Midway Airport Revenue Bonds, Series 2016

G. Which City agency or department is requesting this EDS? Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # N/A and Contract # N/A

Page 1 of 13

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY 1. Indicate the nature of the Disclosing Party:

- Person
- Publicly registered business corporation
- Privately held business corporation
- Sole proprietorship
- General partnership (Is
- Limited partnership
- Trust

Limited liability company Limited liability partnership Joint venture

Not-for-profit corporation

the not-for-profit corporation also a 501(c)(3)?

Yes No

Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Texas

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

business in the State of Illinois as a foreign entity:

M Yes [] No [] N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Noe Hinojosa, Jr.	President & CEO
Robert A. Estrada	Senior Managing Director & Chairman

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
Noe Hinojosa, Jr.	1717 Main St., Suite 4700, Dallas, Tx. 75201	50.31%
Robert A. Estrada	1717 Main St., Suite 4700, Dallas, Tx. 75201	20.02%
Donald J. Gonzales	100 W. Houston St., Suite 1400. San Antonio. TX 78205	10%

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 13

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
Underwriter's Counsel	Katten Muchin Rosenman		Estimated fee \$100,000

(Add sheets if necessary)

[] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

[] Yes [x] No [] No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

[] Yes [] No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
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(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is [] is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

Page 7 of 13

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D. 1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

Page 9 of 13

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes

No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes

No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements? :

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

Page 10 of 13

**SECTION VII- ACKNOWLEDGMENTS, CONTRACT INCORPORATION,
COMPLIANCE, PENALTIES, DISCLOSURE**

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F. 1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

(Sign here)

Noe Hinojosa, Jr.

(Print or type name of person signing)

President & CEO

(Print or type title of person signing)

Signed and sworn to before me on (date)

at pfl^qC, County, lofg j (state).

Notary Public.

Commission expires:

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**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a

partnership, an managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

**AFFIDAVIT
DEBT OBLIGATION AND BROKERAGE TRANSACTIONS**

Name of Reporting Firm: Estrada Hinojosa & Company, Inc.

Description of Matter: City of Chicago Midway Airport Revenue Bonds, Series 2016

Role of Reporting Firm: Co-Manager

This affidavit is submitted in conjunction with (check one):

a City of Chicago debt obligation transaction (Municipal Code Section 2-154-017)

brokerage services for the City Treasurer (Municipal Code Section 2-154-018)

Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Reporting Firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Reporting Firm and the role he or she will fill in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

Individual #	Position and Role	Gender	Race/Ethnicity
2513906	Executive Vice President/Lead Banker	M F	Hispanic
2038938	Senior Managing Director/Project Supervision	M F	Hispanic
6024159	Assistant Vice President/Quantitative Support	M F	Hispanic
865432	Senior Managing Director/Trading	M F	White
1492508	Senior Vice President/Trading	M F	White

(If needed, please use additional sheets to identify additional personnel.)

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Reporting Firm, and (2) the information in this Affidavit and associated attachment are true, complete, and correct.

Printed Name: Noe Signature:

By signing below, I understand and acknowledge, on behalf of the Reporting Firm, that failure to accurately and completely supply the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Title: President & CEO

Date: November 19.2015

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT**

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Hutchinson, Shockey, Erly & Co. Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the

2. Applicant in which the Disclosing Party holds an interest:

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 222 S. Adams Street, Suite 1700

Chicago, IL 60606

C. **Telephone: 312-443-1567 Fax: 312-443-7225 Email: ddeangelis@hsemuni.com**

<mailto:ddeangelis@hsemuni.com>

D. Name of contact person: Douglas P. DeAngelis

E. Federal Employer Identification No. (if you have one):

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago Midway Airport Revenue Bonds Series 2016

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # _____ and Contract # _____

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SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

- Limited liability company Limited liability partnership Joint venture Not-for-profit corporation (Is the not-for-profit corporation also a 501(c)(3))?
- Limited partnership

1. Indicate the nature of the Disclosing Party: Person Publicly registered business corporation Privately held business corporation Sole proprietorship General partnership Trust

Yes No

Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: State of Illinois

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no"

from corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title Thomas E. Dannenberg, President and CEO Douglas R.

Fox, Chief Operating Officer Dennis J. Crowley, Executive Vice

President James Van Metre, Executive Vice President

Paul M. Thompson, Executive Vice President

Nancy Meier, Chief Financial Officer

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
<u>Douglas R. Fox</u>	<u>222 W. Adams Street, Suite 1700 Chicago, IL 60606</u>	<u>11.19%</u>
<u>Kurt Reichert</u>	<u>222 W. Adams Street, Suite 1700 Chicago, IL 60606</u>	<u>9.74%</u>
<u>Thomas Dannenberg</u>	<u>222 W. Adams Street, Suite 1700 Chicago, IL 60606</u>	<u>13.39%</u>
<u>James Van Metre</u>	<u>222 W. Adams Street, Suite 1700 Chicago, IL 60606</u>	<u>9.74%</u>

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
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Name: Katten Muchin Rosenman LLP

Business Address: 525 W. Monroe St #1600, Chicago, IL 60661

Relationship to Disclosing Party: Underwriter's Counsel Estimated Fee:

\$100,000

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrears on any

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrears on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further

7. Certifications), the Disclosing Party must explain below:

N/A

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. _

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

N/A

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain process does not constitute a financial interest within the meaning of this Part D.

City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes

No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

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comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

XI. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

Page 11 of 13

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F. 1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements

contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Hutchinson, Shockey, Erlcy & Co.

(Print or type name of Disclosing Party)

Douglas P. DeAngelis

(Print or type name of person signing)

Executive Vice President

(Print or type title of person signing)

Signed and sworn to before me on (date)

at T^Upa<3 County, TL (state).

^C^}Qlk

Notary Public.

Cxrmission expires: S^O,Q~ Q10^4?

Page 12 of 13

luurif-inif mmm !!!

OFFICIAL SEAL JOANNE DOERNER
NOTARY PUBLIC - STATE OF ILLINOIS MY COMMISSION 6XPIRES:03/20/16

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother in law, son in law, daughter in law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half

-in-law, son-in-law, daughter-in-law, stepparent or stepmother, stepson or stepdaughter, stepmother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

**AFFIDAVIT
DEBT OBLIGATION AND BROKERAGE TRANSACTIONS**

Name of Reporting Firm: Hutchinson, Shockey, Erlev & Co. Description of Matter:

Midway Airport Revenue Bonds, Series 2016 Role of Reporting Firm: Underwriting

Services

This affidavit is submitted in conjunction with (check one):

X a City of Chicago debt obligation transaction (Municipal Code Section 2-154-017)

brokerage services for the City Treasurer (Municipal Code Section 2-154-018)

Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Reporting Firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Reporting Firm and the role he or she will fill in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

Individual #	Position and Role	Gender	Race/Ethnicity
1	National Head of Public Finance, Lead Banker	M	Caucasian
2	Managing Associate, Analytical Support	F	Caucasian
3	Senior Associate, Analytical Support	M	African-American
4	Cashier, Back Office Support	M	African-American

5 Senior Vice President, Underwriting and Trading M Caucasian

(If needed, please use additional sheets to identify additional personnel.) Please see attached page for additional personnel.

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Reporting Firm, and (2) the information in this Affidavit and associated attachment are true, complete, and correct.

By signing below, I understand and acknowledge, on behalf of the Reporting Firm, that failure to accurately and completely supply the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Printed Name: Douglas P. DeAngelis

Signature: 3»^<j e ?• -*A"^-•

Title: Executive Vice President

Date: November 20, 2015

Individual #	Position and Role	Gender	Race/Ethnicity
1	Senior Associate, Analytical Support	F	Caucasian
2	Underwriting Manager, Underwriting Support	F	Caucasian
3	Underwriting Assistant, Underwriting Support	F	Caucasian
4	Senior Vice President, Sales	fvI	Hispanic
5	Vice President, Sales	F	Hispanic
6	Senior Vice President, Sales	F	Caucasian
7	Senior Vice President, Sales	F	Caucasian
8	Vice President, Sales	F	Caucasian
9	Senior Vice President, Sales	M	Caucasian
10	Senior Vice President, Sales	M	Caucasian
11	Senior Vice President, Sales	M	Caucasian
12	Senior Vice President, Sales	M	Caucasian
13	Senior Vice President, Sales	M	Caucasian
14	Vice President, Sales	M	Caucasian
15	Vice President, Sales	M	Caucasian
16	Vice President, Sales	M	Caucasian
17	Senior Vice President, Administrative	F	Caucasian
18	Cashier, Back Office Support	F	Caucasian
19	Associate, Administrative	F	Caucasian
20	Associate, Administrative	M	Hispanic

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT**

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: J.P. Morgan Securities LLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant
OR
2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest:
OR
3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 383 Madison Avenue
New York, New York 10179

C. Telephone: 312-385-8485 Fax: Email: don.e.wilbon@jpmorgan.com
<mailto:don.e.wilbon@jpmorgan.com>

D. Name of contact person: Donald Wilbon

E. Federal Employer Identification No. (if you have one): . . . _.

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

J.P. Morgan Securities LLC is acting as co-manager for the City's offering of Midway Airport Series 2016 Bonds

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY 1. Indicate the nature of the Disclosing Party:

- Person
- Publicly registered business corporation
- Privately held business corporation
- Sole proprietorship
- General partnership (Is
- Limited partnership
- Trust

Limited liability company Limited liability partnership Joint venture
Not-for-profit corporation
the not-for-profit corporation also a 501(c)(3)?
 Yes No
Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title SEE ATTACHMENT A

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

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interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
J.P. Morgan Broker-Dealer Holdings Inc.	270 Park Avenue New York, New York 10017	100%

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

M Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):
SEE ATTACHMENT B

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely

through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
--	------------------	--	---

Katten Muchin Rosenman will serve as underwriters' counsel. The estimated fee will be approximately \$100,000.

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B. 1. of this EDS: **SEE ATTACHMENT B**
- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
 - b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
 - c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
 - d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
 - e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other

environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

SEE ATTACHMENT B

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

SEE ATTACHMENT B

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement a "gift" does not include: (i) anything made generally available to City

Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

SEE ATTACHMENT B

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

Page 7 of 13

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No SEE ATTACHMENT B

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes

No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the

Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

Page 9 of 13

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4)

of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

F. 1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

SEE ATTACHMENT B

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F. 1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

J.P. Morgan Securities LLC
(Print or type name of Disclosing Party)

Bv: dUfL-
(Sign here)

Donald Wilbon
(Print or type name of person signing)

Authorized Officer
(Print or type title of person signing)

Signed and sworn to before me on (date) \Q^- ^)' ^~^> rj)6lp County,^ \ I (state).
Notary Public.

Commission expires: _

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No . . .

To the best of the Authorized Signer's knowledge after reasonable

inquiry

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE

ASSOCIATED EDS.

ATTACHMENT A TO
CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
FILED BY J.P. Morgan Securities, LLC (The
Applicant)

SECTION II B.1

Directors:

Eric Stein John S. Homer Matthew Cherwin

Executive Officers:

Carlos Hernandez	President
Jeffrey Lipman	Secretary
Patrick Dempsey	Treasurer

Page 1 of 6

**ATTACHMENT B TO
CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
FILED BY J.P. Morgan Securities, LLC
(The Applicant)**

Responses contained in the corresponding EDS and this Attachment B are true, accurate and complete based on the Authorized Representative's knowledge, information and belief, upon due inquiry by relying on information provided by other employees of the Disclosing Party or its affiliates or subsidiaries. Some sections of the EDS are in the process of being updated. The Disclosing Party will provide the City of Chicago with an update to this Disclosure Statement if there are any material changes to the matters disclosed herein.

SECTION III: BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

The Authorized Representative certifies on behalf of the Disclosing Party knowledge of an existing "business relationship" during the 12 months prior to the date of execution of the foregoing Economic Disclosure Statement and Affidavit between JPMorgan Chase Bank, National Association (the "Bank"), a subsidiary of JPMorgan Chase & Co., and the law firm of Klafter and Burke. Klafter and Burke has provided real estate tax protest legal services on behalf of the Bank. Alderman Edward M. Burke is a partner of the firm of Klafter and Burke.

SECTION IV: DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

With respect to Section IV, the Authorized Representative certified based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, that the Disclosing Party will engage McGuire Woods as underwriters' counsel for the current refunding transaction at an expected fee of \$100,000 and will engage Dinsmore as underwriters' counsel for the advance refunding transaction at an expected fee of \$50,000.

SECTION V: CERTIFICATIONS

B. FURTHER CERTIFICATIONS

B.1 With respect to Section V, paragraph B.1. the Authorized Representative certifies based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, that neither the Disclosing Party nor any Controlling Person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud,

forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister

Page 2 of 6

agency. For continual updates of material criminal matters, please refer to JPMorgan Chase & Co.'s publicly-filed disclosures, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the U.S. Securities and Exchange Commission (available at: ? <http://investor.shareholder.com/ipmoraanchase/sec.cfm-a0http://investor.shareholder.com/ipmoraanchase/sec.cfm->>).

B.1 (a-e) With respect to Section V, paragraph B.2 (a-e), the Authorized Representative certifies based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, that such statements are accurate with respect to the executive officers and directors of the Disclosing Party. Based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, JPMorgan Chase & Co. and/or its subsidiaries (collectively, the "Firm") are defendants or putative defendants in numerous legal proceedings, including private civil litigations and regulatory/government investigations. The litigations range from individual actions involving a single plaintiff to class action lawsuits with potentially millions of class members. Investigations involve both formal and informal proceedings, by both governmental agencies and self-regulatory organizations. These legal proceedings are at varying stages of adjudication, arbitration or investigation, and involve each of the Firm's lines of business and geographies and a wide variety of claims (including common law tort and contract claims and statutory antitrust, securities and consumer protection claims), some of which present novel legal theories. Based on current knowledge, the Firm believes it has asserted meritorious defenses to the claims asserted against it in its currently outstanding legal proceedings, intends to defend itself vigorously in all such matters and does not believe that any pending legal proceeding would have a material effect on the Firm's performance of the services contemplated by the RFP. For further discussion, please refer to JPMorgan Chase & Co.'s publicly-filed disclosures, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the U.S. Securities and Exchange Commission (available at:

<http://investor.shareholder.com/ipmorganchase/sec.cfm-> <http://investor.shareholder.com/ipmorganchase/sec.cfm->>). Reference is also made to a press release issued on May 20, 2015 concerning settlements related to foreign exchange activities (available at <http://investor.shareholder.com/ipmorganchase/releasedetail.cfm?ReleaseID=9141>>05.).

On May 20, 2015, JPMorgan Chase & Co. entered a plea of guilty to a single violation of federal antitrust law and is currently awaiting sentencing by the court. Additional information regarding the plea and resolutions of other investigations related to the Firm's foreign exchange activities is available via May 20, 2015

press

release

(available at

Page 3 of 6

B.3 (a&d) The Authorized Representative certifies on behalf of the Disclosing Party the accuracy of the statements contained in Section V, paragraph B.3 (a & d) only as to the Disclosing Party and its executive officers and directors. Based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, JPMorgan Chase & Co. and/or its subsidiaries (collectively, the "Firm") are defendants or putative defendants in numerous legal proceedings, including private civil litigations and regulatory/government investigations. The litigations range from individual actions involving a single plaintiff to class action lawsuits with potentially millions of class members. Investigations involve both formal and informal proceedings, by both governmental agencies and self-regulatory organizations. These legal proceedings are at varying stages of adjudication, arbitration or investigation, and involve each of the Firm's lines of business and geographies and a wide variety of claims (including common law tort and contract claims and statutory antitrust, securities and consumer protection claims), some of which present novel legal theories. Based on current knowledge, the Firm believes it has asserted meritorious defenses to the claims asserted against it in its currently outstanding legal proceedings, intends to defend itself vigorously in all such matters and does not believe that any pending legal proceeding would have a material effect on the Firm's performance of the services contemplated by the RFP. For further discussion, please refer to JPMorgan Chase & Co.'s publicly-filed disclosures, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the U.S. Securities and Exchange Commission

(available at:

<http://investor.shareholder.com/ipmorganchase/sec.cfm.y> <http://investor.shareholder.com/ipmorganchase/sec.cfm.y> Reference is also made to a press release issued on May 20, 2015 concerning settlements related to foreign exchange activities (available at

■<http://investor.shareholder.com/ipmorganchase/releasedetail.cfm?ReleaseID=9141>>05.).

Furthermore, with respect to the Living Wage ordinance, the Disclosing Party has not, during the five years before the execution date of this EDS, been determined to have violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance) as it relates to base wages.

B.3 (b&c)

& B.4 The Disclosing Party has not agreed or colluded with other bidders or prospective bidders as to this transaction, or been a party to any such agreement. Based on the Authorized Representative's

knowledge, information, and belief, upon due inquiry, the Disclosing Party has not been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise. Based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, the Disclosing Party has not made an admission of such conduct described in B.3 a. or b. above that is a matter of record, and has not been prosecuted for such conduct, except to the extent set forth in the summaries of material legal proceedings involving JPMorgan Chase & Co. or its subsidiaries within the last five years are referenced in JPMorgan Chase & Co.'s Form 10-K, Form 10-Q, and any Form 8-K filing, all as filed with the Securities and Exchange Commission

Page 4 of 6

("SEC") and all available through J.P. Morgan's internet site - <http://investor.shafeholder.com/ipmorganchase/sec.cfm> <<http://investor.shafeholder.com/ipmorganchase/sec.cfm>>. or through the SEC's internet site (- www.sec.gov- <<http://www.sec.gov>>) (the "SEC filings") and the public record of each matter identified in the SEC filings. The Authorized Representative certifies based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, none of the foregoing matters would have a material adverse effect on this transaction.

B. 7 Except as otherwise set forth in Attachment B, the Authorized Representative on behalf of the Disclosing Party does not make any certification whatsoever with respect to any Applicable Party other than the Disclosing Party. The Authorized Representative on behalf of the Disclosing Party also certifies that it has not engaged any sub-contractor with respect to this transaction.

B.8 The Authorized Representative, on behalf of the Disclosing Party, certifies as to the statement in Section V, paragraph B.8 that, based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, the following Bank employees were previously City of Chicago employees during the 12-month period preceding the execution date of this EDS:

- Ryan Baros
- Deya Booker
- Anthony Mason

B.9 The Authorized Representative certifies as to the statement in Section V, paragraph B.9 that, based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, the following gifts were provided by employees of the Bank to the following:

- Emily Bertrand, Mayor's Office - Meal \$108.00
- Jenny Cizner, Mayor's Office - Meal \$ 108.00
- Rahm Emanuel, Mayor - Meal: \$21.50
- Rahm Emanuel, Mayor - Meal \$35.00
- Deborah Graham, Alderwoman - Meal: \$50.00
- Carina Sanchez, Deputy Clerk - Meal \$108.00
- David Snielfogel, Deputy Mayor - Meal \$35.00

David Sprenogel, Deputy Mayor - Year 1 \$55.00

D. INTEREST IN CITY BUSINESS

D.1 & D.4 As to the disclosures set forth in Section V, paragraphs D. 1 &D.4, based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, on behalf of the Disclosing Party, to the extent the Disclosing Party has any control the Authorized Representative certifies that no official or employee of the City of Chicago has a financial interest in his or her own name or in the name of any other person in this transaction.

Page 5 of 6

SECTION VII - ACKNOWLEDGMENTS. CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

F. 1 The Authorized Representative certifies on behalf of the Disclosing Party, as to the statements contained in Section VII, paragraph F.1 that based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, that neither the Disclosing Party nor its affiliates are delinquent in paying any fine, fee, tax or other charge owed to the State of Illinois or the City of Chicago except for taxes that are being contested in good faith by appropriate legal proceeding and possible delinquencies in paying a fine, fee, tax or other charge related to (i) property mortgaged to the Disclosing Party or its affiliates, (ii) property owned by the Disclosing Party or its affiliates and leased to others, (iii) foreclosed property now owned by the Disclosing Party or its affiliates, (iv) property owned or held by the Disclosing Party or its affiliates as a fiduciary or nominee, and (v) fines, fees, taxes or other charges that are being contested in good faith by the Disclosing Party or its affiliates by appropriate legal proceeding. If there are any outstanding claims that the Disclosing Party is notified of that Disclosing Party was not aware of previously, Disclosing Party will immediately address them.

Page 6 of 6

**AFFIDAVIT
DEBT OBLIGATION AND BROKERAGE TRANSACTIONS**

Name of Reporting Firm: J.P. Morgan Securities LLC

Description of Matter: Midway Airport Series 2016 Bonds

Role of Reporting Firm: Co-Managing Underwriter

This affidavit is submitted in conjunction with (check one):

- a City of Chicago debt obligation transaction (Municipal Code Section 2-154-017)
- brokerage services for the City Treasurer (Municipal Code Section 2-154-018)

Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Reporting Firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Reporting Firm and the role he or she will fill in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

Individual #	Position and Role	Gender	Race/Ethnicity
U418408	Origination Executive	Ⓜ F	Black/African American
U422178	Origination Executive	m(f)	White
E126933	Origination Executive	(m) f	White
V033429	Origination/Client Manager	(m) F	White
1620146	IB Analyst 2014 S&T	m(f)	Asian

(If needed, please use additional sheets to identify additional personnel.)

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Reporting Firm, and (2) the information in this Affidavit and associated attachment are true, complete, and correct.

By signing below, I understand and acknowledge, on behalf of the Reporting Firm, that failure to accurately and completely supply the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Donald Wilbon

ML-

Title: Managing Director

Date: December 3, 2015

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CITY OF CHICAGO ECONOMIC
DISCLOSURE STATEMENT AND
AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

A. J.P. Morgan Broker-Dealer Holdings Inc.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the

2. Applicant in which the Disclosing Party holds an interest: j,p, Morgan Securities. LLC

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 270 Park Avenue

New York. New York 10017

C. Telephone: 312-385-8485 Fax: Email: don.e.wilbon@jpmorgan.com

<mailto:don.e.wilbon@jpmorgan.com>

D. Name of contact person: Donald Wilbon

E. Federal Employer Identification No. (if you have one):

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

J.P. Morgan Securities LLC is acting as co-manager for the City's offering of Midway Airport Series 2016 Bonds

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

[] Limited liability company [] Limited liability partnership [] Joint venture [] Not-for-profit corporation (Is the not-for-profit corporation also a 501(c)(3))?

1. Indicate the nature of the Disclosing Party: [] Person [] Publicly registered business corporation [] Limited partnership [] Privately held business corporation [] Sole proprietorship [] General partnership [] Trust [] Yes [] No [] Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Delaware.

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

[]N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title SEE ATTACHMENT A

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
JPMorgan Chase & Co.	. 270 Park Avenue New York, New York 10017	100%

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No SEE ATTACHMENT B

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):
SEE ATTACHMENT B

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
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(Add sheets if necessary)

[X] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.I. of this EDS: **SEE ATTACHMENT B**

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily

excluded from any transactions by any federal, state or local unit of government;

- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any

Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

SEE ATTACHMENT B

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

SEE ATTACHMENT B

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

SEE ATTACHMENT B

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. M is [] is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City." "

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

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comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary): NONE

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes

No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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**SECTION VI ACKNOWLEDGMENTS, CONTRACT INCORPORATION,
COMPLIANCE, PENALTIES, DISCLOSURE**

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes

the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

SEE ATTACHMENT B

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

J.P. Morgan Broker-Dealer Holdings Inc.
(Print or type name of Disclosing Party)

By: *m)*M^{--~*
OjSign here)

Donald Wilbon
(Print or type name of person signing)

Authorized Officer
(Print or type title of person signing)

Signed and sworn to before me on (date)

at Cnf)\jU County, ^4,U
\ y y w \<
(state).

MARTHA A. CAMARILLO OFFICIAL SEAL Notary Public, State of Illinois My Commission Expires June 22, 2019
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**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more

than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

To the best of the Authorized Signer's knowledge after reasonable inquiry

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes

No

Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity

identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

**ATTACHMENT A TO
CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT
FILED BY J.P. Morgan Broker-Dealer Holdings, Inc (as a Disclosing Party holding
an interest in the Applicant)**

SECTION II B.1 Directors:

James Collins Carlos Hernandez

Executive Officers/Operating Committee:

Carlos Hernandez President Jeffrey Lipman Secretary Patrick
Dempsey Treasurer

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**ATTACHMENT B TO
CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
FILED BY J.P. Morgan Broker-Dealer Holdings, Inc (as a Disclosing
Party holding an interest in the Applicant)**

Responses contained in the corresponding EDS and this Attachment B are true, accurate and complete based on the Authorized Representative's knowledge, information and belief, upon due inquiry by relying on information provided by other employees of the Disclosing Party or its affiliates or subsidiaries. Some sections of the EDS are in the process of being updated. The Disclosing Party will provide the City of Chicago with an update to this Disclosure Statement if there are any material changes to the matters disclosed herein.

SECTION III: BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

The Authorized Representative certifies on behalf of the Disclosing Party knowledge of an existing "business relationship" during the 12 months prior to the date of execution of the foregoing Economic Disclosure Statement and Affidavit between JPMorgan Chase Bank, National Association (the "Bank"), a subsidiary of JPMorgan Chase & Co., and the law firm of Klafter and Burke. Klafter and Burke has provided real estate tax protest legal services on behalf of the Bank. Alderman Edward M. Burke is a partner of the firm of Klafter and Burke.

SECTION IV: DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

With respect to Section IV, the Authorized Representative certifies based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, that the Disclosing Party has not retained a subcontractor, attorney, lobbyist, accountant, or consultant in connection with the Matter.

SECTION V: CERTIFICATIONS

B. FURTHER CERTIFICATIONS

B.1 With respect to Section V, paragraph B.1. the Authorized Representative certifies based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, that neither the Disclosing Party nor any Controlling Person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency. For continual updates of material criminal matters, please refer to JPMorgan Chase & Co.'s publicly-filed disclosures, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the U.S. Securities and Exchange Commission (available at: <http://investor.shareholder.com/ipmorganchase/sec.cfm>).

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B.2 (a-e) With respect to Section V, paragraph B.2 (a-e), the Authorized Representative certifies based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, that such statements are accurate with respect to the executive officers and directors of the Disclosing Party. Based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, JPMorgan Chase & Co. and/or its subsidiaries (collectively, the "Firm") are defendants or putative defendants in numerous legal proceedings, including private civil litigations and regulatory/government investigations. The litigations range from individual actions involving a single plaintiff to class action lawsuits with potentially millions of class members. Investigations involve both formal and informal proceedings, by both governmental agencies and self-regulatory organizations. These legal proceedings are at varying stages of adjudication, arbitration or investigation, and involve each of the Firm's lines of business and geographies and a wide variety of claims (including common law tort and contract claims and statutory antitrust, securities and consumer protection claims), some of which present novel legal theories. Based on current knowledge, the Firm believes it has asserted meritorious defenses to the claims asserted against it in its currently outstanding legal proceedings, intends to defend itself vigorously in all such matters and does not believe that any pending legal proceeding would have a material effect on the Firm's performance of the services contemplated by the RFP. For further discussion, please refer to JPMorgan Chase & Co.'s publicly-filed disclosures, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the U.S. Securities and Exchange Commission (available at:

<http://investor.shareholder.com/ipmorganchase/sec.cfm>

<http://>

<http://investor.shareholder.com/ipmorganchase/sec.cfm>->). Reference is also made to a press release issued on May 20, 2015 concerning settlements related to foreign exchange activities (available at <http://investor.shareholder.com/ipmorganchase/releasedetail.cfm?ReleaseID=914105>).

On May 20, 2015, JPMorgan Chase & Co. entered a plea of guilty to a single violation of federal antitrust law and is currently awaiting sentencing by the court. Additional information regarding the plea and resolutions of other investigations related to the Firm's foreign exchange activities is available via May 20, 2015 press release (available at <http://investor.shareholder.com/ipmorganchase/releasedetail.cfm?ReleaseID=914105>). "

B.3 (a&d) The Authorized Representative certifies on behalf of the Disclosing Party the accuracy of the statements contained in Section V, paragraph B.3 (a & d) only as to the Disclosing Party and its executive officers and directors. Based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, JPMorgan Chase & Co. and/or its subsidiaries (collectively, the "Firm") are defendants or putative defendants in numerous legal proceedings, including private civil litigations and regulatory/government investigations. The litigations range from individual actions involving a single plaintiff to class action lawsuits with potentially millions of class members. Investigations involve both formal and

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informal proceedings, by both governmental agencies and self-regulatory organizations. These legal proceedings are at varying stages of adjudication, arbitration or investigation, and involve each of the Firm's lines of business and geographies and a wide variety of claims (including common law tort and contract claims and statutory antitrust, securities and consumer protection claims), some of which present novel legal theories. Based on current knowledge, the Firm believes it has asserted meritorious defenses to the claims asserted against it in its currently outstanding legal proceedings, intends to defend itself vigorously in all such matters and does not believe that any pending legal proceeding would have a material effect on the Firm's performance of the services contemplated by the RFP. For further discussion, please refer to JPMorgan Chase & Co.'s publicly-filed disclosures, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the U.S. Securities and Exchange Commission (available at: <http://investor.shareholder.com/ipmorganchase/sec.cfm> <<http://investor.shareholder.com/ipmorganchase/sec.cfm>>). Reference is also made to a press release issued on May 20, 2015 concerning settlements related to foreign exchange activities (available at / <http://investor.shareholder.com/ipmorganchase/releasedetail.cfm?ReleaseID=914105>).

Furthermore, with respect to the Living Wage ordinance, the Disclosing Party has not, during the five years before the execution date of this EDS, been determined to have violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance) as it relates to base wages.

B.3 (b&c)

& B.4 The Disclosing Party has not agreed or colluded with other bidders or prospective bidders as to this transaction, or been a party to any such agreement. Based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, the Disclosing Party has not been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise. Based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, the Disclosing Party has not made an admission of such conduct described in B.3 a. or b. above that is a matter of record, and has not been prosecuted for such conduct, except to the extent set forth in the summaries of material legal proceedings involving JPMorgan Chase & Co. or its subsidiaries within the last five years are referenced in JPMorgan Chase & Co.'s Form 10-K, Form 10-Q, and any Form 8-K filing, all as filed with the Securities and Exchange Commission ("SEC") and all available through J.P. Morgan's internet site - <http://investor.shareholder.com/ipmorganchase/sec.cfm> <<http://investor.shareholder.com/ipmorganchase/sec.cfm>>. or through the SEC's internet site (www.sec.gov <<http://www.sec.gov>>.) (the "SEC filings") and the public record of each matter identified in the SEC filings. The Authorized Representative certifies based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, none of the foregoing matters would have a material adverse effect on this transaction.

B. 7 Except as otherwise set forth in Attachment B, the Authorized Representative on behalf of the Disclosing Party does not make any certification whatsoever with respect to any Applicable Party other than the Disclosing Party. The Authorized

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Representative on behalf of the Disclosing Party also certifies that it has not engaged any sub-contractor with respect to this transaction.

B.8 The Authorized Representative, on behalf of the Disclosing Party, certifies as to the statement in Section V, paragraph B.8 that, based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, the following Bank employees were previously City of Chicago employees during the 12-month period preceding the execution date of this EDS:

- None

B.9 The Authorized Representative certifies as to the statement in Section V, paragraph B.9 that, based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, the following gifts were provided by employees of the Bank to the following:

- None

D. INTEREST IN CITY BUSINESS

D.1 & D.4 As to the disclosures set forth in Section V, paragraphs D.1 & D.4, based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, on behalf of the Disclosing Party, to the extent the Disclosing Party has any control the Authorized Representative certifies that no official or employee of the City of Chicago has a financial interest in his or her own name or in the name of any other person in this transaction.

SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

F. 1 The Authorized Representative certifies on behalf of the Disclosing Party, as to the statements contained in Section VII, paragraph F.1 that based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, that neither the Disclosing Party nor its affiliates are delinquent in paying any fine, fee, tax or other charge owed to the State of Illinois or the City of Chicago except for taxes that are being contested in good faith by appropriate legal proceeding and possible delinquencies in paying a fine, fee, tax or other charge related to (i) property mortgaged to the Disclosing Party or its affiliates, (ii) property owned by the Disclosing Party or its affiliates and leased to others, (iii) foreclosed property now owned by the Disclosing Party or its affiliates, (iv) property owned or held by the Disclosing Party or its affiliates as a fiduciary or nominee, and (v) fines, fees, taxes or other charges that are being contested in good faith by the Disclosing Party or its affiliates by appropriate legal proceeding. If there are any outstanding claims that the Disclosing Party is notified of that Disclosing Party was not aware of previously, Disclosing Party will immediately address them.

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**CITY OF CHICAGO ECONOMIC
DISCLOSURE STATEMENT AND
AFFIDAVIT**

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

JPMorgan Chase & Co.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: J.P. Morgan Broker-Dealer Holdings, inc.
OR
3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 10 S. Dearborn, Mail Code IL1-0502
Chicago, IL 60603-2003

C. Telephone: 312-385-8485 Fax: Email: don.e.wilbon@jpmorgan.com
<<mailto:don.e.wilbon@jpmorgan.com>>

D. Name of contact person: Donald Wiihon

E. Federal Employer Identification No. (if you have one): . _ _ ..

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

J.P. Morgan Securities LLC is acting as co-manager for the City's offering of Midway Airport Series 2016 Bonds

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

Page 1 of 13

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY 1. Indicate the nature of the Disclosing Party:

- | | |
|--|--------------------------|
| <input type="checkbox"/> Person | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> Publicly registered business corporation | <input type="checkbox"/> |
| <input type="checkbox"/> Privately held business corporation | <input type="checkbox"/> |
| <input type="checkbox"/> Sole proprietorship | <input type="checkbox"/> |
| <input type="checkbox"/> General partnership | (Is |
| <input type="checkbox"/> Limited partnership | |
| <input type="checkbox"/> Trust | <input type="checkbox"/> |

Limited liability company Limited liability partnership Joint venture
Not-for-profit corporation
the not-for-profit corporation also a 501(c)(3)?
 Yes No
Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title SEE ATTACHMENT A

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
None, to the best of the Disclosing Party's knowledge and belief		

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No SEE ATTACHMENT B

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):
SEE ATTACHMENT B

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure!

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
--	------------------	--	---

(Add sheets if necessary)

[X] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or

conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS: SEE ATTACHMENT B

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government. \

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business

with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 13

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55

(Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

SEE ATTACHMENT B

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

SEE ATTACHMENT B

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

SEE ATTACHMENT B

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No SEE ATTACHMENT B

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

X 2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SEE ATTACHMENT C

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt

obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary): NONE

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors

to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the

City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

SEE ATTACHMENT B

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such

contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

JPMorgan Chase & Co.
(Print or type/name of Disclosing Party)

Bv: jjjJ/^L
(Sign here)

Donald Wilbon
(Print or type name of person signing)

Attorney-in-fact
(Print or type title of person signing)

Signed and sworn to before me on (date) \^-- 'V \fy
at (»,qOV County, Ja . (state).
\(\AdM^J>c. Ol^ y") Notary Public.

Commission expires: 1/ • 'K^ V\ •

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct

ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

To the best of the Authorized Signer's knowledge after reasonable inquiry

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

**ATTACHMENT A TO
CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
FILED BY JPMORGAN CHASE & CO. (as a Disclosing Party holding
an interest in the Applicant)**

Responses contained in the corresponding EDS and this Attachment A are true, accurate and complete based on

the undersigned's ("Authorized Representative") knowledge, information and belief, upon due inquiry by relying on information provided by other employees of the Disclosing Party or its affiliates or subsidiaries.

SECTION II B.1 Directors:

James A. Bell
Crandall C. Bowles
Stephen B. Burke
James S. Crown
James Dimon
Timothy P. Flynn
Laban P. Jackson, Jr.
Lee R.
Raymond William C. Weldon
Linda Bammann
Michael A. Neal

Executive Officers/Operating

Ashley Bacon
Stephen M. Cutler
James Dimon

John L. Donnelly
Mary E. Erdoes
Marianne Lake
Douglas B. Petno
Daniel E. Pinto

Gordon A. Smith

Matthew E. Zames

Committee:

Chief Risk Officer
General Counsel
Chairman of the Board, Chief Executive Officer and President
Head of Human Resources
Chief Executive Officer of Asset Management
Chief Financial Officer
Chief Executive Officer of Commercial Banking
Chief Executive Officer of the Corporate & Investment
Bank
Chief Executive Officer of Consumer & Community Banking
Chief Operating Officer

Page 1 of 13

**ATTACHMENT B TO
CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
FILED BY JPMORGAN CHASE & CO. (as a Disclosing Party holding
an interest in the Applicant)**

Responses contained in the corresponding EDS and this Attachment B are true, accurate and complete based on the Authorized Representative's knowledge, information and belief, upon due inquiry by relying on information provided by other employees of the Disclosing Party or its affiliates or subsidiaries. Some sections of the EDS

are in the process of being updated. The Disclosing Party will provide the City of Chicago with an update to this Disclosure Statement if there are any material changes to the matters disclosed herein.

SECTION III: BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

The Authorized Representative certifies on behalf of the Disclosing Party knowledge of an existing "business relationship" during the 12 months prior to the date of execution of the foregoing Economic Disclosure Statement and Affidavit between JPMorgan Chase Bank, National Association (the "Bank"), a subsidiary of JPMorgan Chase & Co., and the law firm of Klafter and Burke. Klafter and Burke has provided real estate tax protest legal services on behalf of the Bank. Alderman Edward M. Burke is a partner of the firm of Klafter and Burke.

SECTION IV: DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

With respect to Section IV, the Authorized Representative certifies based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, that the Disclosing Party has not retained a subcontractor, attorney, lobbyist, accountant, or consultant in connection with the Matter.

SECTION V: CERTIFICATIONS

B. FURTHER CERTIFICATIONS

B.1 With respect to Section V, paragraph B.1. the Authorized Representative certifies based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, that neither the Disclosing Party nor any Controlling Person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency. For continual updates of material criminal matters, please refer to

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JPMorgan Chase & Co.'s publicly-filed disclosures, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the U.S. Securities and Exchange Commission (available at: <http://investor.shareholder.com/ipmorganchase/sec.cfm> - <http://investor.shareholder.com/ipmorganchase/sec.cfm>->).

B.2 (a-e) With respect to Section V, paragraph B.2 (a-e), the Authorized Representative certifies based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, that such statements are accurate with respect to the executive officers and directors of the Disclosing Party. Based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, JPMorgan Chase & Co. and/or its subsidiaries (collectively, the "Firm") are defendants or putative defendants in numerous legal proceedings, including private civil litigations and regulatory/government investigations. The litigations range from individual actions involving a single plaintiff to class action lawsuits with

potentially millions of class members. Investigations involve both formal and informal proceedings, by both governmental agencies and self-regulatory organizations. These legal proceedings are at varying stages of adjudication, arbitration or investigation, and involve each of the Firm's lines of business and geographies and a wide variety of claims (including common law tort and contract claims and statutory antitrust, securities and consumer protection claims), some of which present novel legal theories. Based on current knowledge, the Firm believes it has asserted meritorious defenses to the claims asserted against it in its currently outstanding legal proceedings, intends to defend itself vigorously in all such matters and does not believe that any pending legal proceeding would have a material effect on the Firm's performance of the services contemplated by the RFP. For further discussion, please refer to JPMorgan Chase & Co.'s publicly-filed disclosures, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the U.S. Securities and Exchange Commission

(available at:

[-http://investor.shareholder.com/ipmorganchase/sec.cfm-](http://investor.shareholder.com/ipmorganchase/sec.cfm)

<http://investor.shareholder.com/ipmorganchase/sec.cfm>->). Reference is also made

to a press release issued on May 20, 2015 concerning settlements related to foreign exchange activities (available at

[-http://investor.shareholder.com/jpmorganchase/releasedetail](http://investor.shareholder.com/jpmorganchase/releasedetail)

<http://investor.shareholder.com/jpmorganchase/releasedetail>->.

<http://investor.shareholder.com/jpmorganchase/releasedetail>>. cfm?ReleaseID=9141 05.).

On May 20, 2015, JPMorgan Chase & Co. entered a plea of guilty to a single violation of federal antitrust law and is currently awaiting sentencing by the court.

Additional information regarding the plea and resolutions of other investigations related to the Firm's foreign exchange activities is available via May 20, 2015

press release (available at

[-http://investor.shareholder.com/ipmorganchase/releasedetail](http://investor.shareholder.com/ipmorganchase/releasedetail) <<http://investor.shareholder.com/ipmorganchase/releasedetail>

<http://investor.shareholder.com/ipmorganchase/releasedetail>>. cfm?ReleaseID=9141

05.)-

B.3 (a&d) The Authorized Representative certifies on behalf of the Disclosing Party the accuracy of the statements contained in Section V, paragraph B.3 (a & d) only as

Page 3 of 13

to the Disclosing Party and its executive officers and directors. Based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, JPMorgan Chase & Co. and/or its subsidiaries (collectively, the "Firm") are defendants or putative defendants in numerous legal proceedings, including private civil litigations and regulatory/government investigations. The litigations range from individual actions involving a single plaintiff to class action lawsuits with potentially millions of class members. Investigations involve both formal and

informal proceedings, by both governmental agencies and self-regulatory organizations. These legal proceedings are at varying stages of adjudication, arbitration or investigation, and involve each of the Firm's lines of business and geographies and a wide variety of claims (including common law tort and contract claims and statutory antitrust, securities and consumer protection claims), some of which present novel legal theories. Based on current knowledge, the Firm believes it has asserted meritorious defenses to the claims asserted against it in its currently outstanding legal proceedings, intends to defend itself vigorously in all such matters and does not believe that any pending legal proceeding would have a material effect on the Firm's performance of the services contemplated by the RFP. For further discussion, please refer to JPMorgan Chase & Co.'s publicly-filed disclosures, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the U.S. Securities and Exchange Commission (available at: <http://investor.shareholder.com/ipmorganchase/sec.cfm> -<<http://investor.shareholder.com/ipmorganchase/sec.cfm>>). Reference is also made to a press release issued on May 20, 2015 concerning settlements related to foreign exchange activities (available at <http://investor.shareholder.com/ipmorganchase/releasedetail> -<<http://investor.shareholder.com/ipmorganchase/releasedetail.cfm?ReleaseID=914105>>). Furthermore, with respect to the Living Wage ordinance, the Disclosing Party has not, during the five years before the execution date of this EDS, been determined to have violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance) as it relates to base wages.

B.3 (b&c)

& B.4 The Disclosing Party has not agreed or colluded with other bidders or prospective bidders as to this transaction, or been a party to any such agreement. Based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, the Disclosing Party has not been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise. Based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, the Disclosing Party has not made an admission of such conduct described in B.3 a. or b. above that is a matter of record, and has not been prosecuted for such conduct, except to the extent set forth in the summaries of material legal proceedings involving JPMorgan Chase & Co. or its subsidiaries within the last five years are referenced in JPMorgan Chase & Co.'s Form 10-K, Form 10-Q, and any Form 8-K filing, all as filed with the Securities and Exchange Commission ("SEC") and all available through J.P. Morgan's internet site ..<<http://investor.shareholder.com/jpmorganchase/sec.cfm>> or through the SEC's

internet site (-www.sec.gov <<http://www.sec.gov>>..) (the "SEC filings") and the public record of each matter identified in the SEC filings. The Authorized Representative certifies based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, none of the foregoing matters would have a material adverse effect on this transaction.

B.7 Except as otherwise set forth in Attachment B, the Authorized Representative on behalf of the Disclosing Party does not make any certification whatsoever with respect to any Applicable Party other than the Disclosing Party. The Authorized Representative on behalf of the Disclosing Party also certifies that it has not engaged any sub-contractor with respect to this transaction.

B.8 The Authorized Representative, on behalf of the Disclosing Party, certifies as to the statement in Section V, paragraph B.8 that, based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, the following Bank employees were previously City of Chicago employees during the 12-month period preceding the execution date of this EDS:

- Ryan Baros
- Deya Booker
- Anthony Mason

B.9 The Authorized Representative certifies as to the statement in Section V, paragraph B.9 that, based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, the following gifts were provided by employees of the Bank to the following:

- Emily Bertrand, Mayor's Office - Meal \$108.00
- Jenny Cizner, Mayor's Office - Meal \$108.00
- Rahm Emanuel, Mayor - Meal: \$21.50
- Rahm Emanuel, Mayor - Meal \$35.00
 - Deborah Graham, Alderwoman - Meal: \$50.00
 - Carina Sanchez, Deputy Clerk - Meal \$108.00
 - David Spielfogel, Deputy Mayor - Meal \$35.00

D. INTEREST IN CITY BUSINESS

D.1 & D.4 As to the disclosures set forth in Section V, paragraphs D.1 & D.4, based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, on behalf of the Disclosing Party, to the extent the Disclosing Party has any control the Authorized Representative certifies that no official or employee of the City of Chicago has a financial interest in his or her own name or in the name of any other person in this transaction.

SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

Page 5 of 13

The Authorized Representative certifies on behalf of the Disclosing Party, as to the statements contained in Section VII, paragraph F.1 that based on the Authorized Representative's knowledge, information, and belief, upon due inquiry, that neither the Disclosing Party nor its affiliates are delinquent in paying any fine, fee, tax or other charge owed to the State of Illinois or the City of Chicago except for taxes that are being contested in good faith by appropriate legal proceeding and possible delinquencies in paying a fine, fee, tax or other charge

related to (i) property mortgaged to the Disclosing Party or its affiliates, (ii) property owned by the Disclosing Party or its affiliates and leased to others, (iii) foreclosed property now owned by the Disclosing Party or its affiliates, (iv) property owned or held by the Disclosing Party or its affiliates as a fiduciary or nominee, and (v) fines, fees, taxes or other charges that are being contested in good faith by the Disclosing Party or its affiliates by appropriate legal proceeding. If there are any outstanding claims that the Disclosing Party is notified of that Disclosing Party was not aware of previously, Disclosing Party will immediately address them.

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**ATTACHMENT C TO
CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
FILED BY JPMORGAN CHASE & CO. (as a Disclosing Party holding
an interest in the Applicant)**

The following response is true, accurate and complete to the best of the Authorized Representative's knowledge relying on information prepared by a consultant at the direction of JPMorgan Chase & Co.

SECTION V ~ CERTIFICATIONS

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS.

The Disclosing Party was formed on July 1, 2004, when JPMorgan Chase & Co. acquired Bank One Corporation ("Bank One").

With regard to predecessors of the Disclosing Party as it existed prior to the Bank One Corporation acquisition ("JPMorgan Chase"), the Disclosing Party reports that J. Pierpont Morgan, Sr. was associated with George Peabody & Company and J.S. Morgan & Company (the "Peabody Firms") before he founded Drexel Morgan & Company, which ultimately became part of JPMorgan Chase. Capital supplied by Junius S. Morgan and J. Pierpont Morgan, Sr. appears to have been used to capitalize Drexel Morgan & Company in 1871. Upon the death of Junius S. Morgan, J.S. Morgan & Company came under the control of J. Pierpont Morgan, Sr. and became affiliated with J.P. Morgan & Co. Records indicate that the Peabody Firms had customers that appear to have used enslaved individuals.

JPMorgan Chase and Bank One had predecessor banks in states outside the South that purchased notes issued by, issued letters of credit or made loans to, and/or maintained correspondent accounts with municipalities, banks, companies and individuals located in Southern states where slavery was practiced during the slavery era. These municipalities, banks, companies and individuals are listed on Attachment 1.

Bank One had predecessor banks before 1866 in three Southern states: Kentucky, Louisiana and Virginia. Searches revealed slavery-related information about two Louisiana banks, the Canal Bank (formed in 1831) and the Citizens Bank (formed in 1833), and the Lexington branch of the second Bank of Kentucky (formed in 1835). In 1924 Citizens Bank and Canal Bank merged. Predecessors of JPMorgan Chase had longstanding banking relationships with Canal Bank and its predecessors (see Attachment 1), were creditors of Canal Bank and, in 1931, it appears that a predecessor of JPMorgan Chase led a group of investors that provided capital to Canal Bank and this predecessor of JPMorgan Chase became a shareholder and took a controlling management interest in the Canal Bank. The Canal Bank was placed into liquidation in March-May 1933 based on actions by the State of Louisiana and the federal government. In May 1933, The National Bank of Commerce in New Orleans was formed pursuant to an executive order approved by President Roosevelt and its assets included some of the deposits and loans of the old Canal Bank. Most of the capital for The National Bank of

Page 7 of 13

Commerce was provided by the Reconstruction Finance Corporation (owned by the U.S. government), with the remainder coming from new shareholders. The U.S. government also provided over \$13 million toward the liquidation of the old Canal Bank. In 1947 and 1969, The National Bank of Commerce in New Orleans made two grants to Tulane University, which included archives of the Citizens Bank and Canal Bank. These materials are held at the Tulane Manuscripts Department, Special Collections Division, Howard-Tilton Memorial Library at Tulane University in New Orleans, Louisiana (collectively, the "Tulane Records"). In 1865, the First National Bank of Lexington (subsequently a part of First Security Corporation of Kentucky which was acquired by Bank One in 1992) was formed and assumed the operations of the Lexington Branch of the second Bank of Kentucky. Public records pertaining to the Lexington Branch of the second Bank of Kentucky have been discovered that contain records relevant to this certification (the "Lexington Records"). The Tulane Records, the Lexington Records and other records indicate that:

1. Citizens Bank and Canal Bank provided credit to plantation owners and accepted mortgages from them. The collateral covered by these mortgages included land, equipment and/or enslaved individuals. The available records do not always provide the names of enslaved individuals. The Disclosing Party, however, estimates that, from 1831 to 1865, taking into account the duplication and/or absence of exact data, approximately 21,000 enslaved individuals were listed among the collateral covered by mortgages given to the Louisiana banks.
2. The Lexington Branch of the second Bank of Kentucky also provided credit to plantation owners and accepted mortgages from them. The collateral covered by these mortgages included land, equipment and/or enslaved individuals. The available records do not always provide the names of enslaved individuals. The Disclosing Party, however, estimates that, from 1835 to 1865, taking into account the duplication and/or absence of exact data, approximately 55 enslaved individuals were listed among the collateral covered by mortgages given to the Lexington Branch of the second Bank of Kentucky.
3. When mortgages went unpaid, the banks could initiate foreclosure proceedings. When this occurred, the bank could take ownership of the collateral. The available records do not always provide the names of enslaved individuals. The Disclosing Party, however, estimates that, from 1831 to 1865, taking into account the duplication and/or absence of exact data, approximately 1,300 enslaved individuals were listed among the collateral that the Louisiana banks came to own. There is no evidence of foreclosure proceedings initiated by the Lexington Branch of the second Bank of Kentucky.

Attachment 2 lists information on mortgages as to which one of the Louisiana banks came to own enslaved individuals through foreclosure proceedings, including, where available, the names of those individuals and their prior or subsequent owners. Attachment 3 lists information on mortgages as to which one of the three banks held collateral that included enslaved individuals, including, where available, the names of those individuals and their prior or subsequent owners. The attachments will be supplemented as necessary to reflect any additional information located.

Page 8 of 13

On September 25, 2008, JPMorgan Chase Bank, National Association (a subsidiary of the Disclosing Party) acquired from the Federal Deposit Insurance Corporation, as the Receiver of Washington Mutual Bank, Henderson NV, certain assets of Washington Mutual Bank.

A review of the records of Washington Mutual Bank, including the records of its predecessor entities, has disclosed no evidence that Washington Mutual Bank nor any of its predecessors had any investments or profits from slavery, any direct involvement in the slave trade, any direct ownership in slaves, or any slaveholder insurance policies from the slavery era. There is evidence, however, that one predecessor entity, The Bowery Savings Bank, New York (1834) ("Bowery Savings"), purchased a \$100,000 bond of a slave holding state, North Carolina. A total of \$44,000 was paid to Bowery Savings by North Carolina in 1868 on account of the bond.

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**ATTACHMENT 1 TO
ATTACHMENT C TO
CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
FILED BY JPMORGAN CHASE & CO. (as a Disclosing Party holding an interest in the
Applicant)**

Agricultural Bank of Mississippi
Baltimore & Ohio Rail Road Company
Bank of Alabama
Bank of Alexandria (Virginia)
Bank of Ashland at Shelbyville
Bank of Augusta (Georgia)
Bank of Kentucky
Bank of Louisiana
Bank of Louisville
Bank of Metropolis
Bank of Mobile
Bank of Missouri

Bank of North Carolina
Bank of South Carolina
Bank of the State of Missouri
Bank of Tennessee
Bank of Virginia
Barnett, Ellison & Co.
Beers & Brunell
Beers & Co.
Canal & Rail Road Bank of Vicksburg
Carrolton Bank of New Orleans
Charleston Fire & Marine Insurance Company
Chattahoochee Rail Road and Banking Company
City Bank of New Orleans
Commercial & Rail Road Bank of Vicksburg
Commercial Bank of Manchester (Mississippi)
Commercial Bank of New Orleans
Commercial Bank of Selma
Corporation of the City of New Orleans
Corporation of the City of Savannah
Davis & Davis
Delaware & Hudson Canal Company
E.I. Forestall of New Orleans
ER Tyler of New Orleans
E. Warfield, Lexington, Kentucky
Exchange & Banking Company of New Orleans

Page 10 of 13

Exchange Bank of Virginia at Richmond Franklin Bank of Baltimore First Bank of Richmond
Hunt, Morton & Quigby of Louisville (Kentucky) J.D. Beers & Co.
Louisiana & Nashville Railroad Company Mechanics & Traders Bank of New Orleans Merchant &
Planters Bank of Savannah Merchants Bank of Baltimore Mississippi Sound Company Mr. Pastoret
Mr. S. Reid Irving & Co. (Cotton) Nashville and Northwestern Rail Road Co. New Orleans Canal &
Banking Company North Western Bank of Virginia
Philadelphia, Wilmington & Baltimore Rail Road Company
Planters & Mechanics Bank of Charleston
Planters & Mechanics Bank of Mobile
Planters & Merchants Bank of Charleston
Planters Bank of Jackson (Mississippi)
Planters Bank of Natchez
Planters Bank of Savannah
Planters Bank of Tennessee
Robert Kinder House
Ross & Coleman
South Western Rail Road Bank of Charleston Southern Bank of Alabama Southern Bank of Kentucky
Southern Life Insurance & Trust Company of Florida
Southern Trust Company
Southwestern Rail Road Bank (South Carolina)
S. Reid Irving & Company
State & Metcalf of Gainsville, Georgia

State of Alabama

State of Florida

State of Georgia

State of Mississippi

T.T. Crittenden, Lexington and Huntsville, Kentucky Tuscumbice and Decatur Rail Road Company Union Bank of
Charleston Union Bank of Florida Union Bank of Tennessee

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ATTACHMENT 2 TO
ATTACHMENT C TO
CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
FILED BY JPMORGAN CHASE & CO. (as a Disclosing Party holding an interest in the Applicant)

ENSLAVED INDIVIDUALS OWNED BY CITIZENS BANK OF LOUISIANA AND NEW
ORLEANS CANAL & BANKING COMPANY

Page 12 of 13

**ATTACHMENT 3 TO
ATTACHMENT C TO
CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
FILED BY JPMORGAN CHASE & CO. (as a Disclosing Party holding an interest in the
Applicant)**

**ENSLAVED INDIVIDUALS MORTGAGED TO CITIZENS BANK OF LOUISIANA, NEW ORLEANS
CANAL & BANKING COMPANY AND LEXINGTON BRANCH OF THE SECOND BANK OF
KENTUCKY**

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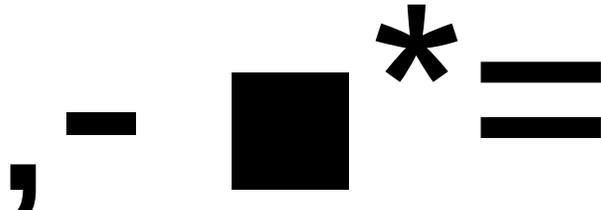
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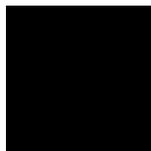
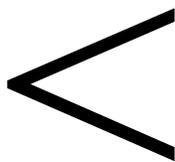
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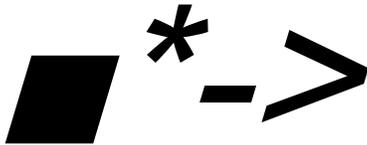
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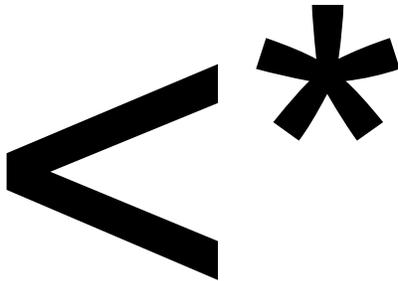
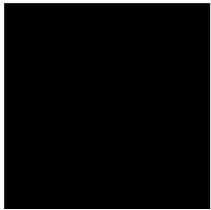
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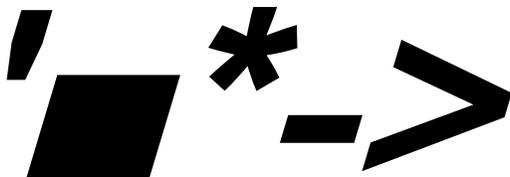
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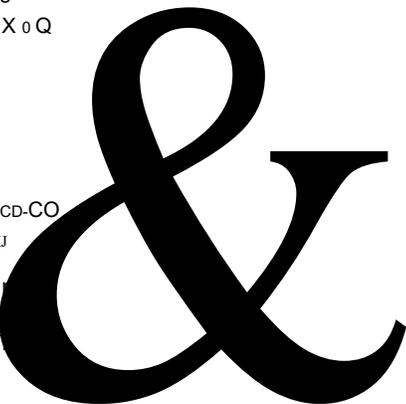
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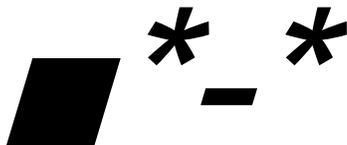
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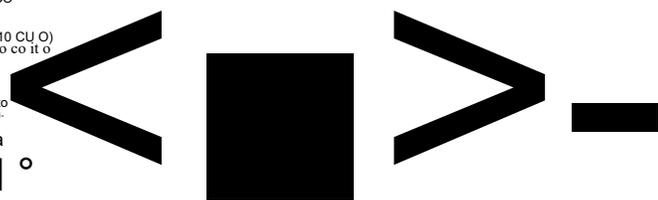
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ro co Z ro U c .. o o jo cz
0 0

O CD 8 ^_
Si CO

o
JO

b
E xj ro c-j ro

0
0 co cz
ro ^
N -3 JZ

W S-
oj co in 0

ro ro
ro
JZ
O QJ
to
3 0 J 3 <
= 0
0 E
E ^
□ ro

ro 0
^ ,5
.5? E
co <

ro

cz"

CN CM
a-po
0 -r-0*
CD 8 *
CO O
CU r-0) ^ CO o
? 2 &
"I -tr 1 ro o Cl 2

-co

Efc?
3 r-
10 co
oo

CN
OO
1
1^
CO 00

co 0
3 <ZT
2 w CD S
E 1 O I
XJ < ro
CO z
ro 3
CO
0
OJ
L
o
E xj O cz jz ro

JO
ro
|o

cl-
it
O O = JO
a %
O Q.
HM
CZ 3 CO -3
S E ro
ro jz
c Z To jo

J3 0
It
0 ro b O .2 t

CL 0 - JO 0 O CD (Y

ro
CJ XJ
0 c] ro

CN
0 CD
ro Q.

o o m
ch ro cn
tr
0 i
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O
V)
o

o
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C CO + m
oo oo < CD

(0
2 CO
Q »
o

CO cu £ ro
i i¹
= o

ro co

O
■ 3
■ IS CO
CO CO CU < ■ 1 CN
-1 00 CD O
3 CO

00
I
CO
00

[- CU
[- CO
A- CN
^ CN
■ > f
CO - S
CO ■ =

CN *
CL ^ - CO CO CO CN
i on CO CO
CN if
CO 4
CO D, CD

CN fc? CN O

to^ <-> . CO °° < 00 o
V to
CO
CO CN O
00 • , S
t CL CO

CL

00
CO cu cn ro cn tr o

or cn co CN 0- IS

fc! cd E?
3
to OJ to CO
<

00 CO
00

CO CO

O O CO CD
ro cn tr o

'= o
CO CO 0- 3:

E 2

(0 00
00
T-
I
00
00 00
< i-

00 00
~

UU

■ cr K
ting
isCN
CO r->
COO
2 CO ^ a 1m.
C E O
ro 3 to
CO to 1- to
CO <r cl
CF
b
'cn
cu > 'c
CU o
■ li:
TM 5
3 CO
9j cn"
= CN
00
i CO CO
o o
CO
■ ro cn
tr o

cu cn ro cn tr o

ro
0.
2 5
Q. if
E fc?
3 CO
^1-
p

CO
00

■ 4

Q O CQ cu cn ro
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E S

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CO O

< CN

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I- en

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XL

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j:3_ 52 I-

JgZ

cr CN-g ,2^o S.CD CO

E 8 £

³T-3

en . c »o = < f- 2

CD

CO CO

O to

O O

CD

or

cu o c

a. to E 9
3 CN CO
cn oo <

CN ■ N" 00

• CD =3
E
oo g CO
o ^
AS 3
• 70
O >
TD

ra | O) °

O cu

0 03
o

3 CU
oo J
OJ
CD
in cn

JU W
ZD TD
3
"O
c
cn CZ

o

j|l*->
TD C
ro
TD
CZ CO
oj -o
.2 c
3 CO
J CD

CO CL
CC ■ -

.11

CZ >
E o a> l-
Qio3^ c co

co O
CO c

§1

1 e

co <
CD . -CO CD

0)

IS

■ - 0
o o
cn ^>

LT CO CO > CO
CO O .
b=" CD CZ 3 -C CO CL O ^ . CO
o CD

CO

o CZ

CO
CD O CQ ->

CO J

" c
.£= 8

ro ^
CJr;" CO ^
i - co 0 O

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0 cr E '« ro ^

0 e
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td S: £ a> E

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cm
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H UJ
E ro

CD~
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-C

cl

0
CZ
o
L
Co CJ

tz 0
CO 'l-
CO
CL

o o o
O

jo
CO 3 TD >
TD CZ

~ O o
3

JO
<
E ro
TO

<
CO" '3 o
o

r_1_t>
O
Is⁰-

o
Ira)
CO"
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0 CO
CO 0 >

CO
■ 0 ro O
CZ" 0 CQ

td'
CD
CQ .N 0
3

0
CQ _ 1
- -

> < e «
•

0 CO
= JC
3 CJ
CO -

LU 1*
0 =
0

CO "5
CZ 0 0 ■ • a >
- 3

W ro
3
TO CO

||
- "CJ
CJ CZ CZ -
5 "A
= 0
0 CQ CL 0

>> a 0 0 ...
CO cc
0 .
co Jr
LU co . -ni= 0 > tz
JZ
r0J f= co
ro
CO 0
f
" o
CO .2
0

a. co g IE

jz" w 0 ^
roj2
TO CZ
ro
TD CZ CO
=- 0

0 tr O CD

ro .2
TO C
cz 0
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CDCD

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S

Q.

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0 3
03
CO
3 . 1
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2 g 0 ~^
0 - cd ■ - TO
■2 o

-C 0 . co
co ro ro E -5 0
ro JZ > r

IS

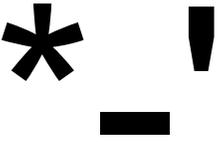
.ifi 3.0

0 0

"g 2

ro
CZ 0
ro >

CO
TO 3
TO >
TO C
E ro
3 LO
TO CZ
TO C O
C
ro
CO.



c
o j
o x
C O t a
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jo
ro
3
o >
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CO cz
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E ro cz cz
3
CZ 0
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2 <d ro

TO

TO

1 £
a) ro cz c
'5 ¥
= x £ iz"

Jz Eco "o Jz

ro cl
^ 91
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ro
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ro 3
TO >
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ro 3
TO > TD C

TO 0
E ro cz cz
3
TO CZ
ro
TO
CZ ro
cz 0
CO
JO 3 0
or: =J 0
^ cz
CO) C
cn 0 **E 2**
c o
co o
E ro co
- jz > , =
cn 0 0
CZ ro 0.
1 K ^
C| ^ co-
co
"0 .2
*- a u.
0 ..
J= cn >-
to 2 ro
ro
czCQ CO
ro w
"52 3
§5
> , cz cz 0 CL
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ro co
"ro
TO
C ro CC
> i
0 CL
o
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2 S ro c
^ <
m ro"
jz" ^
0 ro
CQ 5
jo @
ro =
3 2
S ro
> O
TO
•E 0
.£= co
o •-
= ro
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£ S
CO

o ch ro Q.
0 3 CT 0 CZ
o

1⁰ i-ol

o CO O

ur ro

ro
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2 CO
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o cz ch cz o

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0
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0 CO m JZ

CO CO
.9. co ||

. 5

co cl

0
JZ
0

CO
ro E o

JZ
cn 3 CL

E ro

cn 3 a.

2
1
ro

ro 2
0 ro 3
co -i
O
k-

O O CQ CD

CD O

* cn nj CO
Q »

o o CQ CD D)
oo
ro
g^o .c CO Cl CO
E 2
13 3/00
cn co <

tr o
o H)
CQ CO
H*
ro ci
W -

CN
ro c~fc
CQ a "

"2 ZJ=
g WY
OJ="

(3CQ
C CN
ro co CL i
17+c

O (D

.1:15
c c am
CD cr > CD

il
ro o 3 o
cr> ro
LO o
n" uo co co

cn lo < co oo

CO

CN CN
CL

CD ij>
ro ch tr o 5

9 £
CL CO
E5
3 CD
ch 18 cn co < »-

CD IO
OO

o o CQ

£0⁰⁰ - co
CD O
«3
£2

CN "cr
00

ro CQ
CD CD N 33
5!?

"N"

CD

CO CO
CO

in >
LO
CO
c
CLCO
-CQ
< en

XL N
o t:
CS
CD iH
o L
o CD
tr >
o cr
^ CD

co! H2

.2 o
a. - o
3 mic
en COO
ooo
< r-CD

O Z
X
CO
O CD
to CQ

'en a3
! CN
' r-
CD O

Is
CO LO 00
T-
00 CO CO
£5

CO
OO

o

cS -s °
S 0.55?
3 r CO

2 r± cd"

S I ci
en < co' c+ - CO CD I'- CO

oSs

2! co * -cn co ^
S> *H S | o" CQ
3 - Ci D O ci
CU t- CO
ci cn

- CD CO

2 H

CD CO OO

CO
OO



jb
jo
CO to
TO v
TO c

JS
O O
TJ CD

O) t^E
O S 2 §

E co" co

c
CO
cu
CO
Zj o
E CO =

> ; < b
CL ^
C± ^ = co
-E= 0 CL CO

ro

|=
> o
0
E o sz
<
TD 0
cLU
o ..
~>E
CCO
rn

ro 0 2 * - o c:
^ ro
co ¥
0
t CO ro c n ro
-co s
JO o ro
?-■«
= w
O co" CL 0 . . JO
cl ro
= CO
E-2 ij] 0

ra ^
CO
CZ
CZ <
cn oS cz cz

O CD
ro
CO
JZ CL
GO ■O
TO
> TO
CZ
oJ CZ

o
id I
CO
■c-ro
o 2
!§«
- 0
o s

E tz
ro CZ
<

/E Vz
0
N

j¥ 0 => JC cu o co 0
0
CL

r- ro
§
& 0
CZ JO
ro o cLQ.
£ J= TO .CO
TO
C ro
CO CZ

ro o tz ro
ro
n ro

0 TD* CO 0 -E
CZ
e- o fo

> U rs.
D. | C0
0 JO
ro
N LU
CZ CZ
< if
ro
co co jz" O 00
.il-|*
.. co"
CO 0
\$ ro
15
P CZ
LU
!2 co > <:
TO 0 CZ -1
g^{5^}
.Era
ri c 0-J

cu cl
tz ro
2 CC
ro. ci
CZ
ro »
CL -1
jo ro

co
ro
ZI TO
> TO
c
c o
TO 0
E ro CZ CZ
Z5
TO CZ
ro CZ 0
ro ^.
CZ
ro
CL

0
0
E ..
co -
O 2
. = § g

ro -
Ss g;x
CZ 1"
TO 0, = • - 5 o o
TO "i -3 CO
Q)
0 0
= K
0 c

ro"

S E
.tr r0
c 2
0
CO... 0
0 - CO 0
o O
2 0
0
0

2 £
cp ~ 0 UJ
CD co
.22" 5, o o o
§1
LL O
E W = 0
0 0
CO i_ 0 0 .E
S ° - ° 0
> . - JO >, JO CZ
LU c . . 0
° **QA**
LU 0
co

ZI

g J
E
CO . -
XL JZ
2 0.
TO

.L

If
0 ro 'ro^s
"5 *Z
0 JO
o c O cz c
2¹ S
CO 0
0
jo ro
ZI TO >
TO
CZ
ro 0 --5 Z X
E E <

co N 0 P
0 0 c o
E ^
ro .E co 0
2 \$ =
ro to E
E i 2
■ o CO

ro i < »
g
ro 0 co
2 w O
0 CO 0
1 r .E
0 CL 0 TO
ro tz CZ
ZI
c _ro tJ 0
.2 tz
cl ro < 2

TO
c ro
E

CO TO < CZ
0

o o

L 0
JZ
TO CZ
ro
.0
ro
CO
o tr
2 o

jo co
3 TJ
> TJ.E
CO) CZ

o o
TO CZ CO
TO o
J5 LU

o
CZ

ro O
ro"
TO JZ
0

>
co Q
E ro CO

o O
j/i ro
ZJ TO >
TO JZ
o)
£
5 o
£
0

o O)
co
CL

Si
E⁰³
it

if
o
LL

o
E⁰

o •* ->
CO ZJ DO ZJ
<
o"
+
o
TO CZ
ro
CO
O O tz TO

Ogocz
|- <

O = tz 0

ZI
o | - c o
E .E

CO
c" o

ZJ
o
ZI
E ro

o
OJ TO
o
CZ CO JO 0
S tz 2 qj
I- CL

o
CO
O

o >

CQ w S c: co
J d r-
= Q -
t: CO

Us
o3
co
o

Q. O
c < >-
CD - CO N CD CO #5 CN .
O co
» 5 - * CD t o
CO
ro
2 « ?
3 CO 5
2- CQ
CD O
CD
00 O
Z
o o CO CD

CQ

g co
LO
CO

CO CN

CQ

cf.
O
C D V
c o O
CO - CO
5 6 o 2 CO
5 5
O K O)

CJ

CD N
CO
E co 3
5 5
CO CL
i CO
r .

JO CQ I CD
CL C

o cz o o
CQ O

•8.

U)
CO co
O T-
co 0.
CO CN
M co a3 9
>> 00 O CO
3?

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CQ CD

Q- o
03 CO
- o
= 5

CO
CD _ r< CO

CO
en
CO

03
N² 00

O tn 00

oo
00 00

COO 00

CO CO
LLJ
cf-ro
ro ■ **cl**
S Lo"
.- cb
cp ro

JO ID
ro ^ 45 <
:> 2
■ D 0)
•- 2

D) CD CZ >

fo-

TO C
C O ro to

CD

CU a> j= - •go C3 2 -3

CO r-

O

O

CD
ZDX
O . . >< cz
CO

cz 3

O X

ro o "

T3^m

CD

O) c ..

(O o ro

+> ro c

i- *r CO

p ro o

2 "5.

co CD
E ro

l . ro O £

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aj CL

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tz

Sti

X^o O >

■fc CO

co ro

S CZ

S ro

7. E

CD

CD 2 c co

co O

Q >

SS.i

L-3
ro .. sz sz CJ co l.- ro o CO ro TM

-3 co

ro

JO

ro

■f= 2 "53 ~ > . . .

TO ZJ
ZJ . -3 TO > . . .

5 cn jz ~ cm ro

IS. cz

- > : : : : : < f =

g< 11^ j x -

tz
TO O CD TO

< ro
CD

jz
+
TO CZ
ro
TO
tz to

1 2

CO CD

a_j
<

CD
sn o Cc
ro sn

E
o 2 in

0
tzro
e> j?

ZJ
-' ro

TO LU

0 ro
Q.L-
_CQ.2 0
o 0 0 0 O O
ro" ro"

^ ro
3^ ro 0
Z-1 ro 0"
CO c

0
■5 « o ^ _i jz lcjl ^ iD"

<< g4?
CO ro

0
CZ ro cz TO aj =
ro JS O 2

° o
 cz
 0 TO

 i-r CQ 0
 0 CJ
 cn cj
 ro
 ^ 0 9r 0 o
 iz o
 ro O
 X o
 I 5
 -g-2
 rō S
 CO
 J= cn
 ro
 O jij
 i e T
I f ScS

 ro|
 i>; >> o «
 £ <"
 ro cq

 "2
 TO
 2
 CQ
 cz c
 <
 ro to 2 *

 LU

 > i - to
 JO T- CZ
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■ zSi
 ■ g O ro-
 be tr
 ._*+-' ro

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X "I

 if cp E
 O 0 ~3
 U- 0 . . o co
 0

 CO.*
 W 8 O 0 X
 2 > - ^
 8 ro £
 O ° - ^
iff I
 ro _g-->

 g a o
 - - CO.*

co

CO TJ

■= CO t
§ ^ o

to" co iz" 0 co o -r 0 co
o 0 3 >.
TO

ro >s
CO 0
3 CO
o ro
P <1
cz 0 ro l
co 0 3 JZ CO 73
^ TO

cfi
cz .>>
_JLU

0
CQ
E <
y l
TO
c
L b
CO cz cz
<
-if o
c v ro a
c ^ ro
CO
0 tfz CQ o .,
a. v ^
_ cm if 0
ff
CO
ro
Cl
Cd" -.
to
0
0
O
jo co-
o ro ro
<2 ro
.- TO >% CZ
CC J

0 JZ
TO
tz ro
0 to o
cl
o cz ro Z
E co
m . CO 0 CO
0 JZ
0 I-CD r.
~ -

O) <
0 £->

SS

GO TO
1 S

ig
11

g O
5 jo." o o

*- c
0 0

£ TO T^ S

g 2
JO JZ

C JZ
o

o o

SZ CO

(0 Q.

>
c a)
m

o
co
I
0
-3 CZ
o
co
QJ JZ
TO CZ CO
ro
CZ

tn ro 3
TO >
TO CZ
cn tz

o
0
JZ

o
co
2
E <

LOO
cm ro a.
o Z

o CQ CD

co CQ

o

C CN
o IS
CO £ 5

co CQ cn c
CD

b * <g *
CD t? ol'cb
co.> cn o> c g
0 3°
5^

co to

1 £ TM

t? <° °°

CN

co
O
f 5 °

°° CQ
CD Ol'CO Ol'

r
o

co
CQ

O

co

To o 3 O
l- CQ
CD Ol'CO Ol'

r

co
CQ

O rre-"
co

JCO o
n o h- CQ

o Z
o o co CD

CQ

O

³ co CD O

CO
.22 CO #-{ co

CO LO CO
CO CO
CO CO

oo
LO CO

ro
E co cz cz

CJ LO

& «
5? <=

ro o 2 a.

o jo
JZ
U CO
TO
s!
c a5 > co
O m
.52
cr cz 0 X
co^o E ro >> X
LZ CO CL

co O
o™-cz co
JO fc co co

LU ja
M °
8 IS
0 .52 E £ ra 2
CO Tn JO
0
O °. < cu
£ " o =

ro -tr n

- o °

0 ro |S

.CO >
=5 0

§1

Q CO
co -9 ~J

ro
0 £ -

ro
ro
ro c-" S jc £ ro
co

>

ti) = cn LU

s 0
^ CO
CO
J5 LU

0
0 0 ro '«>

co CO
0.2»
CJ .2

co >:-
CZ 0 0
« 0 co

ro
C7J if)

O |

£.1

l 3 'h cd J3 £ ~ e

ro ra
CZ
CZ

^ 0
^o .E 2

0c
15 o CD
0

JO LU

CO r-
.- ro
- LL

» czto" ;=
£ ro »
TO CO »
ro »-a

~ :t 2 ~
Qj L < it 0.

CZ i
0 ro o JZ rz
'*+>»

r r CO
TO CZ
ro O o

- o ro "
^ fj .E .E o
TO 0

£ J5
- a To 0

H E

ro ro cz
05
c CZ t;
ro ^ CO .L
00 > CO .L
co ro £
Lii 5 0.

1-2 & ro
1 1 0
E < c^ro >
ro 32 c E
c cz o ij
ZJ z5 CO S CO

SZ CO
LI CO
Cl
cu c
O n

O

JO
ro
ZJ TO
> TO
CZ
TO 0
E ro cz c
ZJ CM TO
C ro

o
CO
2
E <

JO
ro
ZJ TO >
TO JZ
TO 0
E. ro c c
3

TO CZ
ro
TO
tz ro

cc

tf 0
co co
ro
cq

w
'li co
Cl ro

'o o
'c
o o

jo ro
Z3 TO ' TO

TO n

E'ro cz cz zzs

CN

TO CZ
RO CZ O
ro - *-> CZ ro
CL

TO CZ
CO

5 c 5> 2 ^ E

GO ^
E jz
CO o

CO

O
CJ
ro a
t^o
CN

O
o CO
cu
ro
tr

cn

cn
ro

.10
ro

.ro cn
il "2 co
3 o g
CO
r " Si
O c n
- o co
to
ro

PLO
oS

tS I

CD
CO
Q
co .2 c

-cr* §
CO CO CQ
CD

CO CO <- CO CO TO - CO

o|(3
-2 > w
<< r. cd
£ C >
o 8 cc
l- <-j>"2 E
TJ 7. ..
is 2ro
cz

cz
 CO CD<
 § cf
 QZ co"2

 co
 ZJ
 o o 3
 «!?.
 § § §
 ~ Q <
 ?; L ~.ro
 i= CD tz
 § 0 o
 X Cl ^
 C~>= [0
 ■ n -
 co

JQ cz
t§ CD . . rx: co o

§ -2CD CQ_1 ... XL

0 o 0 ^

0- io"

cf
EC?

q - cz
.2? S) o

ro is" Q 8

jo CQ
CO cz ZJ jz TO O
> J

1 I

- co
CJJ =

15

-2 TO"

SI

*- o
tz Cc CO

ro jro to. CQ

0
 0
 Q_
 0-CJ
 CL CO
 o Q
 0 CJJ
 ro
 CL cz
 JZ
 o

11^

rp CO :-

<5|

§ r?
0 TO J) I 0)

Z :- Z
■ g Sj.OJ ro o CQ

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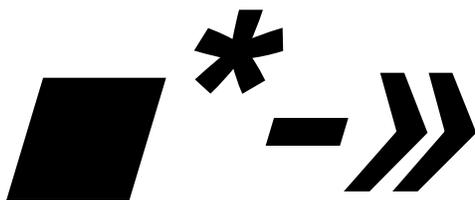
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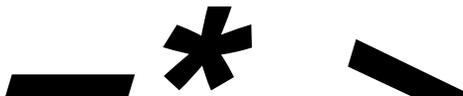
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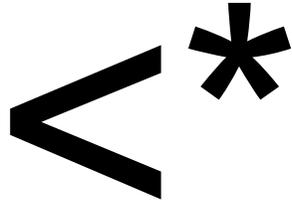
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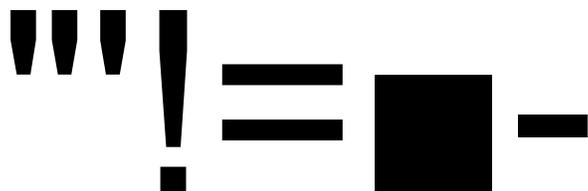
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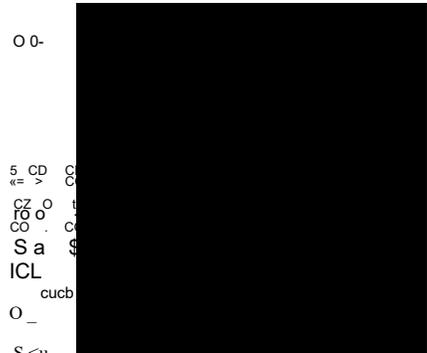
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ro ^
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fc TO
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CL LO

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CD CO

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CO
CO LO LO
Q. CN CN

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co co
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CJ) CO CO
T-
CO
CO
CD CO O
to or
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C?Z .E cj
0sz
O CD

CZ CO
>> **o cz**
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CO
tz CD Q
E CO
ro 32
CD >
DC 'a.
CL
CO
CO CO CO

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Is
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t B
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o c

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TO CZ
ro
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ro
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O
JZ **sz ro o CC**
O
ro
CO *-
W £

o

■J? 0
UJ cc
'■>, 3cf
~~ cz
cjj 32 -2 E ro
TO CZ
ro
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0
ro 32 ro
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o
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3

If
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TO CZ
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c CD
ro E
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>>c
=ro
So.

LU

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TZ ro
TO LU
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ro <j> cr E

Ifc
o? CQ JZ
..O
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co
io ^CO
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.- TO
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g> cq in
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C- l- m
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> TJ
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72 S ro 5.
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- LU

0° coi_-

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cz S

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m ci § ^

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jo o

TJ CZ

ro c

Cl CQ

TO
CZ ro o ro

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> 0 _ 0 = ro co ro
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0 O L=
^ n JZ
| cl
0 O TO
L - 1- C
0 cz
ro 0 ro

.- TO
^ ro ro

CO" JZ to"
.2 0.2
ro co < Q co
CO
3 0 _j
cz ro 0-3
cz 0

cj 0 o 0 <!
!>?

LU « 0 CO
g jz jz ro
cl j3
co q_l O c -> 0
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CO CN
0 CO)
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o CO

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CD co co O 0. cn
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o '18

CO
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Is

-1 CN CD Q

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CO

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to> 32 0 .E Z 5 co
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go £
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~ ro-q

CD
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ro
O)
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cd"
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0 UJ

0" CZ CZ ro
OJ

co j_r

S|

CZ . .
ro 0
0 IZ
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TO >> < TO
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fJ JZ"
E co.
jz CD S jz

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32 o 0

CO CO
ro
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o - ■ - j _
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CO ~ ro

co ro ^-
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JZ CO o

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JZ CJ CZ
com o ... _ £-0 0 o =J zi
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ro . = E
cz E E
ro o o
Q.Q Q

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E > . ro Cd

ro
ro CD

CO
RO
ZJ TO >
TO CZ
E^{TO} RO CZ CZ
ZJ OJ

TO
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O O
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CO

X CZ RO
JO JZ
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CZ O C O
RO CZ 39
CL

CZ
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TO

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ro to
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!|= CO
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b 2!

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o = zj to 32 CO
IJT - ro too jo cz co
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If™
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> To CZ
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ZJ
oo

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co ro
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To CZ
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~~CZ~~
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2 CN 0) o

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1_3 O
E CO . - CO CD 00 O «-

LQ CN CO

oo Zr

> CN

o oo

CO^{EN N"}
m
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o m

tz to
CO CO > . 00 CJ) r-

o co CJ CN

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> co S S3

CO CO 00

o
CO T-0)
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cz o
5. c°

1s

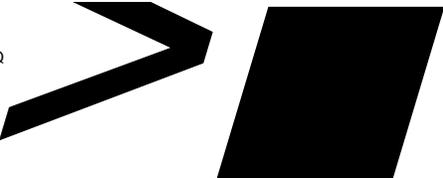
cS ^
CJ LO

CO CN

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> o5

Is

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o
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-|LO
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00 CO
CO

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O -
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CQ ch "j";
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2 TO CD C I
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o io" TO

n "E co f o n

U 5 00 -z U U
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*- cx -5 o 0 fo

«= LU j5r<t- o £0 0-33 JC .-

5² S is .

JS£« CDS
TO > TO

■gigs 1

TO 0
E ro tz CZ
3

co TJ n ro

■£ ro O =

gS E*

O) -4= co J2
ro^{ra} co jo E
Q. < S

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i-
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65

CN CO

c
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co cz ro
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> . cz
CO) T
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GO
ro
3 TO >
TO C

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E ro
CZ CZ 3
3 TO >
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TO 0
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3

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in, TO
c ^ cz
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*j TO 5
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ro p {
tz ro 0
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co. co

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si

3 -2
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£ m

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L CO 0 3 > CT>0
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a P, d, CT 0 ro
to X c

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cz i-.se <http://i-.se>
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c 2 <n
ro co 0
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o Q.
172 39 ro

E ro O TO ro
c^
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ro >
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1

58

S CD :=
39 co S

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3? = 8

Sz5<2
tJ 0 ro
- - CO

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S:S<:
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^ 5 JZ
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JZ 6 t 5
JZ CO



c..o cclt

1 ^ tz jo 39 ro

CO 3
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4 C n) < S o CO
P .2
JZ 0
t, co co < \$

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CILU

CO jz; CQ CO

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CD
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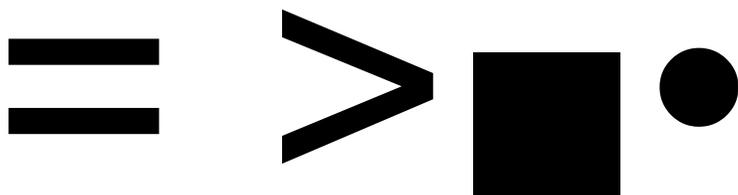
CO
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-3 -

E 5 2
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CC zZ O
o ro cc
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TO

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CD ~ to -1
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ro CZ g
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to ro CZ ~> co CZ
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CZ i . - C O J ><
CZ ro 11

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£ ro to ->

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co

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O i
=! 0
-l JZ
0 CZ
C
<
CD" CJJ
ro T I

ro IJ
ro ro
2 JZ ro
jz

ro

£ W
ro
N r-
UJ

Is
n co CJ LU
cd" lz cz 0

1 "

CJ to
Z E o ro

ro
JC JO TO <
tr ro
ro TJ ro
CO

0
r-
ro
X
CZ
0
TO 1 CZ JC

ra o
cz ro

^ 0"
ie" S¹ b-
ro 0 -S<

2 CDCL
CJJ . -
fi o £
CO o
TO -o
0

ro o
C >-
CZ . -

- CJ TO
S 0 2

Ocl
L+ TO o

ro co <
co co ro

Ic^w .

J .: < 8
lz .: cz to
jo ro cz
jo Jc co
< O CO

jc v- CQ
ro -b" 0
1 1 -

- 3P

co co Q.
T5TJ

E S
ro P
32 S -a
ro = m
E 0 ro"

ro
ro J= 32
= xJ

3 g

a> >.

>■ y

= O ro LU -g -b" o co ..

C T ^ C O ^ . g

LL C O O -3

tr" 2 j _-

0 0 Tn O c Z

E

g ro h -1 § ro ro l-^08 lu TJ -J

2 co c CD < ro

f / f /

if - ti b 0 0

ro cz _i

5 Si jo ro = < O 2

OJ CN

0

ro Q.

S, t-

H 9
CO CO
0) 00

CD O^{TF}

3 O_{O CD CO}

ro cn

cl g = g

> CD

Is

CA

£ cd

COro

Q »

TF

o

Z

JC o o

cq

ao

z "

JC O o cQ cQ
O O CU

8

c

I 5.

s g

JC c
O O ra o cQ

11

O O I '55 cu
CO - -

3 g o

ni CN oo
is LO v-
3 CO -
I- T- CO

CN
LO
OO

o Z
JC
O O cQ

o

ZD a>

CJJ CO 00

jc

CO 00

O O
CQ

ZD CU

LO CO 00

O O CQ

O

S C 5
= Tf
CD O

CO
CO

LO
CO 00

O O CQ

O

F 2 C 1 S

CO
CO 00

.3 CO

Tf
00 00

oZ
JC
o o CO

a
LO CN

15

o
JC

ra rZ;
CQ g
cn co
c co

Q^ ai Q;
> . ai >;
ti T3
C> o 2

ZD cu

I-

CO 00
oZ
JC
o o CQ
cu .

oZ

co*

Qj jc 0)
ra CQ
o CQ

CO
m

8 ra

o
tl CQ

o

r? N
to ^ <ft cn CO
Tf T-
CO LO CO CO

t- -Tf
p cd g
CN
Tf
CO

CN
"3-
00

LO CO

I
Tf
CO 00

oZ
JC
o o CO cu

ro CQ

8 00
y CN
t) "

>| CN « TF
"» co

CN
TF
00

o o co cd

ro CQ

o

Tro OO

o Z
JC
o o CQ CD

co
CQ

o

co oo

tree

o
ZD

J/J
ro
ZD TO >
TO CZ

ro
E ro cz cz

ZD
CO
RO
ZI TO
> TO
CZ
TO CD
E RO CZ CZ
ZI
TJ CZ ro CZ O
RO a-1
CZ
RO
a>
TF

0
CD
CB CD fe- CO
CD CO
+- O

0 r>
O £
»! fl
it

TO
CZ ro
-4-
ro
JZ Q.
CD LU _
c jef ro >
> O CJJ fc
j? ro jo 3 O co < co

JO
ro
zi
TO >
TO CZ
TO CD
E RO C C
ZI
TF
CO
TO CZ
ro CZ O
ro ^-1
CZ
RO
CO.

C
OJ
3 O
TO CO

.. .

TC I

tz o
r= Q

JO
ro
ZJ TO
> TO
CZ
TO CD
E TO CZ CZ
ZJ
O
CD TO CZ
TO CZ O
TO -*
CZ
ro
CL

CO .CO

S

o
co

tf) "L3 CO Q_
C O
(O L_
O
5=

~
CU

jo ro
ZJ TO ' > TO
CZ
E TO CZ CZ
ZD

Si
CD CJJ
ro E
3
o O

jo ro
3 TO
> T
CZ
E TO CZ c
3

3
o CC

o O

jo ro
3 TO
> TO
CZ
TO 0
E ro cz cz
3

CZ
ro 0

0
N
'co
CO
jo 0
a

ro

ro CO
jo 3 o

ro
TO LU
io" 0

j/j ro 3
TO >
TD CZ
CJJ C
IS IS
0 5

JO

ro 0"
0
ro . c
ro 0
jz '

JO
ro 3
TO > TO
tz
TO 0
E fo cz c
3

CD
3 ro
CO CO

3
a

0
CO
3 O

CZ O
JO
0

E o
r

CO 0
JZ
t. 0 CQ
L. 0 tz o u_

JO
RO 3
TO >
TO CZ
TO 0
E ro cz cz
ZD
TO CZ
RO TZ O

ro "iz m
TO CZ
RO
OI

TO CZ 3
E
TO LU
CO
■tr O

JO
RO 3
TO > TO
jo ro 3
TO > TO CZ
TO 0
E ro c c 3

TO 0
E ro cz cz
ZD
TO CZ
RO CZ O
RO - * - 1
tc,
ro
to.

o CZ
o CJI
•3

too
LU co cd
.<D. w co
U_ 79 26 CD

- 5 0

jo
RO 3
TO >
TJ CZ
TI O

E^U ro cz cz
3
TJ CZ
ro
TJ
tz J5 ^- o
CO
a-i O ro
o

C
JC CQ
0
O
CO
0
CJJ
ro O.

o o CQ CD

co CQ

o

CD

4 l g
U =5 3
2 cu g
O « S

tf)
CD

Q «
o
Z
JC o o CQ CD
CO
o

o o m
CD

co CQ

o

LO OO

Z Z

o j c j c

oo CQ

oo CQ
CO
C
CD CD N N
O CJ

Zt LO
o CD
Zi TM
lo TM
CO

tT
OO

tiro CO

o o CQ

CQ

O
eg g > . to « CO
CO CO CD ""
I?
=> CN CD t-

LO
CO CO

i
tiro OO
o o CQ

o Z
JC o m
CD
CQ

c
CJ CO CQ
LO
o

CJ

CD
% LO
ZD ^ LO CD O CD O
00 LO 00

3 CO 3 CO

O
LO 00
o <

O

ZD
CD
JO o => O
i- CO

00
Tf
00

if
CN CN

o o
CD °0 CJ
ro co" >, co CD tl-

O CJ

I §
°°C0'
CD °
tl s

ro oo

LO,11
OO

j
00
CO
00

jo CO
ZD TD >
TO

cu E
~ CO

O § Tj TJ
CO r-5..O

o) u= t. 8

TO
C
CO
CD
C

CC 32 tz-j o

.^i 32 -c
O § o

0 C CO -3
TO CZ CO
CU CZ
i_0 JZ
4-
CO
O
CL O JZZ 00
in

jo
CO 3
TO >
TO CZ
E 0
CO CZ CZ
ZD

TO CZ CO
CZ O
CO
_*!
CZ ro co-

co cz
ja E
O ro
oaCD
CO 0
CO Q
CC

..-4<

0 CD
Z-<

° 'cz < CQ
0 L-
co fz
0 O co
PE = 0 ro
15

co" y 0 £
c^LL-
-3 is

CZ
0 I
0
TO O
CC 0 o
J+r 0
cz co
co CO
JO
CO ZD TO >
TO C
co" 'I
CO CO
S TO .. ZJ
0 TO = '>
TO cn JZ
CO t5
0 CZ
TO
co"
CO CO
0 E co

t 1
CL 3
0 JO
L
CO
N CO
\$
ro
CQ
CO JD ZJ CO CO
2 CD CO CN

0

-44

3 CO
CO

JO
ro
ZJ TO >
TO CZ
E 0
E CO CZ CZ
'3
T
CO TO

CZ
O
ro -*.1
CZ
ro
CL

3 CO
0
TO 3

CO
ro Cl
o ti
CD
v2 ro
CZ 0
0 > 3
0 > . CO
CQ c 0
JO
CO
3 TD
> TD
CZ
TD 0
E CO CZ CZ
3
Tf
CN TO
C ro
TO C CO

TO CZ CO

c co Q

x.
COCO
GO 5
O 0
o JZ
CZ
0 - -
CO 0 ~ CO

CC

S
= J z ^
0 CO
CD W io" ^
0 N CO CO
CO > . 3 ^
o > c
CO 0 CO
- - CO > . CO JZ
0
[tut-to ro
CD
o w
| 2 g
CO
C
CO
jo CO
3 TO
> TO
C
0 * =
" ^ 0 -
E 0 0
X CO"
- - CO
o ..

TO CZ
CO

if

cz CO
.5

.o
JO 2 LU

⁰³
£ ro co

X.
O^UCO

^{TO}₀
E ro cz cz
3
0" CZ

co O

co CO
X. o

jo ro
3 TO
CJ
C
"5 o

I s

0
CO
■ ii CO
0 2
jz - 0
■- 0
TO CZ
CZCO
ro ->
CZ -Ar-
0 +5
CO32
CZ >
COTO
O..E

CQ
CZ SZ O

2
JZ

JZ CO
ro Q.
O

3 O
ro

JO
ro
3 TO >
TO C
TO 0
E ro cz c

TO
CZ
CO cz o
CO
C ro
CL

CO
CZ 0
TO 3 CO
CQ

x
o

co 0
co
o

S »

.5 =

o o

x >
3 -E co «
CL 5
o Q

h o l 0 co

JO J
+ 3 co 12 cz
> o

1 "
DJ 0 CZ LZ
1-i

o TO
J= ro
TJ 0 ro <
TO CZ
ro
o a->
co
CL
CO L

CQ 0

ro
o LU
> 0
T2 ro roS

CQ CO

CO
o
CJ
ro
CL

o

CD
tz

ro CQ

O
r^." Tf oo

CD J

0)
CO
S-*
ro o
zj o
r-CQ

W CD co
CD ff
+Z oo
CO ■<-
Q d

CQ 01

O >. co cu

IS
.' o

ZJ CO

co oo

CQ 0)

o o CQ

O
O

CO
O _ *

CO CM

J2 CO CO CO

00 ti-CO CO 00 CO
0 0 CO

T. r11

co- c

if N CO -
O

CL CD JZ 'co
O -
o

CQ !2 cu ro <2 0-ro co >> cz
CD CO

c3iE
- tz * Z o
CWS
00100
0003

m-co

.D co '

JCZ CO
o co
CDLO _

Cr-*
£ ft
CO 00

CCco CO
8

£ CO D CZ ^
CO LO 00

r-~
CO
JC¹ O LU CO

Tf Tf

o o CO

o O
SZ CO
CO
° - o
CU CO O CN
1\$
CO CO
1

Tf
CO 00
O CO CO

CN O
i
o o CQ

∞

CD
> . O)
CD
g
CN
g 5>
Tf
OO
> CO

CO 2
■tz: lZ o 3
T. CO
CD CN

It? CO 00

ro tf

2

Tf

LO
TJ-
00

to" "o
^X

5 CZ JC CD O N
o :k
CQ CJ
8 3* £ 2
>* Q)

II

■c = ro H
0- cn
cd o tl §
4* Tf CO 00

O cu - cz sz ro

LO 00

coCQ

co

■35
6 £

in O

■n cp

■Tf Tf Tf CO

COLO
Tf
OCO
2f-

LO
CO Q. CO

CL «

JC

I §

J CQ CD

co JC

2) Iz

0 co Iz -

_I CQ S

JO

ro

10

■g >

TO CZ

XJ - Q)

2 i

cZ

10

CO
o co CJ ?

% ro
CO
TM O
CO vzz
t. 3

2 a.

CD⁰⁰ C CT) > CD
r 3
O co

cz o t , ro

co
D CJ
C O ro

ro
N
CD

QJ
tc ro Q

jo ro
ZZ TO
> TO
CZ
CD C

a aj
coⁿ ro E o

JO
ro
ZZ XJ
'v
XJ
TO CC
ro
XJ
CZ ro
r
XJ
Cu E ro cz c
. CJ

>> ro
cz o O

ro
o m c
.52 CD O
o ro ~>
CJ E
Zj ro
o j =
co O oo

- r ~ JZ

f-02 JZ
 3 EE
 . - ro
 > ^ CD
 CD :: CD
 = JC CO
 o ro o
 a-10 ~>
 -CO iz"
 JCZ -L
 0. co
 CD CQ
 3 cd
 Co ro
 CZ" O
 CD -
 (C O)
 CD O
 ^ r
 cd" E
 8 <
 Z CD
 CO iz
 ro =2
 ZJ ZI
 XJ ro
 > CO
 ■ -550
 ro -
 CC LU -o
 ro cd co oj cr^
 c
 al co*
 X cz
 ■ -ro
 § z
 co • r ro ±z
 CD ^
 ro
 a lr
 < - iz"
 • - ro
 • 0 ro
 • > CO
 • 0
 -> ro"
 • - cz
 ^ M
 § ^
 it" LU
 xj" c 0 .2 §
 *oo
 != ro
 CD E
 CZ o
 Ih; if ^tz
 ro ro k co
 0 0 £ x TJ cz"
 1 §
 o ro X
 ro . -
 tz
 3 %
 co
 CL-J

to

XJ
cz ro
CZ
O
0
co
■5
ro
p a =
CD
cc p
a> co 52 ro co
Ct. CD

= ro £ LU 2 h §
RO -tz+TO

ro
JO
ro CQ
•-0 jc §
O CD

■i'S

0
cz ts
0 3
0 cz
0 X 0
qz" 1
13g
1 J^J3i 0

•Lz 0 -
0 N£

ro
O -c ■ ro s
0 = < cz
0 I^CO

0" CO
c •-

CD =
ro ? 2 | o

0 CO
CQ 0 . . O c/j cz
E LL > s . . ' 0
LT^c
0 ro o ^
0 £
Q. ^ CO ^
io" xj"
CD

II

XJ jo LU
ro
cz
ro
ro
13 fi
o co

0 j?
£ O

CO 75

XJ ZI
CZ Co ro 0

gj ZZ
ro ro
c S
ro 3
3 CO

< Q.
f' ro o
f' ro CD^

zz 5 E 1^

ro
0 Jtf o^{XJ}

e|i2
o W CZ OJ
O 0 _
X O Q

CL o CO

S^{CD} C

S
cd"
ro cz
3

^ C \$ 5 o ~

ro₅

CO LL-
cTJi
CN O CD X CQ
ro X 0

> . 0 c c ro

O g 0 s CD

j«f» o 0

" i

ro^{CD} Co

3

E jo
CL 0

0 ^

^ ci
JO 1=

Ⓜ £

> E' E E J5

£f
to" \$ 0 o

< >-
Cf-c

..-J
t= TO £0

C 3
N 1

CO
o
>
9.1
E lu .55 x = o

i%

5 E
CD
C tf
O " cz"
JZ
1 £ -> CO
.5?! CQ \$
xj" io"
ro
c fc
o o
o JC

ro ll
. - ID" ro co n o
LD cc
- CD# H -> o XI
ro "» jf CO >O "50
o

>; ro
cz
ro X ro
CO cd
i - CO cz
ro cd³ ro J > x fc--J=
^= jf
2 ro cl ■-° iz" o >. to ^ g 1

ro is^ -
= 5 - t~ "0 5jJ xj jz -c 0 o 52 pro.ro <http://pro.ro>ro CC CC
§ £t

0-0
c J= c tz ro z=

CN CO
0 OJ
ro
CL
ro
a
cu jZ o

<

to v

o

0) 1
2 =>
3 cz O -55
to £

CU

LO

nj
Q £
CL
org
S =-
o cu co >
cd ii co
gcN
o I7
5 .g
o .
3 5
- CN
J7 O
CN TI
- 00
O ^
TT TI
00 CO

-fi LO CN
r-T >
- O
LO CO
CL LO
rz
JC
O LO
CQI

3

. o

o o CQ

co cd _ CN
CL cu

co oo

o o
o o

CD ro
ki v '
O £
>. o t. co O



g co

o
CD 00
00 LO 00

o
CN CN

oo
CQ

o O

.2 co ro oo

00 CO 00

CD

o o CQ

o
O

CL CU

ro co

co
CO

JC
1 §
CQ CQ £ S)
zi ro
c O)

I S H 2

CO JF

CQ W CU 0-

Y CU

CJ 0

£1

CO CO

Is

CU T-ZJ CO

CO

Tt

00 I

M" CO CO

O

SB's

^1

CO S

L0" 0" 0 CD t- CO

0 0

CQ CU

cn

0 0

CD CU 0) CO CD

IZ 0

2

to , -

2 S

ZJ T-

00 00

£ CO

CO CN

CO

CO

Tt
CN Tt

<r c^

JC CL

0 CO

CO CO

CU Jc

0 0

CZ 0

CO CQ

CU

.co co

oo

ZJ g
.p
Tf Lo
co Lo
oj en
^TfTfco 00 co

CJJ
T
00

CO
t_ >v CD
o
CD
CD
0" co c/j
CD c cz

g> cd" co"
35 ^ w -c cf K O CD
S 2 ff) l_jz--
tz O CD l-o
JD

CZ CO < CD CO

co" 32 2 2
3 2
Z
CD >
in ro cd
3
jz
ro
t <

E < i
CO
3
TJ >

JO i
JO q
O
* > cd o_
W
0 b"
TJ CZ

To c? ts o
0
ro

O CD
gi.. in aj
-LT CD jD CL fc 0
CO 3Z5 CJ £

41

UzS
■ a TJ fjJ ra £? c
CQ o @ "S
r is S
Q_CO

0
i- CD⁰⁰
a> -

I¹
O CD

CO⁰
TJ LU

CO
ro
3
-g >
TJ CZ

E i s |

io" =>
JD CD

E

***S**

CO Q <L> 5
CO⁰
>35 LU CO.

0
TJ C CO
CZ 0" O CO C 3
CZ S ro
CO -J 0
^ 0⁰
CZ CO -tf c 0
.Q (JL
c n ro
JD zj Jz t CO u

0 CZ
CO
O
L
JZ Q. 3
LU

0
ro

00
L
CZ
LU
>^ 0

jo
CO 3 TJ
>0

1M

too j5

I⁵.

O cz
O 3
0 2

£ D
TJ 0"
ro &
TJ=
35 CL
0 cz cz
<
TJ CZ
ro
c_?0c-100X.g
0 52-"S I

JZ

0^_
TJ
o CD

TJ >
TJ
CZ
CJJ CZ
>
O

0
JZ
-*_1
TJ CZ
TO cz O
ro ^-<
CZ
CO
to.

0z ^-'
to
I b.
03 CZ

0 JO
0
CO
ro
TJ JZ
CO
E ro
0
TJ CZ
o E
TJ LU

Jo ro
3 TJ >

o

CO 0

JO
ro
3 TJ >
TJ CZ
CJJ
CZ

O 0
TJ O CZ CJ
S CZ ro o

ci§

JC
o

0 0 CO
0 _ 32 E co ro 0 . CO 3J

i> re
CT^

to 0 0
^X DJ
L - O
CZ JZ 0
0 jz 0 E ° -° Cc cz
= 0
E co 55 tz
== JZ

0 jxf
o b 0 .. CD 0 .. co

0
0
CL
jzT o
CO

TJ
tz
> ; CZ
- ro co co . co

C CQ TO

jc .y
T^<

1 °9. 0 £,

CJ CJJ
O 0
>> JZ

ro 5°

I 0

ro Q- co
C ZJ
CO o g

»

CO. 0 0 0

0
o
3
ro
TJ
ro
NLU
co" 0 o cz ro
ro
I-co ■c-CO cd-co *- co *> ro o
2 TJ ry
OJ Cj ^
CO 0 ro
,,-cn >
0 L-><
c>^C0
L- ■*'
CO co jz X Q. 52

0
cz

ro co CC z
.5? 0
*to ro S ci

-I
ro .5= 8 tj

U i
S CZ.. ez
40 3
CO E-j ro .. CO >, to
=3 O O CL H

CO CO
0 CJJ CO 0.

CO CO
co *7

co

§ <
CQ
UJ o
o
ro CQ cp cd | g>
JZ o *c²
CO
d
o CQ o o CQ

ro CQ

o

o
^

CO
CM
TF
00

! lo

CL h-t

o CQ CO

tr o

fi s

cz cn
ro o
0- go
c B
o CO
to <-

- CO

ls

o o CQ
c: <u 55 3 g¹ 1 k>
Z T_CM- o OJ O

cd - cn co

TI TI
00
TIX
-T g
2 CO

TI TJ
CO

o Z

o CQ
CD

CO T-
CQ CD
» ?
8 co"

>>T-
« CO CO CO OJ T-

CD 00

S cr>" cn co

co "-
^ CM
TM SS
CO
cn r-
CO
O CN
oo co

CO CO

CD oTf
JZ °- o 2° 8
JC JC 3> u O CO CO O oo
Z CQ T-

CJJ CO
oo
00 CO 00

00
LD
00

00
LO 00

COO
LO
oo

co oo

SZ CO 'C

CO

Q_
c o

CO

'■5

CO

oo CO

CO
'L-

u
cz o cz c
CO

CD
cz c
CD
CO

o
o

o o
o
iz" o
o) cz >>
I
iz"
JZ
O

£>
cz o X
io" o
ro
JZ
O

CO

o
ZJ
CO

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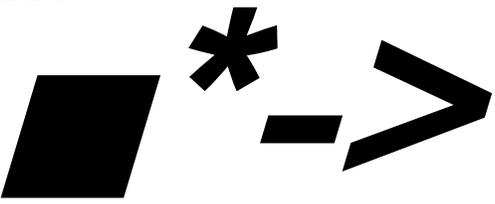
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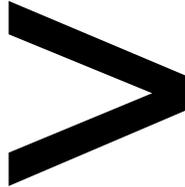
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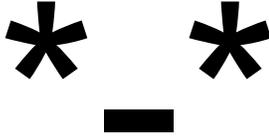
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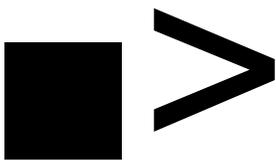
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c ro c o
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TO 0
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0 CZ
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c 0 > cz 0
in
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CO

^_ ro
iD" CQ cz co co 0
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lj- ro 0 ~->
0 . -
CL = Q cn . .

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£ 0

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3 TO
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1 i > "OT

Iff

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CO c- CO

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(J) | oo ZZ co o
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CO rx
CO LO
OO CO
T- T- I T-

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Jon
CO CQ ij co

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m~
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LO CO
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CO uo
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LO LO 00
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o CQ cd
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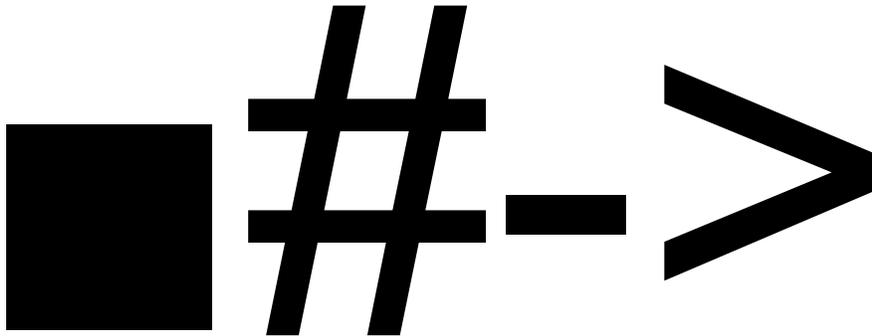
CO
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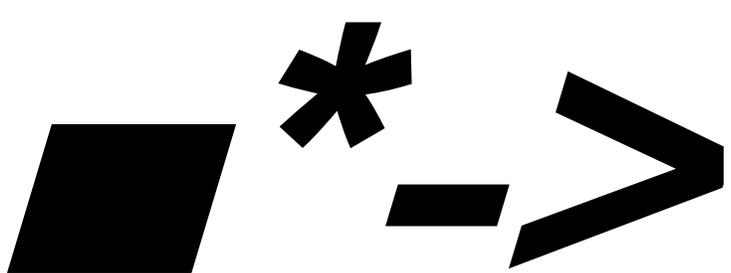
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CZ
ro
cd" CD O ~>
-3 CZ
- ~

a< CO O JZ

CD CD
JZ JZ
So 32
CC ro
jj" 0
o o
3 TZ
-i ro

E ^
o JJ
L- co
roJ
CD CO
""^ ' CD

£ci co o
^ co _ af°
CD JO jf-L fj) §
CL cz
>;<
tz
-5 l
CD JO
O)t C co

.1*
<
j-> CZ 3
o JJ ro >
cd ro ¥■ £ 5 ro

E
Q.
S2 o -o
CD JZ JZL
O TO
< ,

JO
ro
3 TO >
TO
32 ro
3 TO >
TO CZ
TO O
E ro
CZ CZ
3
TO CZ
ro CZ o
ro +.cz JO
CO-
^z

cz
TO CD
E ro cz cz
3
IO OJ
TO CZ
ro cz o
w
ro cz 35
CL
TO 3 CO
CZ

o
?!
ro ^
co
L^ cz 0 o : LL 5 -1
co" w"
•Q S S
ro § -g>
CD Q K

32 ro
3 TO
> TO
CZ
E ro c c
3

0 co
3 O _J
0 ro

C/J
0 C ro
CL

to 0
CO)
ro 0.
o Z
X O O
CO
CO
CD O)
ra
O)
tr o

CO in
CU
a.
■§ 2-co ?
- ra
CU
5-1 CM
5 ~ Cz
CO co . - o
2 s
^ IO
cu g i-
■2 5 fc
ZI CO .
I- I- a.

ao
co 6
o o m

co

o

CD
TF
o
Z
O CQ CU

m

Z-
J*

jj 8
ZJ CO CZ D)
fi
co s£ CO u>
*a
CZ S £ 0-
O

CO o . . . CO
Is
CO CO
CO T-
00 .

o o CO cu

CO
a. ^
cr¹ CO
T3 CO

55?

CM Q.

OO
m

O
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0. ^ _ £ • CN ■ O pC
CO
CO CO ™

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^ CO
o
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D) o CO
5. cu
H> o
tr c:
o ro
- CO"
CO
- a.
o o m
CO O) S.
cu cm
> tr
i=
O O 2 o

ire:
*D CO O) S= ° O
co Zr. ^
CO CO
55 2 2 o
LO 00

ro CO

O

CU CL
ra CL

ro m
ln m

co a>
g -rj-
00 Tf
CO co
co co
OLO 00

00
00

IO
00

CO
LO 00
00
LO
CO

CO 00
CM CO 00
00 LO 00
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(TJ Q.

XJ

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CO

CO
CO
00 g XJ -3 LU
ro g § a. «>
E o n-

cd"
CO
o CC

c
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CD
CD

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CD CD
^6
CD • -■! CD
° - O
• - »
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E <
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o
S**9 -c
CD <<
CD
c c
<
CD N
< - CZ
. - 0^c
CD iz 13
JTcS 0...OJ 0
CO = CD
5 ~
>^ >
-5=0 := CD
CD
jc o O IS
c c
<
o
3
JO
CD ZJ
to
XJ
cz
CO
c
\$
o
PB c ->-' cz 0 co cz Le c ..00 X
L2XJ
ox
TO CZ CO 0
-a E
-3
08
LU -J
E 18
ft
O O
-3 X
8 s cd I?
CD
O"O
E
TO
LU JSr¹
0
JZ -*->
XJ
c CO
CZ o
CD +->
C TO Cl
CD
a. 0
cc c

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o
P s
0 L>_ CI-
ef X ° c>
E 32 32 "6
0 iz IE 0
CQ CO X o U CQ

0
C 0 CO) 3 LU
0" CO
L
ro E
ro '
DO CZ
<

39 CD 3 TO '>
TO CZ
TO 0
E TO CZ c
3
TO CZ
ro CZ o
+>
JD c
JO CL

0
o
CL CL <
CZ" 0

LZ
JZ
O

<

JO
ro
3TO >
TO CZ
XJ
0E ro

TO
c ro
c o
ro c jo o. l
CD CD 3 CO

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00 CJ

cf ro
V
> ro
- N CL UJ

>> CO N

1 ^
f+
ro v Q \\ z_- ro
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^< 0 if

ii, ..0

CQ 5
E cz

JO <
ro i_-2 0
TO CL
■E ro
CD O

!1!

TO co* ll g

HI

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CQ
CD
jz CL 35 .+* TO 0

32 §
CL CO m 0

|E §<

H ° co
0" <2

S ° o jz
O l-

JZ
o
CZ ■ C
o
w Λ
o TZ CO
< o
Cf Cf o ro
o . / =
CL LL
o ro
i =>
IZ > - z S "" c
<
ro o
o ro ro
o • - x 0³
.. CO CD o
o o
LL O
TO
i CD =
o³ CC
.. - cz E Λ
< o
o cz
ro
tx Z
o
S3 cj ^ - 0
o o
l.i
co"
10
CD
io < ro io
czl.
o ro
E "5 ro ro co co
S
ro -o
I ^ I |
32 E £ < j ? §
3. TO > *
> 7S
Tj iD" F= CO
ro S^r^E
32 cd o c o
£ 3 0 ro 3
39 LU cq u I

E ro

S
CD o
c o Q

0#0

CO
JZ
O
TO JZ
o
/
0 JZ
TO
c ro ro
N
UJ
jo ro
3 TO
> XJ
c
CD CZ
\$
0
JZ XJ
c ro
XJ
CZ ro
o

0
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XJ
c ro

c
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cL
o 0
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0 ro ^o iD" c
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3 0
UJ Q

ro S
30
S E
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35 £ >> c
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£ c 5 0
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sn Z
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> -C
TO TO
CZ CZ
- CD
g> 0 \$ 0 c
o c jz = c o
O 0-3
XL_-
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| 8

8
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c Si Z
ra o ^
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o - o C
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O - CO
l -JJ tj- ()
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oo r-+ cd
O -1 £ .M
CO w 2 cj
oo
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CO
oo
o Z
oo
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CO

CD
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cd o ra j\$ £2

uo
CO CO

o o CQ

o
cm "a ^ £ 9
CO

oo CO CO

CO
TF

-- CO

o o cu
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O ^
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% K
ra > _i ^ co

CO 00

cl* OJ
"U co
£ 9 ra z-
co

CO 00
CO CSJ
CD
CC:

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g ct o c O '€

cd a
- CD g CM
o O
|| CO CD IO ry-

ra 0.
CM O
ro 9 2 00 10 co
W r-
00 LO 00
CO LO 00

in"
£ o o"
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CO D- CM CO -
^ 5 ° -JCO r: O V T f O m 1

rr S S
co co co
CD ^ f- CO < /
ro cd "0
tr co cQ o C II
5 tr cd o o >
_- 5 CO
w . J?
coS ro co !!

IS?

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< CM -

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If
CD f
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CO
.CQ

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CO iS 2
CO ZJ
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o cn o CM
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O CL

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c oo
~ CO
H ° O
ra T-
= N
CO oo

00 CO
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0 ed E ^
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a 0
o
CD . . ~ > ^
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TD «
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ZDCO
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o -o io"
=! c o
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c: ^ -j
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^ _l a>
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2|
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z?? < Z
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CD E
X CD
CD E TO g>

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O) cz
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o v

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CQ
E co
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= 0
tt⁰-
■ - co 0 tr
«5 S 0- *>>

> co
cl 5 CD
t§T2 i "
I &
g'co
a b>

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ii
i2 O

TO
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11

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ro ro
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0 2
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.. 0
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ro S
- CD
co TO c co
0 5
CO 0
cn ■
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toO 0
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r C 3
O CD CO
<- Q TO
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ca
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>_ 0 ts -tz co -
Q TO
CO CD = TQ
sz cc 0. 35
"CO o @
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o o ?5
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co 0 Z
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CO

CO

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E fl ro co
to "S. S ro 35 cq

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co

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w ro

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E ro
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> td .-; .E 0 0)0-

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CD tx o O c= co

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O⁵?

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TTTT CO

a
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CD
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CD
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CD
CD > c
o O
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<-> c r:
- f- r-
"5 9 9
u N CO CO
CO CO CO
Q. Q/ CO
t CN Q/
CO CO CN
T. r' co
CO co

a. o"

CD CL-
os CD

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a

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W CO
59
cr r-
ra co
0. co
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ra co
S CO
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o c
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cd" o
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ro E co ro
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CD ^ TO j_-S fl
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o > ;
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ro
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5 o
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io" co
zj -1
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CQ q_
xz~>>9. E
b ro
8 E" fl 8
CQ CD

co . . || 11

ii"

fl £ fl fc-
0 JZ
JZ o *- ->
C 0
co p_J
TO 0 CZ 0
fl (J

0 o cz ro cz o CJ
cj" c fl m o a
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CO
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i: 38 0 fl ro CQ

l.gc8

ZJ fl co"
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32 c o ro 0 ~> ■g⁰⁰ co"
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lz E| - co ^ cn -3 r--
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iss

£ 3 ^ 0 CQ too
JZ f-CO)
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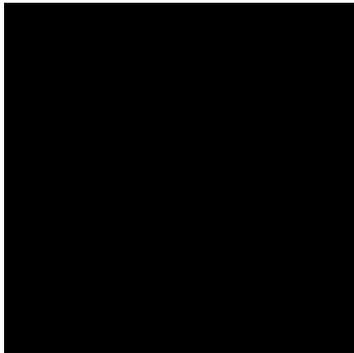
fl £
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|S«

52TO
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CO tJ* CO
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co

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CC CU
CO CN CO CC
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r- 2..

- cu
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O z c JC
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CO O)

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to
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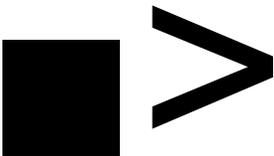
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31

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cz o 0 Q
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CD cd" .. e c 0
JZ CO
oo -> CC
"A c" cz fc
zr 0
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*-CO
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ZIZI TO ->
TO CO. E 3 CO) o CZ -1
> E fl ro fl co
0 0"
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ro 0 o. O
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CO
co b" ro jz
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Q-JZ.. ro ro ro CC £

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. - CD CZ *: O CD -1
O)
.E CD"
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-5 o § cc
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fl E) ? O
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CD" cz
Q co O
cz o <n
CD co" Z cz .. cz
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CO
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° < Q)
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cr . -o >>
CD in" CO = CO
CO fl)
'zi o
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^ 8.
E OT
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CQ ■ - LU x 2 X

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o cc
O co. oj. o ^
CO CO^o
Ql j*: . . o CD = co <C >-

o
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£ >) » fl r? IS CO) o CD
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LU to ro
cr" O OT
CD .. J-j
E cz

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OT fl -5
jf ^-LU
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O TO =
^> -5 O
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JO JO
ro

XL cz fl
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O <F Q
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«i z |
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CD o
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o
ro o 0 fl
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■ - ro w fl
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CO CO - OT
to = ™ ^ ^ ro

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!2 ro ll

OT to 5 TO
0 ro CZ o_
to -r, →
TO 1 O
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if ro 0
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= 1 ro ro

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x ?J. - E>
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F Ff^

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f= C CO
cu ro CO .
tl CO "- CD.
6 ^ ^ LL."
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ro CQ i? cu
S CD o ro 2 cn tr

CL isj cf CQ
ro g 2 ?=
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(A CD
ro co Q 5?

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-2 ^ CO o O
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CD o
o cz O fl

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...CQ ^ CD
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0 t; ro cj
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0 JO
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fl ro ... ? , io "o ro < o
cr co" E ro cz to § c UJ

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. - ZJ
cr ro o cz
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cd ^ CL io" . - co

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CO w-i_- fl
ro
co

iD ^
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5L_ .
cr" S co o
CO cz ZJ CO
CO z
S CD-Cl. O
LT CO
= o

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Ho
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CO Q
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O S .. c JO cz
o ro
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ro ..
> cd . - co

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o
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ro lj-co = . - ro
cd co
- .

>>

31

cZ
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cd_cz
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E o ro CO
cr j> ro O
lu -E ro
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o S ro lu

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li

o Q
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S i 2 fl
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Jō o ro
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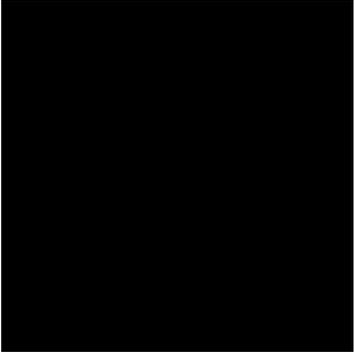
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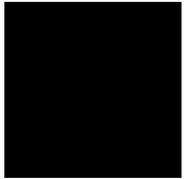
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ls

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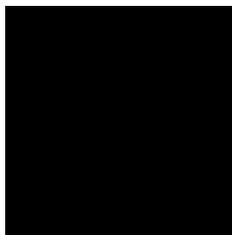
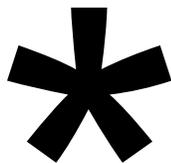
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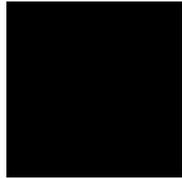
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j*f UJ
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0 OJ CO >
0 = CJ -:

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ro gj .. ro

co p
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ro TM jz .oj
O CQ
£ 55
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ZJ

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c" > ro
<c.il

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ro 2 S

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X
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JO
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CC: o
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UJ O
o>
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g. o
CN O
lo CQ
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o r~ °o if ■
cu
CO CO
cn tr o

CD LO

g O
^ CO
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CO
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= LO
CU CO
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TO CZ
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5 LU cSi

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CO CO
S o
. - CO
> CO
0 0

TO
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CC _ >
> CD
0 _ J

il
.. cz ro >
ro . _
Q 5
CO . -
ro c X ro

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.. CJ
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co cz
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O t-fl ro
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o cz
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o ro
co jz
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ro co ^ 0 jo"

C7T° fl³

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t; o
cro tr o

CO CL
CO CD
CO O.

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CD LL.

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cd

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^_ co
cz o^{CO}
CO CO
E E LU
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Ep =
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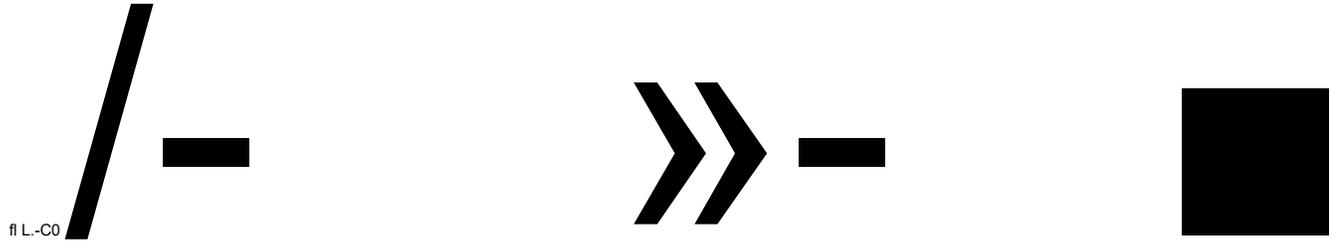
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!o"o

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t- CQ 2

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& 8

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O O

0-J CD p
oo" JZ

CC
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=< CQ £

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= o

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cz £ j o co

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< 0
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£3
_TO TO
CO 0 ZJ JZ
fl TO > CZ TO CD
fl CD _JZ D)t;

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it CD
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1?

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S-CZ cz ro
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.- 0 ■5 co
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fl JZ ro nj 2 or
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RO
CZ CZ
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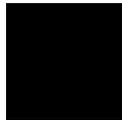
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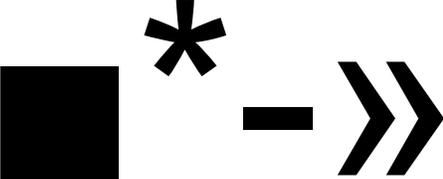
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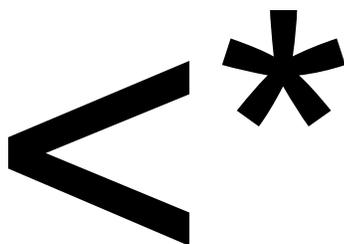
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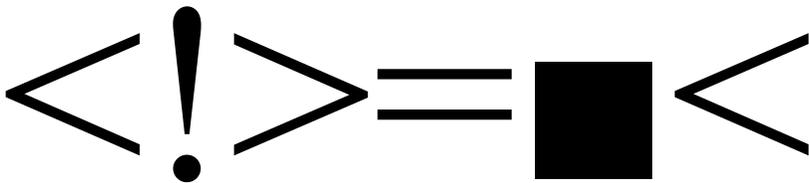
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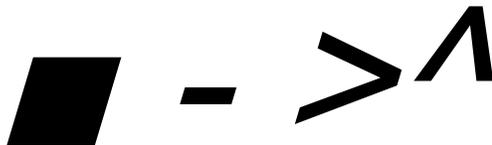
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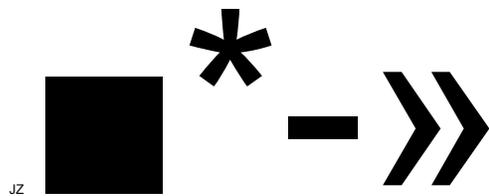
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ro O
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W) >, 0

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c .E

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I

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cu C! CU
r; co en
cu o o
Or CM CM
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TO >
ir 0
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to --
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C ro
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JO
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ro ro ^ x h f
E jo
c = X S - > cr "> ,
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co CD cz cn cd ra n cro ~

JZ co CO u.

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T-1

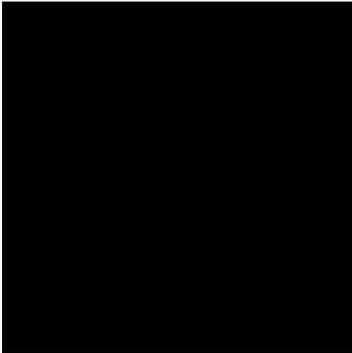
r-CO

CO

W ro
ZJ TJ '>
TJ CZ
E ro c cz
ZJ
co lo
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cz o E
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O CD
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CZ ^,
5 ro
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JO ro
 ZJ TO >
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 CZ 0
 CJJ JZ fl
 CO
oE ro ->
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5B
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**** nf CD CD fl Jr, JZ TJ fl CO -z=**
E o "
 CD
 TJ - CZ = CO CO
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 E 0^
 A 0 "O g
 cf K ro 2
 cd = iS X
 cz ro

 - g 0"f
 5 g co fl < -
 cl CQ
 co 8 ro tj ^
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 cl X -j ro

 CO ZJ CJJ ZJ
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 x"
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 O CD
 QQ x
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cl =
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 cf co co
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 ro 2 o
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 2. C0"g
 <" o S CD 9 -
 a. o ro
 zi CQ cz
 CJ co ^
e f =
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qj: CQ

CO CO
TF
CO OO
CM CO OO

ro
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Lu >>
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cZ sz O

JO JO
o X
jo ro
ZJ TJ ^> TJ
CZ
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fl o
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tj" CZ ro
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cu 2, co c t o o
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co co
co

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o O

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o o
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cu . co 1
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JO JO
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JO
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E co
t5 y
g
_ a.
i tr n 0
ca t "St
o)
o
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ro u_

o
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CO

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o

~
a. E co O
TJ C CO X
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x"
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CQ

CO

'€
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in

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tz
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jo
05 A
loofl co c
^TO CO g
0 E
3 CO
cr tz o c: ca 3
J... (U << ro
3 X
O ..
-I cz JZZ
o
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co X
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oo
L
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E co in LU
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co2

Is
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fl 2
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to co
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■j3 m j5 ca
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_o ca
±= cz to
co fl
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ca
fl 6
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0 hi"
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Q. ZD <

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ro
TJ LU
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o" c fl
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ro fl
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< CO
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in
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- -5 >> ZZ
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fl JO > <
TJ _ CZ o
- ro 0 j ro
c JO

J 0" fl -fl j^Q
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tj 2
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f8 cz o

JZ
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if 00
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o o cu CC

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TO
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CO
CU CN

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CO !_-CD CD
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TO > CO

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cz cz o 0

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.92 "5 .j
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ZJ
CO 0 to
CO³
o X

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cz o tn
TO 0
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to co ro
E ro cz cz
ZJ

L
jo o o ro
JZ TO
tz ro

Is

o 0

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CJJ
CZ
> o
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TO CZ
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E 5
ro CD

CZ .-
CZ iz
ZJ o
CO

TO
-CZ 0
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0 jor CO CQ

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CO CO
cz cz
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0 0 ro
JZ Q.
0 CQ e
a c"7^
TJ LU J-
CZ Q .. ro co n
CO LU
^ ro ~
sz
CL
tn
co 3
ro ro
ro
TO > TJ
Eb OJ ..
E jz ^
'5 2 CD"
fl cz O
o fl ro
*_ X O
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JZ TJ
- "O CO
TJ O L
CZ I-0
" ^ CZ
tj b 3
£ ro ro
fl x co

ro 0
JZ CO
ro CQ

CN

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CD CO CO CO
r o
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8*
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O 5 CO CO

(O CD
4:j CO CO 00

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CO CO
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o)
tr o
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CO
tr o
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■ cr
CO o
o. 55

c/5 s
cr* CO CO CO
cH 3

OO LO CO CO
CO CO
Cl to
- o
<° P:
- CO
o CO
CN CO
CO ^
X CL
o -
o CO
CO
CO
CO ,
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2 co tr
JT 9
tr = FO o
LL CO
CO g 5 CO CO
4-> CO
C/J TM

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xf O)
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C/J CO

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CD g C?C\$ CO CD
k CO O CO 2 CO

JZ o

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5 CO CO 'J CO CO

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CD *- CO o
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or
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Cf* CO
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*- r-
CO Tf

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tr

CN CM

O O CQ

cro tr o

CO

0- CN
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ro o 2 co
CO
- CO
CO -r

00 CO 00

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TF

O O CQ
CD cro
tr o

CO
ro o 0- co
c^S ro S
S CO co ^J CO
C/J T-

CO CO 00

CN CO
TF

CQ
CD
cro ro
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tr o

ro _
cl
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c/j iz

CJJ CO CO

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!> ro
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CD

E fl 1|

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m <= ro o
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is ro .y cd
2 75_> X

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00 CJ
CD
C _
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o
o
i ra
JZ
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io" o
i ra
JZ
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iE O
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E tz ro ro cz x
JZ
CO-c UJ 0 . . JO
lx
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- A Q

ro _vt "3
fl E
ro X CO
sd ro co .=
ZI -5 TO . _

TM

TO CD
E c o,-

11

CD . -JZ >>
TO fl JZ
cz X co .
cf ro 3 jz CO .2 O . -
fl ~. 0 cz E fl ro o 0 75.1- CQ
>> tz cz o E D-QJ ij-

fl -> S o

JZ
co in o X
TO
c ro to
o o cz ro
ro c cz ro X
fl jz

X
to 0 E ro
l "cd

c ro
ro ^ fl
CO
ll LU §
. . - TO
co ,= '5
ro !
fl i 5
> ^ > oJ

1 > ; |
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ojfl fl
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j m -
fl r*f
TO CO o
cz CO j=
ro . _ ro
TO 0 CZ
IZ c CO
JZ Cl
0

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cz o
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fl X Cl
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CO 17

CO JZ
CJ
o CJ
'zj o _l
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OJ CO
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CJ
TO 0
E ro cz cz
ZJ l-
0
JZ
TO
CZ
ro 0
"l
CO
tn ro
ZJ TO
> TJ
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OJ CZ

o
fl 0
TO CZ
ro CZ o
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fl
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0 CZ 0
OJ ZJ LU CO
ro ro
JZ
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o cF

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zj o tn
> X

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75 E *- ro

-|

II

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ro g *.* CZ cz CZ
ro co 75. X

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trT o
CD
ro
0
tz ro
2 c
ro
. - c

E<
o = -j ro ..TJ
A ro jo 0 X ro q
0

too
cz

E I
ro .E
= CO §

>* fl E
^CLJ <
ro
N

to lu
jo ro ro to -
•5^5 > ro > fl •o 5 TJ

cz
ojfl CO
.E -cz E
a ° \$

o TJ o
75 c 75
*i- c ^r
0 2 cd
TJ CZ CO
cz o

»
ro +-> cz fl
Cl
jz E jz
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JZ
←
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cz
CO TJ
cz
TO =>
ro E

+
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S 2

fl co
tn 0 E ro
to. CO

TO CZ
ro
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CZ O tn
ZJ CQ
c 0 X
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jr! 0
■2 ^ = c C5
LU CQ X
..0
CO OJ to o
E 0 ro O
.. OJ
"g CQ
ro b" -> o • - c
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*S^N
2 55 c
§ E 0
ro oj E
2 L^ 0
fl
HI
| ro |
^ o
io" O LU
0 • -
N to fl
iz LZ
j- 0 fl
jr co 0
-- o
ro tj
izT cz LU <
ro 0 • -
JZ JZ 0
X
LU
t u =
0" fl
co
CO
w ro
ZJ TO!> TJ
ro ro e
r^ tr" 0 0 ~"
tn
JO ZJ
w w 0
- CL ZJ
- 0
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COCO Q.
CZ ■-
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0 CQ* 0
CQ
co" 0
E A
fl
T = rT"

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cz o

Jet

fl cd"

j2 ^
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o 0

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"g io
m ro ro jz

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TJ CO

CZ JZ

fl o

CL

0 to 0

Sz 0

co

OJ

0 00 ro X

o o m

-D CO 03 CO

tr o

JC -J-
fl CN

O⁵

CO 55' S

CO

in co

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o o

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0- <N

(0 S 2 CD co co C/J £

CO
CO CO
CO
CO
CO ,
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JC
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S-I

cu cro
vj CO
5 cro tr
■*= S .<£> 2

c? ^
CL CN
ro P. 5 cn
CO -NJ CO
CO ™

OO
CO



CO

CN CO CO
cn
CO CN

oo CO cu
CO
ro cro tr o 2

CL g £> CD

CO CO 00
cn tr co
ol
o"
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fo

CL g of CD CO 5

55 ro

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f CO co P

55 5

CO CO CO

-TT

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o o o t-CQ

cu g C?C\$

S> cu s co

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E co CO

in CD co O

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ID E O LU J

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8*

CO jr: CZ CO
CZ cr:
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co 3
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nt CO) E
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co v,
cz CJJ
c CO
CO o
X CL

O) cz +■> «
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O H 5 co

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O if
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5 cl co" O
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iS cz

il

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O w i_-0
O CQ co ·-
° E CQ §

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L." ed" 0 >.
to fl,
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jo >, 0 0
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CO 0 «- o 0-j
fl ro
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E fl ro 12 co _i
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CO CO , CO O CO
2 co tr
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-j co S?
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cz sz o
co .. .== co X cz ro
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TJ CZ
cz ro
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to~ S co o

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o
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CZ CO
CO 0
o fl
CZ I-
tn L--
co 0
X CL

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o CO
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JZ COCO co
cS *
0
ro
cZ
CO C/J
3 CO
OJ JO
cl 0
CO X
CO .
m fl
CO =
TJ 0
= JO
B ro
To fl
0
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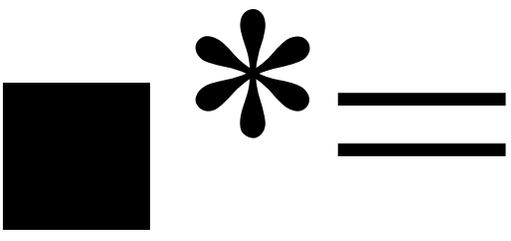
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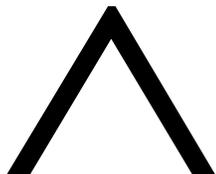
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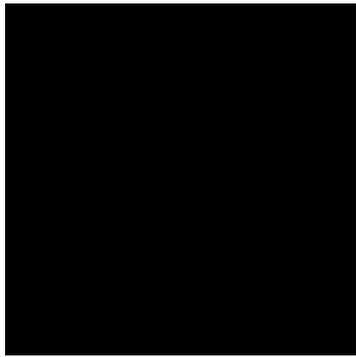
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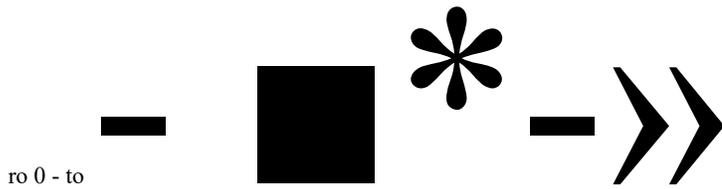
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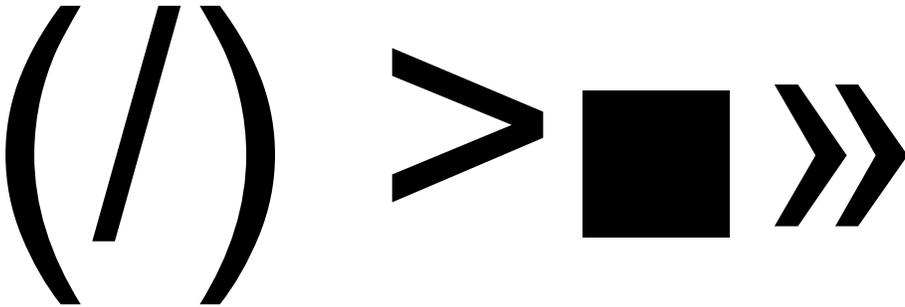
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CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:
Loop Capital Markets LLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

the Applicant

OR

a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest:

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

Business address of the Disclosing Party: 111 West Jackson Boulevard: Suite 1901
Chicago, IL 60604

Telephone: 312-913-4900 Fax: 312-922-7137 Email: clarence.bourne@loopcapital.com
<mailto:clarence.bourne@loopcapital.com>

Name of contact person: Clarence Bourne

Federal Employer Identification No. (if you have one):

Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago Midway Airport Revenue Bonds Series 2016

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # N/A and Contract #

Page 1 of 13

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Person

Publicly registered business corporation

Privately held business corporation

Sole proprietorship

General partnership

Limited partnership

Trust

Party:

Limited liability company

Limited liability partnership

Joint venture

Not-for-profit corporation

(Is the not-for-profit corporation also a 501(c)(3))?

Yes No

Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

State of Illinois as a foreign entity:

[] N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s). If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

| | |
|----------------------------|---|
| <u>James Reynolds, Jr.</u> | <u>Chairman & CEO/Managing Member</u> |
| Albert R. Grace, Jr. | President/Managing Member |
| Sandra M. Reynolds | Secretary/Managing Member |

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

| | | |
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| Name | Business Address | Percentage Interest in the |
| Disclosing Party | | |

| | | |
|-----------------------------------|----------------------------|--|
| Loop Capital, LLC | 111 West Jackson Boulevard | 69.10% |
| <u>Loop Capital Holdings, LLC</u> | <u>Suite 1901</u> | <u>100% Ownership of Loop Capital, LLC</u> |
| Albert R. Grace, Jr. | Chicago, IL 60604 | 7.99% |

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

[] Yes [X] No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 13

| Business Address | Relationship to Disclosing Party | Fees (indicate whether paid or estimated.) | NOTE: |
|-------------------------|---|---|--------------------------------|
| | (subcontractor, attorney, lobbyist, etc.) | "hourly rate" or "t.b.d." | is not an acceptable response. |
| \$100,000 | 525 West Monroe Street | | Chicago, IL 60661 |

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

FURTHER CERTIFICATIONS

I. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B. 1. of this EDS:

a. . are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government; have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property; are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V; have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government. The certifications in subparts 3, 4 and 5 concern:

the Disclosing Party;

any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons' or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");

any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or .

made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or

a. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

MA.

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

| Name | Business Address | Nature of Interest |
|------|------------------|--------------------|
|------|------------------|--------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A. 1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to

submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII-- ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

(Print or type name of person signing)

Loop/Capital Markets LL/C---

Chairman & CEO
(Print or type title of person signing)

Signed and sworn to before me on (date) // " P5/J~

Commission expires:
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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person

has a familial relationship, and (7) the precise nature of such familial relationship.

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: Loop Capital Holdings, LLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

the Applicant

OR

a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Loop Capital Markets LLC

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

Business address of the Disclosing Party: 111 West Jackson Boulevard: Suite 1901

Chicago, IL 60604

Telephone: 312-913-4900 Fax: 312-922-3737 Email: jim.reynolds@loopcapital.com

[<mailto:jim.reynolds@loopcapital.com>](mailto:jim.reynolds@loopcapital.com)

Name of contact person: James Reynolds, Jr.

Federal Employer Identification No. (if you have one): ^

Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago Midway Airport Revenue Bonds Series 2016

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # N/A and Contract #

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SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY 1. Indicate the nature of the Disclosing Party:

Person Limited liability company

Publicly registered business corporation Limited liability partnership

Privately held business corporation Joint venture

Sole proprietorship Not-for-profit corporation

General partnership (Is the not-for-profit corporation also a 501(c)(3))?

Limited partnership Yes No

Trust Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

James Reynolds, Jr. Managing Member

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

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interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name . Business Address Percentage Interest in the Disclosing Party

James Reynolds, Jr. 111 West Jackson Boulevard 98%
Suite 1901, Chicago, IL 60604

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-1 56 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

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Name (indicate whether Business retained or anticipated Address to be retained)
Relationship to Disclosing Party Fees (indicate whether
(subcontractor, attorney, paid or estimated.) NOTE:
lobbyist, etc.) "hourly rate" or "t.b.d." is
not an acceptable response.

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-41 5, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

Page 4 of 13

The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: . ' obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;

have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

The certifications in subparts 3, 4 and 5 concern:

the Disclosing Party;

any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");

any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization

of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, -acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

a. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 LLCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

In accordance with Section 2-156-1 10 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

| Name | Business Address | Nature of Interest |
|------|------------------|--------------------|
|------|------------------|--------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

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comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names

of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant? -

Yes No

If "Yes," answer the three questions below:

Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void) at law or in equity.

including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F. 1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Managing Member

(Print or type title of person signing)

Commission expires:

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section 11.B. 1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: Loop Capital, LLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

the Applicant

OR

a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Loop Capital Markets LLC

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

Business address of the Disclosing Party: 111 West Jackson Boulevard: Suite 1901
Chicago, IL 60604

Telephone: 312-913-4900 Fax: 312-922-7137 Email: jim.reynolds@loopcapital.com
<mailto:jim.reynolds@loopcapital.com>

Name of contact person: James Reynolds, Jr.

Federal Employer Identification No. (if you have one): _ _ - _ - _

Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago Midway Airport Revenue Bonds Series 2016

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # N/A and Contract #

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SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

Person

Publicly registered business corporation

Privately held business corporation

Sole proprietorship

General partnership

Limited partnership

Trust

Limited liability company

Limited liability partnership

Joint venture

Not-for-profit corporation

(Is the not-for-profit corporation also a 501(c)(3))?

Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Delaware

3. For legal entities not organized in the State of Illinois:-Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

James Reynolds, Jr. President
Tasha M. Henderson Secretary and Treasurer

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

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interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

| Name | Business Address | Percentage Interest in the Disclosing Party |
|----------------------------|--|---|
| Loop Capital Holdings, LLC | 111 West Jackson Boulevard
Suite 1901, Chicago IL 60604 | 100% |

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-4 56 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

[[FCS [A] FNO

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

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Name (indicate whether retained or anticipated to be retained) lobbyist, etc.) **Business Address** **Relationship to Disclosing Party (subcontractor, attorney, etc.)** **Fees (indicate whether paid or estimated.) NOTE:**
"hourly rate" or "t.b.d." is not an acceptable response.

(Add sheets if necessary)

[x] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS
COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage

on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

Page 4 of 13

The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section TLB. 1. of this EDS:

are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;

have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

The certifications in subparts 3, 4 and 5 concern:

the Disclosing Party;

any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");

any "Affiliated Entity" (meaning a person or entity that directly or indirectly controls the Disclosing Party. is

controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity; any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

-N/A-

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements

presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

[] Yes & [] No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

[] Yes [] No

If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

| Name | Business Address | Nature of Interest |
|------|------------------|--------------------|
|------|------------------|--------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "N A" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and

the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No If "Yes," answer the three questions below:

Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII- ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any

... If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party and (2) warrants that all certifications and

and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Looptopital, LLC ^£
(Print/br type name of Disclosing Party)

(Print fx type name of person signing)

President
(Print or type title of person signing)
Signed and sworn to before me on (date)
at OdjC County,

Commission expires: _

_ (state).

_ Notary Public.

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OFFICIAL SEAL WANDA DIANE WHITE NOTARY PUBLIC, STATE OF ILLINOIS , MYjCgMMfSSIO^
09/18/2017

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle

partner or any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

**AFFIDAVIT
DEBT OBLIGATION AND BROKERAGE TRANSACTIONS**

Name of Reporting Firm: Loop Capital Markets

Description of Matter: City of Chicago Midway Airport Revenue Bonds deal

Role of Reporting Firm: Co-Manager

This affidavit is submitted in conjunction with (check one):

X a City of Chicago debt obligation transaction (Municipal Code Section 2-154-017)

brokerage services for the City Treasurer (Municipal Code Section 2-154-018)

Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Reporting Firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Reporting Firm and the role he or she will fill in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

| Individual # | Position and Role | Gender | Race/Ethnicity |
|---------------------|---|---------------|-----------------------|
| . 1 | Managing Director | M | African American |
| : 2 | Managing Director and Head of Transportation | M | Caucasian |
| 3 | Senior Vice President | M | Asian |
| 4 | Associate | M | Asian |
| 5 | Analyst | M | Caucasian |
| 6 | Analyst | F | African American |

(If needed, please use additional sheets to identify additional personnel.)

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Reporting Firm, and (2) the information in this Affidavit and associated attachment are true, complete, and correct.

By signing below, I understand and acknowledge, on behalf of the Reporting Firm, that failure to accurately and completely supply the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Printed Name: Clarence Bourne Signature:

Title: Managing Director

Date: November 23, 2015

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: Stern Brothers & Co.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest:

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

Business address of the Disclosing Party: 308 W Erie Street, Suite 700

Chicago, IL 60654-2929

Telephone: (631) 692-4984 Fax: (314) 727-7313 Email: dlocascio@sternbrothers.com

[<mailto:dlocascio@sternbrothers.com>](mailto:dlocascio@sternbrothers.com)

Name of contact person: Donna LoCascio, Managing Director

Federal Employer Identification No. (if you have one): ^ .

Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago Midway Airport Revenue Bonds Series 2016

Which City agency or department is requesting this EDS? Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

Page 1 of 13

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing

Person

Publicly registered business corporation

JC] Privately held business corporation

Sole proprietorship

General partnership

Limited partnership

Trust

Limited liability company

Limited liability partnership

Joint venture

Not-for-profit corporation

(Is the not-for-profit corporation also a 501(c)(3))?

Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Missouri

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Peggy Prince Finn Chairman & CEO

Terrence Finn President

David T. Hosier Chief Operating Officer

Jason Miriani Chief Financial Officer

Karen Warren Chief Compliance Officer

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name Business Address Percentage Interest in the

Disclosing Party

Peggy Prince Finn 8000 Maryland Ave, Suite 800, Saint Louis, MO 63105 51 %

Peggy P. Finn 2012 Trust / 28 Ridgemoor Dr., St. Louis, MO 63105 49%

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

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| Name (indicate whether retained or anticipated to be retained) | Business Address | Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.) | Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is |
|--|------------------|--|---|
|--|------------------|--|---|

not an acceptable response.

Flatten Muchin Rosenman / 525 W Monroe St. Chicago, IL 60661 / Underwriter's Counsel / \$ 100,000

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the

Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

Page 4 of 13

The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

a. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;

have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

The certifications in subparts 3, 4 and 5 concern:

the Disclosing Party;

any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");

any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated

Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity; any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter: bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity; agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). None

EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies that the Disclosing Party (check one) is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.
If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):
NA

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?
 Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

| Name | Business Address | Nature of Interest |
|------|------------------|--------------------|
|------|------------------|--------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

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comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. ■ The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F. 1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Stern Brothers & Co.

(Print or type name of Disclosing Party)

Karen Warren

(Print or type name of person signing)

Chief Compliance Officer

(Print or type title of person signing)

ILYSSA LIEBSCHUTZ Notary Public - Notary Seal State of Missouri Commissioned for St. Louis County ',') ■ Commission Expires:
January 29, 2018 Commission Number: 14572898

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CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section TLB. La., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial

officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: Peggy P. Finn 2012 Trust

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: The Peggy P Finn 2012 Trust holds an interest in

OR Stern Brothers & Co.

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

Business address of the Disclosing Party: 28 Ridgemoor Drive

Saint Louis, MO 63105

Telephone: (631) 692-4984 Fax: (314) 727-7313 Email: dlocascio@stcmbrothers.com

[<mailto:dlocascio@stcmbrothers.com>](mailto:dlocascio@stcmbrothers.com)

Name of contact person: Donna LoCascio. Managing Director

Federal Employer Identification No. (if you have one):- .._

Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago Midway Airport Revenue Bonds Series 2016

Which City agency or department is requesting this EDS? Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

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SECTION II -- DISCLOSURE OK OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

Person

Publicly registered business corporation Privately held business corporation Sole proprietorship General partnership Limited partnership M Trust

Limited liability company Limited liability partnership Joint venture Not-for-profit corporation

(Is the not-for-profit corporation also a 501(c)(3))?

Yes No Other (please specify)

For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Missouri

For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Peggy Prince Finn Trustee

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

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interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-1 54-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

| Name | Business Address | Percentage Interest in the Disclosing Party |
|-------------------|---|---|
| Peggy Prince Finn | 8000 Maryland Ave, Suite 800, Saint Louis, MO 63105 | 100% |

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes , No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

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| Name (indicate whether retained or anticipated to be retained) | Business Address | Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.) | Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is |
|--|--------------------------------------|--|---|
| Katten Muchin Rosenman | / 525 W Monroe St. Chicago, IL 60661 | / Underwriter's Counsel | not an acceptable response. \$100,000 |

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes & No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1 -23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is

doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article 1 is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B. 1. of this EDS:

are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;

have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

The certifications in subparts 3, 4 and 5 concern:

the Disclosing Party;

any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");

any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.
If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). None

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies that the Disclosing Party (check one) is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

NA

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

[] Yes [x] No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

[] Yes [X] No

If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

| Name | Business Address | Nature of Interest |
|------|------------------|--------------------|
|------|------------------|--------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to
Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract,

grant, loan, or cooperative agreement.

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The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No If "Yes," answer the three questions below:

Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII --COMPLIANCE, ACKNOWLEDGMENTS, CONTRACT PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics

<<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

C. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F. 1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F. 1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1, F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

I, the undersigned, as the person signing below (I) warrant that he/she is authorized to execute this EDS and I

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Stern Brothers & Co.

(Print or type name of Disclosing Party)

BV^C/f.j/S. I A)(XIJU^

(Sign here)

Karen Warren

(Print or type name of person signing)

Chief Compliance Officer

(Print or type title of person signing)

Signed and sworn to before me on (date) f) QU-t-m b<ts f\$ Jp/S^ at Utuu County, fDuuncr,' (state).
ILYSSA LIEBSCHUTZ Notary Public - Notary Seal State of Missouri Commissioned for St. Louis County My Commission Expires: January 29 2018 Commission Number: 14572898

Jl/sfjUA S^./^Xcj/ Notary Public.

Commission expires: //^ ^^2-0/ <? •

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

**AFFIDAVIT
DEBT OBLIGATION AND BROKERAGE TRANSACTIONS**

Name of Reporting Firm: Stern Brothers & Co.

Name of Reporting Firm: Stern Brothers & Co.

Description of Matter: City Of Chicago Midway Airport Revenue Bonds Series 2016

Role of Reporting Firm: Co-Manager

This affidavit is submitted in conjunction with (check one):

- a City of Chicago debt obligation transaction (Municipal Code Section 2-154-017)
- brokerage services for the City Treasurer (Municipal Code Section 2-154-018)

Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Reporting Firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Reporting Firm and the role he or she will fill in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

| Individual # | Position and Role | Gender | Race/Ethnicity |
|--------------|--------------------------------|--------|------------------|
| 1605140 | Managing Director, Lead Banker | M F | Caucasian |
| 1233383 | Managing Director, Co-Banker | M F | African American |
| 1540956 | Managing Director, Underwriter | M F | Caucasian |
| | | M F | |
| | | M F | |

(If needed, please use additional sheets to identify additional personnel.)

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Reporting Firm, and (2) the information in this Affidavit and associated attachment are true, complete, and correct.

By signing below, I understand and acknowledge, on behalf of the Reporting Firm, that failure to accurately and completely supply the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Printed Name: Karen Warren

Title: Chief Compliance Officer

Date: November 18, 2015

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

ToussaintCapitalPartnersLLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

for the Applicant

OR

a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest:

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in

which the Disclosing Party holds a right of control:

Business address of the Disclosing Party: 13 Broadway, Suite 2

Freehold, NJ 07728

Telephone: 212-328-1800 Fax: 212-328-1850 Email: abvrd@toussaintcapital.com

<mailto:abvrd@toussaintcapital.com>

Name of contact person: Avery F. Byrd

Federal Employer Identification No. (if you have one): _ _ . _ _

Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago Midway Airport Revenue Bonds Series 2016

G. Which City agency or department is requesting this EDS? City of Chicago- Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

Page 1 of 13

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY 1. Indicate the nature of the Disclosing Party:

Person Limited liability company

Publicly registered business corporation Limited liability partnership

Privately held business corporation Joint venture

Sole proprietorship Not-for-profit corporation

General partnership (Is the not-for-profit corporation also a 501(c)(3))?

Limited partnership Yes No

Trust Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: State of Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No {/N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s). If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership

or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

AveryF. Byrd Chairmanand CEO
TrinaByrd Co-ownerand CAO

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

| Name | Business Address | Percentage Interest in the Disclosing Party |
|--------------|---------------------------------------|---|
| AveryF. Byrd | 13 Broadway,Suite2, Freehold.NJ 07728 | 82% |
| TrinaByrd | 13 Broadway,Suite2, Freehold.NJ 07728 | 15% |

SECTION III -- BUSINESS RELATION SHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely

through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

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Name (indicate whether retained or anticipated to be retained) Business Address Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.) Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is

not an acceptable response.

(Add sheets if necessary)

^Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No
No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever

been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

Page 4 of 13

The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;

have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or

violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

None

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). None

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-45 5(b) of the Municipal Code) is a predatory lender within the meaning of Chapter

2.-32 ofthe Municipal Code, explain here (attach additional pages if necessary):

None

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes {/No

NOTE: Ifyou checked "Yes" to Item D.1., proceed to Items D.2. and D.3. Ifyou checked "No" to Item D.1., proceed to Part E.

Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Does the Matter involve a City Property Sale?
[] Yes [X] No

If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

| Name | Business Address | Nature of Interest |
|------|------------------|--------------------|
|------|------------------|--------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to
Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter. (Add sheets if

who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter. (Add sheets if necessary): None

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

The firm has not been required to submit a formal Affirmative Action Plan to any federal or state agency. The firm practices Affirmative Action procedures and is willing, to submit a formal plan if required

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SECTION VII -- ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

ToussaintCapital Partners LLC

(Print or type name of Disclosing Party)

By:
(Sign here) /

Trina Byrd
(Print or type name of person signing)

Chief Administrative Officer / Co- Owner (Print or type title of person signing)

Signed and sworn to before me on (date) //2-.3//J
Notary Public.

Commission expires:
Page 12 of 13
at f/QA/MourH

OFFICE OF THE CITY CLERK

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDLX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section ILB.l.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes t/No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

AFFIDAVIT
DEBT OBLIGATION AND BROKERAGE TRANSACTIONS

Name of Reporting Firm: Toussaint Capital Partners LLC

Description of Matter: City of Chicago Midway Airport Revenue Bonds Series 2016

Role of Reporting Firm: Underwriter

This affidavit is submitted in conjunction with (check one):

- a City of Chicago debt obligation transaction (Municipal Code Section 2-154-017)
- brokerage services for the City Treasurer (Municipal Code Section 2-154-018)

Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Reporting Firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Reporting Firm and the role he or she will fill in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

| Individual # | Position and Role | Gender | Race/Ethnicity |
|--------------|---|--------|------------------|
| Avery Byrd | CEO, Primary day-to-day contact for the transaction and responsible for underwriting and distribution activities | | |
| M | African American | | |
| Trina Byrd | CAO, responsible for securing underwriting capital | F | African American |
| Kanchan Jain | Analyst, provide analytical support and micro and macro coverage of events that may affect price movements in muni benchmarks | F | Asian |

(If needed, please use additional sheets to identify additional personnel.)

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Reporting Firm, and (2) the information in this Affidavit and associated attachment are true, complete, and correct.

By signing below, I understand and acknowledge, on behalf of the Reporting Firm, that failure to accurately and completely supply the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Printed Name: Trina Byrd

Signature:

Title: Chief Administrative Officer Date: 11/23/2015

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: Mayer Brown LLP

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

>5 the Applicant

OR

a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: .

OR

3. a legal entity with a right of control (see Section II.B. 1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 71 South Wacker Drive

Chicago, IL 60606

Telephone: (312) 701-7303

Fax: (312) 706-9136

Email: dnarefsky@mayerbrown.com

[<mailto:dnarefsky@mayerbrown.com>](mailto:dnarefsky@mayerbrown.com)

Name of contact person: David Narefsky

Federal Employer Identification No. (if you have one):

Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Midway Airport Revenue Bonds, Series 2016

Law Department; Department of Finance;

G. Which City agency or department is requesting this EDS? Department of Aviation

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # ^{N/A} and Contract #

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

Person

Publicly registered business corporation >3

Privately held business corporation

Sole proprietorship

General partnership (Is

Limited partnership

Trust

Limited liability company Limited liability partnership Joint venture

Not-for-profit corporation

the not-for-profit corporation also a 501(c)(3)?

Yes No

Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Illinois

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s). If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Jeremy Clay, Paul A. Jorissen, Jean-Philippe Lambert, Elaine Y.M. Lo, T. Mark McLaughlin, Mark Russell Uhryuk, Alan s. Cohen (Ex Officio Member), Evan L. Merberg (Ex Officio Member), Kenneth S. Geller (Managing Partner), Paul W. Theiss (Chairman)

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

| Name | Business Address | Percentage Interest in the Disclosing Party |
|------|------------------|---|
| N/A | | |

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself.

"Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

retained or anticipated Address (subcontractor, attorney, paid or estimated.) NOTE:
to be retained) lobbyist, etc.) "hourly rate" or "t.b.d." is
not an acceptable response.
N/A

(Add sheets if necessary)

[X] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V - CERTIFICATIONS

COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

Page 4 of 13

The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense,

adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government. The certifications in subparts 3, 4 and 5 concern:
the Disclosing Party;
any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:
bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

Neither the Disclosing Party, Affiliated Entity, or Contractor, nor any of their employees, officials, agents or

Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies that the Disclosing Party (check one)

is is not

"Financial institution" as defined in Section 2-22-155(b) of the Municipal Code.

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

Page 7 of 13

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

| Name | Business Address | Nature of Interest |
|------|------------------|--------------------|
| N/A | | |

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to
Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person

or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII -- ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or

other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such

contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.L, F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Mayer Brown LLP (Print or type name of Disclosing Party)

(Sign here)

David Narefsky

(Print or type name of person signing)

Partner

(Print or type title of person signing)

Commission expires:

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CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the

Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDLX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

AFFIDAVIT

DEBT OBLIGATION AND BROKERAGE TRANSACTIONS

Name of Reporting Firm: Mayer Brown.

Description of Matter: Midway Airport Revenue Bonds, Series 2016.

Role of Reporting Firm: Bond Counsel.

This affidavit is submitted in conjunction with (check one):

X: a City of Chicago debt obligation transaction (Municipal Code Section 2-154-017) brokerage services for the City Treasurer (Municipal Code Section 2-154-018)

Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Reporting Firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Reporting Firm and the role he or she will fill in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

| Individual # | Position and Role | Gender | Race/Ethnicity |
|----------------|--|--------|----------------|
| David Narefsky | Partner; review financing documents; sign opinions | M F | White |
| Jeremy Cannon | Counsel; drafting financing documents; review/comment on disclosure documents | M F | White |
| Rachel Smith | Associate; due diligence; review/comment of disclosure document and feasibility report | M F | White |
| Steve Garden | Associate; municipal finance tax advice | M F | White |
| Nick Vallorano | Associate; drafting of financing documents | M F | White |

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Reporting Firm, and (2) the information in this Affidavit and associated attachment are true, complete, and correct. By signing below, I understand and acknowledge, on behalf of the Reporting Firm, that failure to accurately and completely supply the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Printed Name: David Narefsky

Signature:

Title: Partner

Date: 11/11/15

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

SANCHEZ DANIELS & HOFFMAN LLP

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

the Applicant

OR

a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest:

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

333 W. WACKER DRIVE, SUITE 500

Business address of the Disclosing Party:

CHICAGO, IL 60606

Telephone: (312) 641-1555 Fax: (312) 641-3004 Email: msanchez@sanchezdh.com
<mailto:msanchez@sanchezdh.com>

C. Telephone: ' Fax: Email:

D. Name of Contact person: Manuel Sanchez

E. Federal Employer Identification No. (if you have one):

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

CITY OF CHICAGO MIDWAY AIRPORT REVENUE BONDS

FINANCE DEPARTMENT

G. Which City agency or department is requesting this EDS

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

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SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY 1. Indicate the nature of the Disclosing Party:

Person Limited liability company

Publicly registered business corporation Limited liability partnership

Privately held business corporation Joint venture

Sole proprietorship Not-for-profit corporation

General partnership (Is the not-for-profit corporation also a 501(c)(3))?

Limited partnership Yes No

Trust Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Illinois

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the

State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s). If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

| Name | Title |
|--------------------|------------------------------|
| Manuel Sanchez | Founder and Managing Partner |
| Timothy V. Hoffman | Partner |

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

| Name | Business Address | Percentage Interest in the Disclosing Party |
|--------------------|---|---|
| Manuel Sanchez | 333 W. Wacker, Suite 500, Chicago, IL 60606 | 65 Percent |
| Timothy V. Hoffman | (same address as above) | 35 Percent |

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

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| Name (indicate whether retained or anticipated to be retained) lobbyist, etc.) | Business Address | Relationship to Disclosing Party (subcontractor, attorney, "hourly rate" or "t.b.d." is not an acceptable response. | Fees (indicate whether paid or estimated.) NOTE: |
|--|------------------|---|--|
|--|------------------|---|--|

(Add sheets if necessary)

[3} Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms

(e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

Page 4 of 13

The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

The certifications in subparts 3, 4 and 5 concern:

the Disclosing Party;
any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or

violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code.

We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue

or legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

If you checked "Yes" to Item D.L, provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

| Name | Business Address | Nature of Interest |
|------|------------------|--------------------|
|------|------------------|--------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to
Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

^x 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>. and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

SANCHEZ DANIELS & HOFFMAN LLP

(Print or type name of Disclosing Party)

By: *Manuel Sanchez*

(Signature)

Manuel Sanchez

(Print or type name of person signing)

Founder and Managing Partner (Print or type title of person signing)

November 10, 2015
(state).

Signed and sworn to before me on (date)

at /) County, Illinois

Notary Public.

OFFICIAL SEAL BELLE GODINEZ-GARCIA Notary Public - State of Illinois My Commission Expires Mar 27, 2016

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed,

the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section U.B. 1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified

as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

[] Yes No [] Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

**AFFIDAVIT
DEBT OBLIGATION AND BROKERAGE TRANSACTIONS**

Name of Reporting Firm: SANCHEZ DANIELS & HOFFMAN LLP

Description of Matter: CITY OF CHICAGO MIDWAY AIRPORT REVENUE BONDS

Role of Reporting Firm: CO-BOND COUNSEL

This affidavit is submitted in conjunction with (check one):

X a City of Chicago debt obligation transaction (Municipal Code Section 2-154-017)

brokerage services for the City Treasurer (Municipal Code Section 2-154-018)

Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Reporting Firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Reporting Firm and the role he or she will fill in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

| Individual # | Position and Role | Gender | Race/Ethnicity |
|--------------|----------------------------------|--------|----------------|
| 1 | Manuel Sanchez, Managing Partner | M | Hispanic |
| 2 | Heather D. Erickson, Partner | F | Caucasian |
| 3 | John D. Cummins, Of Counsel | M | Caucasian |

(If needed, please use additional sheets to identify additional personnel.)

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Reporting Firm, and (2) the information in this Affidavit and associated attachment are true, complete, and correct.

By signing below, I understand and acknowledge, on behalf of the Reporting Firm, that failure to accurately and completely supply the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Printed Name: Manuel Sanchez,

Signature:

Title: Founder and Managing Partner I

Date: November 10, 2015

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: Burke, Warren, MacKay & Serritella, P.C.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

the Applicant

OR

a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest:

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

D „ j, rj, „, . _ ^ 330 N. Wabash Avenue, Suite 2100

Business address of the Disclosing Party:

Chicago, IL 60611

Telephone: (312)840-7000 Fax: (312) 840-7900 Email: cmanning@burkelaw.com

<mailto:cmanning@burkelaw.com>

Name of contact person: Christopher R. Manning

Federal Employer Identification No. (if you have one): -

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago, Chicago Midway Airport Revenue and Refunding Bonds

G. Which City agency or department is requesting this EDS? Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # . and Contract #

Page 1 of 13

SECTION II -

- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing P Person

Publicly registered business corporation

Privately held business corporation

Sole proprietorship

General partnership

Limited partnership

Trust

arty:

Limited liability company

Limited liability partnership

Joint venture

Not-for-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?
 Yes No Other (please specify)
Professional Corporation

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:
Illinois

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

| | |
|---------------------|--|
| Jeffrey D. Warren | President and Manager |
| Douglas E. Wambach | Vice President and Manager |
| James A. Serritella | Vice President and Manager |
| Edward J. Lesniak | Vice President, Secretary and Director |

Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

| Name | Business Address | Percentage Interest in the Disclosing Party |
|------|------------------|---|
|------|------------------|---|

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City

elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):
Previous to May 18, 2015, Aid. Patrick D. Thompson was a partner of the Disclosing Party. Subsequent to said date, Aid. Patrick D. Thompson is "of counsel" at the firm and has no ownership interest of the Disclosing Party.

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

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Name (indicate whether retained or anticipated to be retained) lobbyist, etc.) Business Address Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.) Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the

Yes No [X] NO person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the

same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity; any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter: bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity; agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 LLCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.
N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Does the Matter involve a City Property Sale?

Yes No

If you checked "Yes" to Item D.L, provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

| Name | Business Address | Nature of Interest |
|------|------------------|--------------------|
|------|------------------|--------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to
Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2, The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations. N/A

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII -- ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

C. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F. 1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS")

maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1, F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Burke, Warren, MacKay & Serritella, P.C.

(Print or type name of Disclosing Party)

By: *mm*, IxP^A %0a^f*c^

Douglas E. Wambach, V.P.

(Print or type name of person signing)

(Print or type title of person signing)

Signed and sworn to before me on (date) 1^/oVfcMft&ik IO, 2iDI6^ at QqqvC County, I L. (state).

*mm**

NOTARY PUBLIC « STATE Of M1M06 MYOOhMSSIONEXPME&OVKm

Notary Public.

Commission expires

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CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city

official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section U.B.I.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No ,

If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

I.)ISCLOSURE AFFIDAVIT SCHEDULE OF DIRECTORS AND SHAREHOLDERS OF APPLICANT

Boyle, Thomas J.* Bruks, Patrick J.* Burke, Richard W. Carlson, Patricia B. Collado, Victoria R. Cox, Jessica Darrow, John A.* Denby, Stephanie H.* Dobrutzky, Jay S. Flaherty, Nora E. Geoly, James C* Gould, Danielle Horner, Susan M. Kelly, William H., Jr.* Klapman, Daniel S. Kobus, John J., Jr.* LeMar, Andrew D. Lesniak, Edward J.* Levin, IraM.* Lieberman, Richard L. Lynch, George J.* MacKay, Karen K.* Manning, Christopher R.* Marks, Alex D. McCrohon, Craig* McWilliams, Mary K. Meinertzhagen, Stephen R. Mendelsohn, Frederic AJ Michael, Jonathan* Overbey, Susan Richman, Kenneth H. * Ring, Gerard D.* Roddy, Joseph P. Ryan, Martin* Serritella, James A.* Shifrin, Shana A. Stanton, Aaron H.* Statland, Jay L.* Stephens, John P.* Stern, Mark O. Virgil, Michael S.* von Meier, Joseph E. Voris, Stephen C* Wambach, Douglas E.* Warren, Jeffrey D.* Wanroy, Rachel D. Winters, Gregory M. Witt, Melanie

*Denotes Shareholder as well as Director; each Shareholders currently owns 3.85% of outstanding shares.

The Business address for all persons listed is: 330 N. Wabash Ave., Suite 2200, Chicago, IL 60611

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**AFFIDAVIT
DEBT OBLIGATION AND BROKERAGE TRANSACTIONS**

Name of Reporting Firm: Burke, Warren. MacKay & Serritella, P.C.

Description of Matter: City of Chicago, Chicago Midway Airport Revenue and Refunding Bonds

Role of Reporting Firm: Co-Disclosure Counsel

This affidavit is submitted in conjunction with (check one):

X a City of Chicago debt obligation transaction (Municipal Code Section 2-154-01.7)

brokerage services for the City Treasurer (Municipal Code Section 2-154-018)
Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Reporting Firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Reporting Firm and the role he or she will fill in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

| Individual # | Position and Role | Gender | Race/Ethnicity |
|--------------|-------------------|--------|------------------|
| 1 | Partner | M F | White |
| 2 | Director | M F | White |
| 3 | Associate | M F | White |
| 4 | Assistant | M F | African American |

(If needed, please use additional sheets to identify additional personnel.)

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Reporting Firm, and (2) the information in this Affidavit and associated attachment are true, complete, and correct.
By signing below, I understand and acknowledge, on behalf of the Reporting Firm, that failure to accurately and completely supply the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Printed Name: Christopher R. Manning

Signature:

Title: Partner

Date: November 10, 2015

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX B

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

KILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:
Hardwick Law Firm, LLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

the Applicant

OR

a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest:

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control: ;

Business address of the Disclosing Party: 100 N LaSalle Street, Suite 501

Chicago, Illinois 60602

Telephone: 312-634-1000 Fax: 816-221-9445 Email: hhardwick@hardwicklaw.com

Name of contact person: Herbert E. Hardwick ^

Federal Employer Identification No. (if you have one): . .

Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Chicago Midway Airport Revenue Bonds

G. Which City agency or department is requesting this EDS? City of Chicago

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

Ver. 01-01-12 Page 1 of 13

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

Person Limited liability company

- Publicly registered business corporation Limited liability partnership
- Privately held business corporation Joint venture
- Sole proprietorship Not-for-profit corporation
- General partnership (Is the not-for-profit corporation also a 501(c)(3))?
- Limited partnership Yes No
- Trust Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:
Missouri

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s). If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Herbert E. Hardwick President ;
Jean Z. Matzeder Vice President/Secretary

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

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interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name Business Address Percentage Interest in the
Disclosing Party

Herbert E. Hardwick, 100 N LaSalle St. Suite 501. Chicago. Illinois 87.5%
Jean Z. Matzeder. 100 N LaSalle St. Suite 501. Chicago. Illinois 12.5%

RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes - No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid; The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

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| | | | | |
|---|-------------------------|---|---|-----------------------------|
| Name (indicate whether retained or anticipated to be retained) | Business Address | Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.) | Fees (indicate whether paid or estimated.) | NOTE: |
| | | "hourly rate" or "t.b.d." is | | not an acceptable response. |

(Add sheets if necessary)

PC] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V - CERTIFICATIONS

COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

Page 4 of 14

The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;

have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government. The certifications in subparts 3, 4 and 5 concern:

the Disclosing Party;

any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the

Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");

any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 14

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity; agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons' List, the Unverified List, the Entity List and the Debarred List

The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

Page 6 of 14

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-45 5(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

Page 7 of 14

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

| Name | Business Address | Nature of Interest |
|------|------------------|--------------------|
|------|------------------|--------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

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comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at

www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F. 1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2., or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS

and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Hardwick Law Firm, LLC

(Sign here)

Herbert E. Hardwick

(Print or type name of person signing)

President

(Print or type title of person signing)

Signed and sworn to before me on (date).. .. by Herbert E. Hardwick

M. KAYE DREW Notary Public, Notary Seal State of Missouri Jackson County Commission # 13659830 My Commission Expires July 07, 2017

at Jackson / _jCounty, Missouri (State)

Commission ex

Notary Public.

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CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFTTJDAVTT APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-01 5, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section JJ.B. 1 .a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general

partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal Officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FITTING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

AFFIDAVIT

DEBT OBLIGATION AND BROKERAGE TRANSACTIONS

Name of Reporting Firm: Hardwick Law Firm. LLC

Description of Matter: City of Chicago Midway Airport Revenue Bonds

Role of Reporting Firm: Bond Counsel

This affidavit is submitted in conjunction with (check one):

- a City of Chicago debt obligation transaction (Municipal Code Section 2-154-017)
- brokerage services for the City Treasurer (Municipal Code Section 2-154-018)

Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Reporting Firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Reporting Firm and the role he or she will fill in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

| Individual # | Position and Role | Gender | Race/Ethnicity |
|--------------|---|--------|------------------|
| 1 | Owner, review and comment on transaction documents. | § F | African American |
| 2 | Owner, lead attorney, prepare assigned documents, review and provide comments on transaction documents. | | |
| M @ | Caucasian | | |
| 3 | Principal, co-lead attorney, prepare, review and comment on transaction documents. | M \| | African America |
| 4 | Paralegal, provide legal and administrative assistance | M \| | Caucasian |

(If needed, please use additional sheets to identify additional personnel.)

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Reporting Firm, and (2) the information in this Affidavit and associated attachment are true, complete, and correct.

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By signing below, I understand and acknowledge, on behalf of the Reporting Firm, that failure to accurately and completely supply the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Printed Name\ Herbert E. HardwicJ

Signature:
Title: President

Date: November 9.2015

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
SECTION I GENERAL INFORMATION

Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Chapman and Cutler LLP

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

the Applicant

OR

a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest:

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

Business address of the Disclosing Party: 111 West Monroe Street

Chicago, Illinois 60603

Telephone: (312) 845-3426 Fax: (312) 516-3926 Email: white@chapman.com

[<mailto:white@chapman.com>](mailto:white@chapman.com)

Name of contact person: Lawrence E. White

Federal Employer Identification No. (if you have one): ..

Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

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SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY 1. Indicate the nature of the Disclosing Party:

Person

Publicly registered business corporation

Privately held business corporation

Sole proprietorship

General partnership (Is

Limited partnership

Trust

Limited liability company Limited liability partnership Joint venture
Not-for-profit corporation
the not-for-profit corporation also a 501(c)(3))?
 Yes No
Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Illinois

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s). If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

| | |
|-------------------------|--------------------------------|
| Timothy P. Mohan | Chief Executive Partner |
| William M. Libit | Chief Operating Partner |

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

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interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

| Name | Business Address | Percentage Interest in the Disclosing Party |
|---|------------------|---|
| Not applicable - No partner's interest in the firm exceeds 7.5% | | |

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself.

"Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

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| Name (indicate whether retained or anticipated to be retained) | Business Address | Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.) | Fees (indicate whether paid or estimated.) NOTE: |
|--|------------------|--|--|
| "hourly rate" or "t.b.d." is not an acceptable response. | | | |

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No
FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1 -23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

The certifications in subparts 3, 4 and 5 concern:

the Disclosing Party;
any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility

of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial-institution" as defined in Section 2-32-455(b) of the Municipal Code.

If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to

Part E.

Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

If you checked "Yes" to Item D.L, provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

| Name | Business Address | Nature of Interest |
|------|------------------|--------------------|
|------|------------------|--------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

i Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City

are not federal funding.

A. CERTIFICATION REGARDING LOBBYING .

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

Page 9 of 13

The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

Page 10 of 13

SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

Page 11 of 13

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U.S. General Services Administration

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1, F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Chapman and Cutler LLP

(Print or type name of Disclosing Party)

(Sign here)

Lawrence E. White

(Print or type name of person signing)

Partner and Authorized Signatory

(Print or type title of person signing)

(state).

at Cook

Signed and sworn to before me on (date) November 10, 2015

County, Illinois

Commission expires: February 2, 2018

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any

"Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently, have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Page 13 of 13

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect Ownership interest in the Applicant.

Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.
AFFIDAVIT
DEBT OBLIGATION AND BROKERAGE TRANSACTIONS

Name of Reporting Firm: Chapman and Cutler LLP
Description of Matter: Chicago Midway Airport, Revenue and Refunding Revenue Bonds, Series 2016 Role of Reporting Firm: Pension Disclosure Counsel
This affidavit is submitted in conjunction with (check one):

- a City of Chicago debt obligation transaction (Municipal Code Section 2-154-017)
- brokerage services for the City Treasurer (Municipal Code Section 2-154-018)

Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Reporting Firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Reporting Firm and the role he or she will fill in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

| Individual # | Position and Role | Gender | Race/Ethnicity |
|--------------|--|--------|----------------|
| 1 | Partner (Pension Disclosure Counsel) | Male | White |
| 2 | Associate (Pension Disclosure Counsel) | Male | White |

(If needed, please use additional sheets to identify additional personnel.)

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Reporting Firm, and (2) the information in this Affidavit and associated attachment are true, complete, and correct.

By signing below, I understand and acknowledge, on behalf of the Reporting Firm, that failure to accurately and completely supply the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Printed Name: Lawrence E. White

Signature:

Title: Partner

Date: November 10, 2015

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

City of Chicago, CAoA Group, LLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

Individual Applicant

OR

[] a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest:

OR

3. [] a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

City of Chicago, CAoA Group, LLC

Business address of the Disclosing Party: 100 N Dearborn St, Chicago, IL 60610

City of Chicago, CAoA Group, LLC

Telephone: (773) 334-0707 Email: pselect@cityofchicago.org

Name of contact person: Paul J. Jones

Federal Employer Identification No. (if you have one):

Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable): City of Chicago, CAoA Group, LLC in connection with the City of Chicago's economic development efforts.

G. Which City agency or department is requesting this EDS? Department of Procurement Services

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Contract # and Contract #

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY 1. Indicate the nature of the Disclosing Party:

[] Person []

[] Publicly registered business corporation []

[] Privately held business corporation []

[] Sole proprietorship []

- General partnership (Is
- Limited partnership
- Trust

Limited liability company Limited liability partnership Joint venture
Not-for-profit corporation
the not-for-profit corporation also a 501(c)(3)?
 Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s). ' If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that ACACIA FINANCIAL GROUP, INC., INCORPORATED IN NEW JERSEY AND LICENSED TO TRANSACT BUSINESS IN THIS STATE ON FEBRUARY 05, 2008, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS A FOREIGN' CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

*In Testimony Whereof, ihereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 8TH
day of JUNE AD. 2015*

Authentication*: 1515900752 Authenticate at. <<http://www.cyberdriveillinois.com>>
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interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name Business Address Percentage Interest in the Disclosing Party

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SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

[] Yes I^Ko^

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself.

"Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

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Name (indicate whether Business retained or anticipated Address to be retained)

Relationship to Disclosing Party Fees (indicate whether

(subcontractor, attorney, paid or estimated.) NOTE:

lobbyist, etc.) "hourly rate" or "t.b.d." is

not an acceptable response.

SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

must remain in compliance with their child support obligations throughout the contract's term

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes

No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

Page 4 of 13

The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;

d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government. The certifications in subparts 3, 4 and 5 concern:

the Disclosing Party.

any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");

any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 13

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or

violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Asset's Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code,

If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

Page 6 of 13

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (I) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION 1. The Disclosing Party certifies that the Disclosing Party (check one)

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

BlfV

Page 7 of 13

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

*In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter? ^**

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D. 1., proceed to Part E.

Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

| Name | Business Address | Nature of Interest |
|------|------------------|--------------------|
|------|------------------|--------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

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comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

^^^L^The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that

provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made, lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and

The Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void) at law or in equity

City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

(Print or type name of Disclosing Party)

(Print or type name of person signing)

(Print or type title of person signing)

Commission expires: //j/j//',^Pf//fP'

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section U.B.I.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

[] Yes [x] No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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**AFFIDAVIT
DEBT OBLIGATION AND BROKERAGE TRANSACTIONS**

Name of Reporting Firm: Acacia Financial Group, Inc.

Description of Matter: City of Chicago Midway Airport Bonds. Series 2016

Role of Reporting Firm: Co-Financial Advisor

This affidavit is submitted in conjunction with (check one):

X a City of Chicago debt obligation transaction (Municipal Code Section 2-154-017)
brokerage services for the City Treasurer (Municipal Code Section 2-154-018)

Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Reporting Firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Reporting Firm and the role he or she will fill in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

| Individual # | Position and Role See Attached | Gender | Race/Ethnicity |
|--------------|---|--------|----------------|
| 2 | Co-President - Oversight of Engagement | M F | White |
| 1 | Managing Director - Pricing/Quantitative Analytics | M F | White |
| 1 | Sr Vice President - Day-tO-Day/Project Manager • | M F | White |
| 2 | Sr Vice President - Quantitative Day-to-Day/Transaction Support | M F | White |
| 1 | Asst. Vice President - Day-to-Day/Quantitative Team | M F | Hispanic |
| 1 | Associate - Quantitative Team | M F | White |

(If needed, please use additional, sheets to identify additional personnel.)

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Reporting Firm, and (2) the information in this Affidavit and associated attachment are true, complete, and correct.

By signing below, I understand and acknowledge, on behalf of the Reporting Firm, that failure to accurately and completely supply the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Title: Co-PresUght

Date: / /

Printed Name: .KJmJyl. Whelan

Signalling ^JZjtZ /

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

W7 the Applicant

OR

a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest:

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

Business address of the Disclosing Party: *fCj /%acft~fPi /t/Z^OL, J ^/^\^*

Telephone: *VI ftY'WQ* Fax: *Z/Z/ff-TJK* Email: */fcfr/rJtfc@ &f<*.lk.C&n*

Name of contact person: _

E. Federal Employer Identification No. (if you have one):

Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Ctiy oS-Q^c^t, Cfoq^b /lAUvoy fifr/tast?M< &»di

Which City agency or department is requesting this EDS? *DzjflQS jh^4~<f'^7AQ.ttGx-*

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

Person

Publicly registered business corporation

Privately held business corporation

Sole proprietorship

General partnership

Limited partnership

Trust

Limited liability company Limited liability partnership Joint venture Not-for-profit corporation (Is the not-for-profit corporation also a 501(c)(3))?

Yes No

Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

/Uw %/kr

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the

State of Illinois as a foreign entity:

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s). If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name ,, Title ^K_

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name Business Address Percentage Interest in the Disclosing Party

/Jo/Of

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

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| Name (indicate whether retained or anticipated to be retained) | Business Address | Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.) | Fees (indicate whether paid or estimated.) NOTE: |
|--|------------------|--|--|
| "hourly rate" or "t.b.d." is not an acceptable response. | | | |

A io Me

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity; agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

Ajo/oe

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

/UOAJ^

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a

financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.L, proceed to Items D.2. and D.3. If you checked "No" to Item D.L, proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

If you checked "Yes" to Item D.L, provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

| Name | Business Address | Nature of Interest |
|------|------------------|--------------------|
|------|------------------|--------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

1 • The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS

information submitted in this EDS.

The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1, F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

' ff6sahrA&\$oi(i'tzs/ LLC

(Print or type name of Disclosing Party)

(Sign here) / (Print or type name of person signing)

(Print or type title of person signing)

Signed and sworn to before me on (date) Mcwervivoer q\$

SANDY G ANTENOR Notary Public, State of New York No. 01AN6267070 Qualified in Rockland County Commission Expires August 13, 2016

at KBnMbnC. County, K^J(xWOrV_ (state).

HQ KAAX\Jc\xjJTkAP^Notary Public.

Commission expires J1C^(JS^ 1 ^ i I lo ■

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section U.B.l.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

- 1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

[]Yes [X]No

If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

[]Yes []No pC] Not Applicable

- 3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

**AFFIDAVIT
DEBT OBLIGATION AND BROKERAGE TRANSACTIONS**

Name of Reporting Firm: Frasca & Associates, LLC

Description of Matter: Chicago Midway Airport - Airport Revenue Bonds - Series 2016

Role of Reporting Firm: Financial Advisor

This affidavit is submitted in conjunction with (check one):

- X_ a City of Chicago debt obligation transaction (Municipal Code Section 2-154-017)
- brokerage services for the City Treasurer (Municipal Code Section 2-154-018)

Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Reporting Firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Reporting Firm and the role he or she will fill in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

| Individual # | Position and Role | Gender | Race/Ethnicity |
|--------------|-------------------|--------|----------------|
| 1 | Project Oversight | M | Caucasian |

- 2 Principal Day-to-day Advisor F Caucasian
- 3 Day-to-day Advisor F African American
- 4 Quantitative Analytics F Asian
- 5 Quantitative Analytic Support F Hispanic

(If needed, please use additional sheets to identify additional personnel.)

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Reporting Firm, and (2) the information in this Affidavit and associated attachment are true, complete, and correct.

By signing below, I understand and acknowledge, on behalf of the Reporting Firm, that failure to accurately and completely supply the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Printed Name: Kenneth J. Cushine

Signature:
Title: Principal

Date: November 20, 2015

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Ricondo & Associates, Inc.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

the Applicant

OR

a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest:

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

Business address of the Disclosing Party: 20 North Clark Street, Suite 1500

Chicago, IL 60602

Telephone: 312-606-0611 Fax: 312-606-0706 Email: m_baer@ricondo.cc

Name of contact person: Michael Baer, Controller

Federal Employer Identification No. (if you have one): 36-3663903

Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Midway International Airport Series 2016 Bonds

Which City agency or department is requesting this EDS? Department of Finance and Aviation

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

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SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY 1. Indicate the nature of the Disclosing Party:

- Person
- Publicly registered business corporation
- [*] Privately held business corporation
- Sole proprietorship
- General partnership (Is
- Limited partnership
- Trust

Limited liability company Limited liability partnership Joint venture
Not-for-profit corporation
the not-for-profit corporation also a 501(c)(3)?
Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Illinois

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).
If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

See attached list

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

| Name | Business Address | Percentage Interest in the Disclosing Party |
|------|------------------|---|
|------|------------------|---|

See attached list

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

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Name (indicate whether retained or anticipated lobbyist, etc.) Business Address Relationship to Disclosing Party Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.

(Add sheets if necessary)

[yf Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or

conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section H.B.I, of this EDS:

are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

- a. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

The certifications in subparts 3, 4 and 5 concern:

the Disclosing Party;

any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");

any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or

violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

I certify the above to be true

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If the letters "N A," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the, 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

I can make the above verification

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

| Name | Business Address | Nature of Interest |
|------|------------------|--------------------|
|------|------------------|--------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

N/A

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations. N/A

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes

the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F. 1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1, F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Ricondo & Associates, Inc.

(Print or type name of Disclosing Party)

(Sign here)

Michael Baer

(Print or type name of person signing)

Controller (Print or type title of person signing)

Signed and sworn to before me on (date) November 20, 2015,
at Cook County, Illinois (state).

Commission expires: July 27, 2016

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**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B. La., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority. •

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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RICONDO
& ASSOCIATES

Current Board of Directors and Officers

OFFICE ADDRESS

Ramon Ricondo
President, Secretary, Treasurer
52 13% Ownership
Pedro Ricondo
Senior Vice President, Director 10% Ownership
R Douglas Trezise
Senior Vice President, Director
9.07% Ownership
James T. Jams
Senior Vice President, Director 8 93% Ownership
John C. Williams
Senior Vice President, Director
7.33% Ownership
Joseph A Huy
Senior Vice President, Director 6.00 Ownership
Shawn M. Kinder
Senior Vice President, Director
4.00% Ownership
Geoffrey A. Wheeler
Senior Vice President, Director
2.53% Ownership
20 N Clark Street, Suite 1500 Chicago IL 60602-4185

1000 NW 57th Court, Suite 920 Miami FL 33126-6015

20 N Clark Street, Suite 1500 Chicago IL 60602-4185

515 King Street, Suite 500 Alexandria VA 22314-3137

20 N Central Ave, Suite 1400 Phoenix, AZ 85004

1917 Palomar Oaks Way, Suite 350 Carlsbad CA 92008-5531

20 N Clark Street, Suite 1500 Chicago IL 60602-4185

105 E Fourth Street, Suite 1700 Cincinnati OH 45202-4011

20 NORTH CLARK STREET, SUITE 1500, CHICAGO, IL 60602 TEL (312) 606-0611 • FAX (312) 606-0706

AFFIDAVIT

DEBT OBLIGATION AND BROKERAGE TRANSACTIONS

Name of Reporting Firm: Ricondo & Associates, Inc .
Description of Matter: Midway International Airport Series 2016 Bonds
Role of Reporting Firm: Preparation of the Report of the Independent Airport
Consultant • This affidavit is submitted in conjunction with (check one):

- a City of Chicago debt obligation transaction (Municipal Code Section 2-154-017)
- brokerage services for the City Treasurer (Municipal Code Section 2-154-018)

Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Reporting Firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Reporting Firm and the role he or she will fill in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

| Individual # | Position and Role | Gender | Race/Ethnicity |
|--------------|--------------------------------|--------|----------------|
| 111100 | Ramon Ricondo, Officer | M F | Hispanic/Male |
| 113911 | Kristina Woodward, Director | M F | White/Female |
| 114080 | Jeff Stanley, Director | M F | White/Male |
| 173012 | Matt Ruffra, Managing Consult; | intM F | White/Male |
| 114112 | Maria Hicks, Consultant | M F | White/Female |

(If needed, please use additional sheets to identify additional personnel.)

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Reporting Firm, and (2) the information in this Affidavit and associated attachment are true, complete, and correct.

By signing below, I understand and acknowledge, on behalf of the Reporting Firm, that failure to accurately and completely supply the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Title: Human Resources Manager

Printed Name: Kimberly Davis Signature: jyj

Date: November 20, 2015

| | | |
|---|--------|---------------------------|
| 114166 Anuj Mathur, Managing Consultant | Male | Asian |
| 114111 Max Braun, Senior Consultant | Male | White |
| 113858 Teresa Glavaz, Document Production | Female | Asia |
| 164017 Pilar Moffitt, Document Production | Female | Black or African American |

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code

scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: The Bank of New York Mellon Trust Company, N.A.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

the Applicant

OR

a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest:

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

DD- j <-*u t>- i • r.4. 2 North LaSalle Street, Suite 1020

Business address of the Disclosing Party:

Chicago, IL 60602

Telephone: (317) 637-7777 Fax: (317) 637-9821 , email: Robert.Kocher@bnymellon.com

<mailto:Robert.Kocher@bnymellon.com>

Name of contact person: , Robert Kocher

Federal Employer Identification No. (if you have one):

Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago Midway Airport Revenue Bonds Series 2016
Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

Page 1 of 13

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

Indicate the nature of the Disclosing Party:

- Person Limited liability company
- Publicly registered business corporation Limited liability partnership
- Privately held business corporation Joint venture
- Sole proprietorship Not-for-profit corporation
- General partnership (Is the not-for-profit corporation also a 501(c)(3))?
- Limited partnership Yes No
- Trust Other (please specify)

-n Limited Purpose National Banking Association

For legal entities, the state (or foreign country) of incorporation or organization, if applicable: National bank chartered by the United State Office of the Comptroller of the Currency

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

See Attachment A

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

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interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

| Name | Business Address | Percentage Interest in the Disclosing Party |
|---|------------------|---|
| <u>The Bank of New York Mellon Corporation owns 100% of the Applicant</u> | | |

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself.

"Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

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Name (indicate whether retained or anticipated to be retained) lobbyist, etc.) Business Address Relationship to Disclosing Party (subcontractor, attorney, etc.) Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No
FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;

have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government. The certifications in subparts 3, 4 and 5 concern:

the Disclosing Party;

any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");

any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity; agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been

convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below: See Attachment A-1

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name Business Address Nature of Interest

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

x 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary): None

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

Page 9 of 13

The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

It is the City's policy to make this-document available to the public on its Internet-site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F. 1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department

of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City: This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1, F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

(Sign here) Robert Kocher

The Bank of New York Mellon Trust Company, N.A. (Print or type name of Disclosing Party)

(Print or type name of person signing)

Vice President (Print or type title of person signing)

Signed and sworn to before me on (date) 10/30/2022 at Cook County, Illinois (state).

Notary Public.

Commission expires:

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CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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Attachment A

The Bank of New York Mellon Trust Company, N.A. Board of Directors as of 11/23/2015

Debra A. Baker Alphonse J. Briand, Jr Lisa Y. Brown Michael Cirar Robert L. Griffin William D. Lindelof Loretta A. Lundberg Gary N. Nazare Antonio I. Portuondo Richard P. Stanley Tammy L Tice Timothy J. Vara Patrick Vatel Joseph Panepinto

Senior Operating Officers as of 11/23/2015

Antonio I. Portuondo President
Kurtis R. Kurimsky Executive Vice President & Comptroller
John K. McNamara Auditor

Matthew J. McNulty Chief Financial Officer

Attachment A-1

The Bank of New York Mellon Corporation (the "Corporation"), acting through its subsidiaries, The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A., is trustee on thousands of bond transactions which are secured by mortgages on real property that are held in trust and registered in the name of the Bank of New York Mellon or The Bank of New York Mellon Trust Company, N.A., as trustee. The mortgages are serviced by third-party service providers who are required to provide the necessary administrative services related to the mortgages, such as paying property taxes and complying with the local real estate ordinances. From time to time, the third-party services providers may fail to fulfil their obligations, resulting in fines and judgments. Such fines and judgments may be assessed and entered against the Bank of New York Mellon or The Bank of New York Mellon Trust Company, N.A. because, as trustee, it is the lien-holder or owner of record. The third-party service provider is obligated to pay such fines and remedy or pay such judgments.

In addition, like all major institutions, the Corporation and/or subsidiaries are subject to various litigations and proceedings pursuant to which judgments, injunctions, or liens may be issued. There have been no judgments, injunctions or liens arising out of such litigations or proceedings in the last five years that would materially impair the Corporation's or its subsidiaries ability to perform the services relating to the Matter. For a description of certain legal proceedings, please see the "Legal Proceedings" section in the Corporation's Form 10-K and 10-Qs, which are available on our website, <<http://www.bnymellon.com>>. In addition, The Bank of New York Mellon Trust Company, N.A. has, in a very limited number of cases, been removed as trustee due to administrative service issues; none of such issues would impact the ability of The Bank of New York Mellon Trust Company, N.A. to perform the services related to the Matter.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: The Bank of New York Mellon Trust Company, N.A.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

the Applicant

OR

a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest:

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

Bank of New York Mellon 2 North LaSalle Street, Suite 1020

Business address of the Disclosing Party:

Chicago, IL 60602

Telephone: (317)637-7777 Fax: (317) 637-9821 Email: Robert.Kocher@bnymellon.com

<mailto:Robert.Kocher@bnymellon.com>

Name of contact person:, Robert Kocher

E. Federal Employer Identification No. (if you have one):

Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago Midway Airport Revenue Bonds Series 2016
Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

NATURE OF THE DISCLOSING PARTY

Indicate the nature of the Disclosing Party:

Person Limited liability company

Publicly registered business corporation Limited liability partnership

Privately held business corporation Joint venture

Sole proprietorship Not-for-profit corporation

General partnership (Is the not-for-profit corporation also a 501(c)(3))?

Limited partnership Yes No

Trust Other (please specify)

Limited Purpose National Banking Association

For legal entities, the state (or foreign country) of incorporation or organization, if applicable: National bank chartered by the United State Office of the Comptroller of the Currency

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s). - If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

See Attachment A

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

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interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name Business Address Percentage Interest in the Disclosing Party

The Bank of New York Mellon Corporation owns 100% of the Applicant

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself.

"Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

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| Name (indicate whether retained or anticipated to be retained) lobbyist, etc.) | Business Address | Relationship to Disclosing Party (subcontractor, attorney, "hourly rate" or "t.b.d." is not an acceptable response. | Fees (indicate whether paid or estimated.) NOTE: |
|--|------------------|---|--|
|--|------------------|---|--|

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article 1 is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

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The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;

have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government. The certifications in subparts 3, 4 and 5 concern:

the Disclosing Party;

any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");

any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or

violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied

Persons List, the Unverified List, the Entity List and the Debarred List.

The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

See Attachment A-1

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

Code, explain here (attach additional pages if necessary).

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

[] Yes [x] No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

[] Yes [] No

If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

| Name | Business Address | Nature of Interest |
|------|------------------|--------------------|
|------|------------------|--------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

x 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

v.

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary): None

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

It is the City's policy to make this document available to the public on its Internet-site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

C. The information provided in this EDS must be kept current, In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City: This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by -the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such

contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.L, F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below. (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

The Bank of New York Mellon Trust Company, N.A.

(Print or type name of Disclosing Party)

(Sign here) Robert Kocher

(Print or type name of person signing)

Vice President (Print or type title of person signing)

Signed and sworn to before me on (date) fl()Vlmhl^ 2^ 9Q lfb at rOtl'n'orv County, CtT^i'^-no. (state).

Notary Public.

Commission expires:

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CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather

or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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Attachment A

The Bank of New York Mellon Trust Company, N.A. Board of Directors as of 11/23/2015

Debra A. Baker Alphonse J. Briand, Jr Lisa Y. Brown Michael Cirar Robert L. Griffin William D. Lindelof Loretta A. Lundberg Gary N. Nazare Antonio I. Portuondo Richard P. Stanley Tammy L. Tice Timothy J. Vara Patrick Vatel Joseph Panepinto

Senior Operating Officers as of 11/23/2015

Antonio I. Portuondo President
Kurtis R. Kurimsky Executive Vice President & Comptroller
John K. McNamara Auditor
Matthew J. McNulty Chief Financial Officer

Attachment A-1

The Bank of New York Mellon Corporation (the "Corporation"), acting through its subsidiaries, The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A., is trustee on thousands of bond transactions which are secured by mortgages on real property that are held in trust and registered in the name of the Bank of New York Mellon or The Bank of New York Mellon Trust Company, N.A. as trustee. The mortgages are serviced by third-party service

of The Bank of New York Mellon Trust Company, N.A., as trustee. The mortgages are serviced by third-party service providers who are required to provide the necessary administrative services related to the mortgages, such as paying property taxes and complying with the local real estate ordinances. From time to time, the third-party services providers may fail to fulfil their obligations, resulting in fines and judgments. Such fines and judgments may be assessed and entered against the Bank of New York Mellon or The Bank of New York Mellon Trust Company, N.A. because, as trustee, it is the lien-holder or owner of record. The third-party service provider is obligated to pay such fines and remedy or pay such judgments.

In addition, like all major institutions, the Corporation and/or subsidiaries are subject to various litigations and proceedings pursuant to which judgments, injunctions, or liens may be issued. There have been no judgments, injunctions or liens arising out of such litigations or proceedings in the last five years that would materially impair the Corporation's or its subsidiaries ability to perform the services relating to the Matter. For a description of certain legal proceedings, please see the "Legal Proceedings" section in the Corporation's Form 10-K and 10-Qs, which are available on our website, <<http://www.bnymellon.com>>. In addition, The Bank of New York Mellon Trust Company, N.A. has, in a very limited number of cases, been removed as trustee due to administrative service issues; none of such issues would impact the ability of The Bank of New York Mellon Trust Company, N.A. to perform the services related to the Matter.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: The Bank of New York Mellon Trust Company, N.A.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

the Applicant

OR

a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest:

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

j, x-^uTA i - n * 2 North LaSalle Street, Suite 1020

Business address of the Disclosing Party:

Chicago, IL 60602

Telephone: ■ ³¹⁷ 637-7777 Fax: (317) 637-9821 Email: Robert.Kocher@bnymellon.com

<mailto:Robert.Kocher@bnymellon.com>

Name of contact person:, Robert Kocher

Federal Employer Identification No. (if you have one): -

Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

City of Chicago Midway Airport Revenue Bonds Series 2016

Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # and Contract #

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

NATURE OF THE DISCLOSING PARTY

Indicate the nature of the Disclosing Party:

Person Limited liability company

Publicly registered business corporation Limited liability partnership

Privately held business corporation Joint venture

Sole proprietorship Not-for-profit corporation

General partnership (Is the not-for-profit corporation also a 501(c)(3))?

Limited partnership Yes No

Trust Other (please specify)

Limited Purpose National Banking Association

For legal entities, the state (or foreign country) of incorporation or organization, if applicable: National bank chartered by the United State Office of the Comptroller of the Currency

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

[JYes [JNo [xJN/A

IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s). If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

See Attachment A

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation,* partnership interest in a partnership or joint venture,

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interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

| Name | Business Address | Percentage Interest in the Disclosing Party |
|---|------------------|---|
| <u>The Bank of New York Mellon Corporation owns 100% of the Applicant</u> | | |

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

any City elected official in the 12 months before the date this EDS is signed?

[] Yes [x] No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself.

"Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

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| | | | | |
|---|-------------------------|---|---|------------------------------|
| Name (indicate whether retained or anticipated to be retained) | Business Address | Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.) | Fees (indicate whether paid or estimated.) | NOTE: |
| | | | | "hourly rate" or "t.b.d." is |

not an acceptable response.

(Add sheets if necessary)

[x] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage

on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications' 2 and 3 below.

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The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;

have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

The certifications in subparts 3, 4 and 5 concern:

the Disclosing Party;

any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons-or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");

any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is

controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or

violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below: See Attachment A-1

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

The Disclosing Party certifies that the Disclosing Party (check one)
 is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.
If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

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If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively

presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

[] Yes [x] No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

[] Yes [] No

If you checked "Yes" to Item D.L, provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

| Name | Business Address | Nature of Interest |
|------|------------------|--------------------|
|------|------------------|--------------------|

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

x 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary): None

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

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The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.1. above.

The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and

the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

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SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the

City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

It is the City's policy to make this-document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

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F. 1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1, F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

The Bank of New York Mellon Trust Company, N.A. (Print or type name of Disclosing Party)

(Sign here)

Robert Kocher (Print or type name of person signing)

Vice President (Print or type title of person signing)

Signed and sworn to before me on (date) klovimhir 2^3Q 1S at HYln'orv County, CTT^i'fl-nA.
(state).

Notary Public.

Commission expires:

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CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party; if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

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Attachment A

The Bank of New York Mellon Trust Company, N.A. Board of Directors as of 11/23/2015

Debra A. Baker Alphonse J. Briand, Jr Lisa Y. Brown Michael Cirar Robert L. Griffin William D. Lindelof Loretta A. Lundberg Gary N. Nazare Antonio I. Portuondo Richard P. Stanley Tammy L. Tice Timothy J. Vara Patrick Vatel Joseph Panepinto

Senior Operating Officers as of 11/23/2015

Antonio I. Portuondo President
Kurtis R. Kurimsky Executive Vice President & Comptroller
John K. McNamara Auditor
Matthew J. McNulty Chief Financial Officer

Attachment A-1

The Bank of New York Mellon Corporation (the "Corporation"), acting through its subsidiaries, The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A., is trustee on thousands of bond transactions which are secured by mortgages on real property that are held in trust and registered in the name of the Bank of New York Mellon or The Bank of New York Mellon Trust Company, N.A., as trustee. The mortgages are serviced by third-party service providers who are required to provide the necessary administrative services related to the mortgages, such as paying property taxes and complying with the local real estate ordinances. From time to time, the third-party services providers may fail to fulfil their obligations, resulting in fines and judgments. Such fines and judgments may be assessed and entered against the Bank of New York Mellon or The Bank of New York Mellon Trust Company, N.A. because, as trustee, it is the lien-holder or owner of record. The third-party service provider is obligated to pay such fines and remedy or pay such judgments.

In addition, like all major institutions, the Corporation and/or subsidiaries are subject to various litigations and proceedings pursuant to which judgments, injunctions, or liens may be issued. There have been no judgments, injunctions or liens arising out of such litigations or proceedings in the last five years that would materially impair the Corporation's or its subsidiaries ability to perform the services relating to the Matter. For a description of certain legal proceedings, please see the "Legal Proceedings" section in the Corporation's Form 10-K and 10-Qs, which are available on our website <<http://www.bnymellon.com>>. In addition, The Bank of New York Mellon Trust Company, N.A. has, in a very

website, <http://www.cityofchicago.com>. In addition, The Bank of New York Mellon Trust Company, N.A. has, in a very limited number of cases, been removed as trustee due to administrative service issues; none of such issues would impact the ability of The Bank of New York Mellon Trust Company, N.A. to perform the services related to the Matter.

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B**

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No

If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

Yes No Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

**AFFIDAVIT
DEBT OBLIGATION AND BROKERAGE TRANSACTIONS**

Name of Reporting Firm: The Bank of New York Mellon Trust Company, N.A.

• Description of Matter: City of Chicago Midway Airport Revenue Bonds Series 2016

Role of Reporting Firm: Trustee and Paving Agent

This affidavit is submitted in conjunction with (check one):

a City of Chicago debt obligation transaction (Municipal Code Section 2-154-017)

brokerage services for the City Treasurer (Municipal Code Section 2-154-018)

Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Reporting Firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Reporting Firm and the role he or she will fill in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

| Individual # | Position and Role | Gender | Race/Ethnicity |
|--------------|---|--------|------------------|
| 1 | Transaction Manager/Works exclusively with the financing team related to document negotiation, pre-closing and closing process. | F | African American |

- 2 Client Service Manager/Engaged with Transaction Manager during the period leading up to the closing. Serves as the primary administrative (day to day) point of contact for City once the bonds are issued. M Hispanic
- 3 Client Service Manager #2/Engaged with Transaction Manager during the period leading up to the closing. Serves as the backup to primary administrative (day to day) point of contact for City once the bonds are issued. F White
- 4 Internal Counsel/ Reviews documents for compliance with BNY Mellon document standards. M White
- 5 Relationship Manager/Engaged with the City and BNY Mellon Team during the financing period and is responsible for the overall relationship between BNY Mellon and the City of Chicago. M White
- (If needed, please use additional sheets to identify additional personnel.)*

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Reporting Firm, and (2) the information in this Affidavit and associated attachment are true, complete, and correct.

By signing below, I understand and acknowledge, on behalf of the Reporting Firm, that failure to accurately and completely supply the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Printed Name: Robert J. Kocher

Vice President