I. INTRODUCTION

Following the financial crisis, regulations have been put in place globally requiring large financial institutions or their regulators to develop resolution plans, also known as “living wills.” In the U.S., these plans are required by Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act and are intended to reduce the impact on the economy of a large financial institution’s failure and avert a widespread destabilization of the global financial system.

The objectives of a Title I resolution plan, where it is assumed that a firm would enter resolution under the U.S. Bankruptcy Code, are clear: to provide a roadmap and a set of capabilities that enable the firm to be resolved in an orderly fashion, while maintaining Critical Operations, and ultimately reducing the size of the firm after bankruptcy, all without causing undue harm to the financial system or relying on government support.

In addition to providing the FRB and FDIC (the “Agencies”) with a comprehensive and credible resolution plan, we have a responsibility to demonstrate robust resolution preparedness capabilities so that internal and external stakeholders – including regulators, depositors, creditors, counterparties, customers, clients, shareholders, and employees – have confidence that our Resolution Plan would result in an orderly restructuring of Bank of America Corporation (“BAC”) and its subsidiaries (collectively, the “Company,” “we,” “us,” and “our”). With that responsibility in mind, we have dedicated significant resources, taken demonstrable actions, and made meaningful changes to our organization and the way we run our Company. We have taken these actions so that our Resolution Plan would facilitate a rapid and orderly resolution under the U.S. Bankruptcy Code without the need for government support and without severe adverse consequences for the financial system.

Over the past several years, we have built into our Resolution Planning Governance Framework an annual review of our designations of Core Business Lines, Critical Operations, Critical Services, and Material Entities. These designations serve as the foundation of our resolution preparedness.

In April, the Agencies notified us of two deficiencies in our 2015 Resolution Plan and, as a result, they found our Plan was not credible or would not facilitate an orderly resolution under the U.S. Bankruptcy Code. In addition to those deficiencies requiring remediation by October 1, 2016, the Agencies also identified three shortcomings that we must remediate by July 1, 2017.

In this introduction, we outline key areas where the Company has made progress to enhance resolvability since submitting our first resolution plan in 2012. As a result of work completed through 2015, the remediation work done in 2016, and the actions taken as part of our business-as-usual simplification efforts, we are confident that the Company could be resolved in both an orderly and rapid fashion under the U.S. Bankruptcy Code without requiring government support or causing harm to the financial system.
INTRODUCTION

Following the discussion of our Progress to Enhance Resolvability below, we outline how we have remediated the deficiencies, as well as the progress we have made to remediate the three shortcomings also identified by the Agencies.

**Progress to Enhance Resolvability**

As discussed in our 2015 Executive Summary, we have historically organized our efforts to enhance resolvability around four key preparedness categories: structural, financial, operational, and decision-making. With this year’s submission, we have added an additional preparedness category: legal. Each of these areas of preparedness supports our preferred and recommended single point of entry resolution strategy. Each also provides for optionality and flexibility given that certain aspects of preparing for a bankruptcy cannot be determined until the actual facts and circumstances are known.

The substantial progress we have made in each of these preparedness categories is discussed below. In addition to improving resolvability, many of the examples also have business-as-usual benefits and serve to further simplify the Company. An important component of our resolution preparedness is to take actions now that are expected to result in fewer actions and decisions needed in a resolution scenario.

We are focused on transforming our Company to make financial lives better by connecting those we serve to the resources and expertise they need. Actions taken to be prepared for a resolution scenario are consistent with that focus while also improving resolvability.

**Structural Preparedness**

Since the financial crisis, we have made many important changes to simplify our legal entity structure to facilitate the successful execution of our resolution strategy. Our legal entity rationalization criteria, discussed within the Legal Entity Rationalization Shortcoming section of this document, support this goal by providing for rationalization of our legal entity structure and provide options for potential separability.

*Legal Entity Population:* Having legal entities that are inactive or do not support our business strategy could complicate resolution. Thus, for several years, we have focused on reducing our legal entity population governed by our Subsidiary Governance Policy. Since 2011, we have reduced our legal entity population by approximately 1,600 or 60%, including the elimination of approximately 400 entities since we submitted our 2015 Resolution Plan. We currently have approximately 1,000 legal entities including 17 designated as Material Entities. We are focused on further reducing our legal entity population, leveraging our legal entity criteria, and currently have over 250 legal entities in line for elimination.

*Intermediate Holding Company Structure:* Intermediate holding companies are an important part of our legal entity structure as they serve certain regulatory, resolution, and business purposes. However, having unnecessary intermediate holding companies could add undue complexity during resolution. We have also simplified our legal entity structure by eliminating over 40 intermediate holding companies since 2011, with an additional 20 in line for elimination.
Alignment of Legal Entities in Preparation of Resolution: BACNA is an intermediate holding company that serves a critical role in resolution. BAC North America Holding Company (“BACNA”) is the common parent for all of our Continuing Subsidiaries, which are separate from the Solvent Wind-Down Subsidiaries. The alignment of the Continuing Subsidiaries under BACNA well in advance of resolution would allow us to more quickly execute our single point of entry strategy as there would be fewer organizational steps to take in resolution. In recent years we have reorganized or consolidated seven Material Entities to complete this alignment. The organizational chart on page 47 illustrates our legal entity structure.

Legal Entity and Lines of Business Alignment: Operating multiple Core Business Lines – which have differing resolution outcomes – in a single legal entity may complicate the execution of our single point of entry strategy. As a result, we are taking actions to better align our legal entities and lines of business. For example, in 2015, we initiated a project to separate our institutional capital markets brokerage business from our retail brokerage business – both of which are currently in Merrill Lynch, Pierce, Fenner & Smith Incorporated. This separation is expected to be completed in mid-2017.

Reduced Derivative Trades between Affiliates: We have been proactively changing our derivative booking policy to address the possibility that in some circumstances transferring market risk between affiliates could create additional complexity during resolution. To address this risk, we are simplifying intercompany relationships, including reducing our inter-affiliate derivative trade gross notional value and trade count. Since submitting the 2015 Resolution Plan, we have reduced inter-affiliate notional value by 57% and trade count by 54%. In 2017, we will continue to build upon our inter-affiliate market risk management framework to monitor and manage these risks.

Enhanced Governance and Oversight of Material Entities: We have strengthened our governance and oversight of Material Entities. Since our 2015 Resolution Plan, we provided customized training regarding our single point of entry strategy to each Material Entity director and designee. Providing Material Entity directors and designees with training and tools to understand our single point of entry strategy and their responsibilities enhances their preparedness to successfully execute the strategy. Additionally, Material Entities have enhanced crisis reporting and other capabilities that are reviewed by our Material Entity directors and designees. Finally, in 2016, we added a global technology and operations designee responsible for each Material Entity’s operational aspects, in addition to the business, risk, and finance designees already in place for each Material Entity.

Legal Preparedness
The Company’s single point of entry strategy requires that our Material Entities have sufficient capital and liquidity to operate through severe stress and following a bankruptcy of BAC. Providing capital and liquidity to Material Entities allows our Critical Operations and Core Business Lines to continue or to be wound down in an orderly fashion. Among the purposes of this strategy is to preserve the continuity of our Critical Operations and to maximize the value of our Material Entities for the benefit of BAC’s stockholders, creditors, and other stakeholders. We believe entering into a secured capital and liquidity agreement (the “Secured Support Agreement”) and prefunding NB Holdings.
Corporation ("NB Holdings") with cash and other financial assets increases our resolvability and will eliminate or substantially mitigate risks of successful legal challenge to providing capital and liquidity support to the Material Entities pursuant to our single point of entry resolution strategy.

Under the Secured Support Agreement, BAC is required to contribute to NB Holdings a specified amount of cash and other financial assets. As a result, BAC transferred certain cash and intercompany loan receivables to NB Holdings upon signing that agreement. Further, BAC is required to transfer certain additional cash and intercompany loan receivables to NB Holdings on or before July 1, 2017. After both transfers have been completed, the financial assets transferred to NB Holdings pursuant to the Secured Support Agreement are expected to equal approximately one-third of BAC’s total unconsolidated assets as of August 31, 2016. If after July 1, 2017, BAC acquires additional financial assets not needed to satisfy its near-term ordinary course obligations or maturing debt, BAC must transfer such additional financial assets to NB Holdings. BAC is required to make a final transfer to NB Holdings of its remaining cash and other financial assets, less a holdback for expected bankruptcy administrative expenses, upon the earlier of (1) the occurrence of a quantitative trigger, described in the next sentence; or (2) BAC Board authorization to commence BAC’s bankruptcy filing (either, a “Metric Trigger Event”). The quantitative trigger is based on the ratio of our projected capital and liquidity resources at the applicable time to the projected amount of capital and liquidity we would need to execute our single point of entry resolution strategy without the need for extraordinary government support. Upon the occurrence of this Metric Trigger Event, NB Holdings is required to provide capital and liquidity support to our Material Entities consistent with the terms of the Secured Support Agreement.

The financial assets of BAC and NB Holdings, including but not limited to their cash and receivables, but excluding BAC’s and NB Holdings’ equity interests in the Material Entities, secure their support obligations under the Secured Support Agreement, thereby making our Material Entities secured parties to the other parties’ performance obligations under the Secured Support Agreement.

BAC is expected to continue to have access to the same flow of dividends, interest, and other amounts of cash necessary to service its debt, pay dividends, and perform other obligations as it would have had if it had not entered into the Secured Support Agreement or prefunded NB Holdings. BAC will continue to hold all of its interests in our Material Entities indirectly through NB Holdings. Thus, neither BAC’s entry into the Secured Support Agreement nor its prefunding of NB Holdings affects BAC’s access to dividends from the Material Entities. Moreover, in consideration for BAC’s initial transfer of financial assets to NB Holdings, NB Holdings issued a note to BAC in an aggregate principal amount equal to the value of such transferred financial assets. The aggregate principal amount of the note will be increased in the amount of any future transfers. The note will also pay BAC interest that is expected to be greater than the amount of interest payable on any intercompany loans transferred to NB Holdings. The note is subordinated to the secured obligations of NB Holdings under the Secured Support Agreement and will be automatically forgiven if a Metric Trigger Event occurs. In addition, NB Holdings provided BAC a committed line of credit, which allows BAC to draw funds if necessary to satisfy its near term-cash needs unless and until a Metric Trigger Event occurs.

The Secured Support Agreement is further discussed in the Governance Mechanisms: Pre-Bankruptcy Parent Support Shortcoming section.

Financial Preparedness
With over $500 billion in consolidated liquidity, record capital levels, and a significantly de-risked balance sheet, our financial position is stronger than it has ever been. Key indicators include:

- Global liquidity sources of $515 billion at June 30, 2016, compared to $214 billion at December 31, 2009;
- Tangible common capital of $170 billion at June 30, 2016, compared to $119 billion at December 31, 2009;
• Total equity capital of $267 billion at June 30, 2016, compared to $231 billion at December 31, 2009;
• Reduced overall leverage and reduced consolidated outstanding long-term debt from $523 billion in 2009 to $229 billion as of June 30, 2016;
• Smoothed and extended debt maturity profile, thereby lowering refinancing risk, as demonstrated by a 60% reduction in BAC long-term debt maturing within one year and debt maturities averaging $20 – 25 billion per annum over the next five years;
• Eliminated BAC commercial paper issuance and the broker-dealer master note program, resulting in an 85% reduction in outstanding commercial paper and short-term borrowings since 2008;
• Reduced liquidity risk by lengthening the term of the non-traditional repurchase agreement portfolio, as evidenced by 76% of the portfolio having maturities greater than one month; and
• Strengthened capital and remaining long-term debt levels at BAC to support the capital and liquidity needs of our Material Entities in both business-as-usual and resolution scenarios.

In addition, we are confident that we are well-positioned to meet the proposed requirements for total loss-absorbing capacity.

Financial Resilience: We have a Risk Framework that serves as the foundation for consistent and effective management of risks facing the Company, including identifying, escalating, and debating all risks. Risk identification is the first step in sound, proactive risk management, and is the starting point for the Company’s strategic, capital, and liquidity processes. Our robust risk identification process helps us assess and understand when and where we may be financially vulnerable. Further, we have detailed financial contingency plans in place in the event we would need to increase capital and liquidity levels. Each of these tools allows us to assess and manage potential risks, including tail risks, and would aid us in returning to financial health should we face a situation where our financial profile were deteriorating.

The indicators and factors described above are important to understand why we believe we are financially resilient and the possibility of the Company’s bankruptcy is remote. We are nonetheless prepared to execute our single point of entry resolution strategy in the event a BAC bankruptcy becomes necessary.

Daily Stress Liquidity: The Company has taken actions and further enhanced existing capabilities to be financially prepared to execute our preferred resolution strategy. For example, we have expanded our existing liquidity stress testing methodologies to include the ability to estimate forecasted liquidity needs on a daily basis for each of our Material Entities. We run stress forecasts on a daily basis for each Material Entity as part of our liquidity management framework to understand stress and resolution liquidity needs for each of the Material Entities and we regularly improve our forecasting capabilities. These forecasts inform our liquidity positioning framework which is a key aspect of our enhanced resolvability as it allows us to determine where the Company’s liquidity resources of over $500 billion are best placed within our legal entity structure.

Liquidity Positioning: In 2016, we used these capabilities to evaluate where liquidity should be positioned within our Company. In addition to moving a portion of our consolidated liquidity from BAC to NB Holdings as discussed above, as of September 30, 2016, we re-positioned a larger portion of this liquidity to sit directly within the Material Entities that conduct business activities and provide Critical Services to other Material Entities. These positioning routines have been built into our business-as-usual liquidity management framework and are monitored and re-evaluated on an ongoing basis to appropriately position our liquidity resources.

Liquidity Adequacy: Further, the aggregate liquidity needs of our Material Entities in times of deep financial stress help determine the minimum liquidity levels we hold on a business-as-usual basis. This means we will hold liquidity in excess of the levels required by the U.S. Basel III liquidity coverage ratio rules to allow our Material Entities to have access to adequate liquidity, not only to withstand a scenario of deep financial stress, but also to successfully execute our single point of entry resolution strategy if necessary. Importantly, we will
INTRODUCTION

maintain enough capital and liquidity centrally at NB Holdings to allow us the flexibility to position financial resources where they may be needed in business-as-usual and stress periods, and also to serve as a source of strength to our banking entities.

Capital Adequacy: In addition to having a liquidity management framework to weather a severe financial crisis, we have a robust capital management framework so that each Material Entity maintains more than adequate capital to meet regulatory requirements and maintain market confidence, even under severe stress conditions. This framework exceeds current regulatory requirements in stress test frequency and the number of legal entities we cover, and has become a key part of how we manage the Company’s risks. We have also aligned the capital and debt profile at BAC with the FRB’s proposed rules for total loss-absorbing capacity.

Financial Positioning Execution Playbooks: Operationally, we are prepared to position capital and liquidity when and where needed and have developed playbooks laying out alternatives and protocols for providing capital or liquidity, or both, from NB Holdings to Material Entities. The playbooks prepare us to act quickly and proactively in times of stress, and are an important component of our preparedness.

Operational Preparedness
The Company has developed and enhanced capabilities to provide for continuity of operations in resolution, timely access to critical information, and effective crisis management. Collectively, these capabilities underpin our operational readiness for financial stress, including a resolution event, and are integrated into our business-as-usual activities and regularly tested and evaluated for improvement. The significant enhancements we have made in these and other operational areas are discussed below.

Developed Centralized Operational Independency Mapping Tool: Since 2012, when we first initiated improvements in the operational capabilities needed to successfully execute our resolution strategy, the Company developed a detailed and centralized inventory of Critical Services that tracks how these services are provided among our Material Entities. This information is important to an orderly resolution and to the separability of the Company in times of stress. In 2013, we developed a tool to map the operational dependencies existing between Material Entities. This tool allows us to identify Critical Services – including employees, real estate, vendors, and technology – in advance, including those supported by Preferred Service Providers. We continue to refine this interdependency mapping tool so that information can be available on a dynamic basis.

Aligned Critical Services to Preferred Service Providers: Leveraging this interdependency data, we have substantially completed aligning Critical Services to Preferred Service Providers. Each Preferred Service Provider operates with at least six months of working capital and is part of the BACNA legal entity chain. As Continuing Subsidiaries, they would continue to provide services to other Continuing Subsidiaries, as well as Solvent Wind-Down Subsidiaries in Resolution, as outlined in existing service level agreements.

Established New Monitoring and Reporting Team: We believe access to information, on a legal entity basis, is important to a large firm’s orderly resolution. Recognizing the importance of having accurate and timely information in a severe stress or resolution scenario, the Company has established a Monitoring and Reporting team responsible for inventoring the critical reports and information necessary for management and the relevant boards of directors to engage in informed and timely decision making during a financial crisis. This team coordinates across our lines of business and control functions to develop and maintain this inventory of critical information and to demonstrate that it is available at all times, including during periods of stress.

Revised Service Agreements: Internal and external agreements are in place – with terms allowing services to continue in resolution – to support the continuity of services. We have enhanced the terms and conditions of intercompany service agreements to include arrangements on service level performance and pricing, as well as to facilitate continuity of such agreements in resolution. We have established a central team to document, track, and maintain these agreements. Additionally, we have executed intercompany agreements to provide for
continued use of intellectual property and continued access to data in a resolution. Further, we have modified our service contracts with key vendors so that services would continue to be provided as long as our Material Entities contracting the service continue to perform their obligations under the terms of the contract, including during a resolution scenario.

**Developed Comprehensive Operational Playbooks:** The Company created playbooks documenting important operational components of our resolution strategy. These playbooks contain specific action steps that would be executed by management, boards of directors, and, if needed, resolution authorities. For example, our Employee Retention Playbook documents the actions needed to retain resolution-critical employees. Other playbooks document key decisions and actions which are expected to be taken to maintain operational continuity for each Material Entity. In addition, we are developing Divestiture Option Playbooks to facilitate separability as discussed in the *Legal Entity Rationalization Shortcoming* section.

**Created the Enterprise Resolution Execution Office:** The capabilities described above strengthen the Company’s operational preparedness in a resolution situation. Equally important would be the ability to manage resolution events effectively. A central team, the Enterprise Resolution Execution Office, was established in 2015 to coordinate the Company’s operational response to any crisis event, including a resolution. In resolution, the Enterprise Resolution Execution Office would act as the “command center” to coordinate communications, decision-making, engagement of key stakeholders, and execution of actions the playbooks contemplate, as well as disseminate information in a timely manner.

We continue to improve our operational capabilities and preparedness. For example, we established a response readiness function, which tests the effectiveness of these and other capabilities through simulation exercises. Collectively, we believe these enhancements to the Company’s operational preparedness capabilities reduce uncertainty, provide continuity, and would make for a more orderly response in a resolution scenario.

**Decision-Making Preparedness**
A firm’s management and board of directors must make a number of key decisions during financial stress, including responses to liquidity and capital stress and ultimately whether the parent company needs to file for bankruptcy protection. These key decisions depend on receiving information in a timely manner. Last year, as part of our 2015 Resolution Plan submission, we included draft Board Playbooks for BAC and each of our Material Entities. These playbooks outline information the boards would receive during periods of stress, including potential resolution, and specific issues and actions each board is expected to consider during different phases of stress and resolution. See the *Governance Mechanisms: Board Playbooks* section for a discussion of our Crisis Continuum and its phases.

**Expanded Crisis Continuum:** The Company has also become more deliberate in outlining the expected decisions and actions needed at various stages of a potential financial deterioration, also referred to as the Crisis Continuum. We have aligned triggers, roles and responsibilities, and playbooks to all of the stages in the Crisis Continuum to better align the engagement of management and boards and the execution of necessary actions, based on the facts and circumstances at the time.

**Further Developed Triggers:** In 2016, we expanded and updated our playbooks to include a discussion of clearly defined triggers the boards of BAC, NB Holdings, and the Material Entities would review at various points during periods of financial distress. These triggers, discussed in more detail in the *Governance Mechanisms: Triggers* section, among other things, would provide the BAC Board with timely information to determine whether BAC should file for bankruptcy.

**Substantially Enhanced Playbooks:** We are expanding our coverage and deepening documentation of crisis actions with at least 17 different types of playbooks. In addition to the playbooks already mentioned, other key resolution-focused playbooks outline: the steps and documents needed to prepare for a bankruptcy filing; coordinated resolution communication strategies; steps to execute divestitures; and actions to implement
INTRODUCTION

business resolution strategies. In addition, we simulate live circumstances to test the playbooks, providing the potentially impacted areas with an environment to examine the credibility of the playbooks.

As a result of the actions discussed above, in combination with the work we have done to remediate the deficiencies and make progress on the shortcomings, today we have an actionable, comprehensive plan in place that we believe would allow our Company to be resolved without government support and without having a systemic impact on the financial system. Our senior management and BAC Board are committed to being prepared for an orderly resolution of our Company and will continue to dedicate substantial resources to our preparedness efforts.

Current Resolution Plan Status
On April 12, 2016, the Agencies provided joint, firm-specific feedback on 2015 resolution plans and issued guidance regarding expectations for 2017 resolution plans for several firms, including the Company. In our firm-specific feedback, the Agencies concluded that we must remedy two deficiencies by October 1, 2016, and three shortcomings by July 1, 2017, in four topical areas of assessment – Liquidity, Governance Mechanisms, Legal Entity Rationalization, and Derivatives and Trading Activities – in order for the Agencies to find that our plan is credible and would facilitate an orderly resolution under the U.S. Bankruptcy Code.

Our remediation of the two deficiencies and our progress to remediate the shortcomings are reviewed at a high level in this Executive Summary of our 2016 Resolution Plan Submission, and further detailed in our confidential submission to the Agencies. The result of this work can be seen in a substantially improved Resolution Plan.

Since May 2016, we have met with the Agencies to discuss our understanding of the deficiencies and shortcomings. In doing so, we shared our progress on remediation of the deficiencies and shortcomings and asked clarifying questions related to the Agencies’ feedback and additional written guidance. We also reiterated to the Agencies the importance that our senior management and our business leaders place on resolution planning – not as an annual exercise, but as part of how we govern our Company and consider the impact of resolvability in our business practices every day.

Additional Information
If you would like more information about Bank of America, including our Material Entities; an overview of our single point of entry resolution strategy; or key concepts related to resolution planning, see the Additional Information section.
A. SUMMARY OF THE REMEDIATION OF DEFICIENCIES AND SHORTCOMINGS

We believe we have remediated the two deficiencies in advance of the October 1, 2016 deadline. To demonstrate our commitment to enhancing our resolvability, we accelerated our remediation actions to substantially remediate two of the shortcomings by October 1, 2016 and made significant progress on the third, although the Agencies do not require the shortcomings to be fully remediated until July 1, 2017. The tables below provide a high-level summary of our progress to remediate each of the deficiencies and shortcomings.

<table>
<thead>
<tr>
<th>Summary of Feedback Related to Deficiencies</th>
<th>Key Actions Taken to Remediate the Deficiencies</th>
<th>Status as of October 1, 2016</th>
<th>Discussion Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liquidity</strong></td>
<td>Enhanced existing processes to develop and implement a new set of liquidity measurement capabilities:</td>
<td>Remediated</td>
<td>page 12</td>
</tr>
</tbody>
</table>
| Lack of capabilities to estimate the Company’s projected liquidity resources and needs during periods of financial distress and to successfully execute our single point of entry resolution strategy, as well as a framework to evaluate where liquidity is best positioned. | • Resolution Liquidity Adequacy and Positioning ("RLAP"): Estimates how much liquidity both the consolidated enterprise and each Material Entity need over a specified time horizon to withstand a severe financial stress and appropriately position liquidity across the Company; and  
• Resolution Liquidity Execution Need ("RLEN"): Estimates how much liquidity each Material Entity would need to execute its specific resolution strategy. Developed the capability and operationalized the process to determine the appropriate balance of positioning liquidity among BAC, NB Holdings, and the Material Entities. | | |
| **Governance Mechanisms: Playbooks and Triggers** | Established triggers based on capital, liquidity, market, and other metrics that incorporate methodologies for forecasting liquidity and capital needs in resolution. | Remediated                  | page 15             |
| Lack of clearly-identified triggers in our plan and playbooks for providing capital and liquidity to the Material Entities; and links between these triggers and specific actions by management and the BAC Board regarding the timely execution of a bankruptcy filing. Lack of progress in developing a formal agreement to provide the necessary financial resources to the Material Entities prior to BAC’s bankruptcy. | Revised our existing internal agreements to include triggers to fund and /or recapitalize the Material Entities prior to BAC’s bankruptcy filing. Amended our existing Board Playbooks to include clearly identified triggers to facilitate the timely execution of BAC’s pre-bankruptcy actions and bankruptcy filing. Incorporated new actions into our board governance playbooks as a result of legal analysis concerning potential claims and mitigating factors. (See the Governance Mechanisms: Pre-Bankruptcy Parent Support Shortcoming section). | | |
In addition to their feedback regarding our 2015 Resolution Plan, the Agencies also issued guidance for 2017 resolution plans ("2017 Guidance") and published a Resolution Plan Assessment Framework. The guidance and assessment framework focus on key potential vulnerabilities in resolution that apply to certain firms' 2017 resolution plans, including the Company’s, and are assessed by the Agencies accordingly. The key elements of assessment are:

- Capital
- Liquidity
- Governance Mechanisms
- Operational Capabilities
- Legal Entity Rationalization
- Derivatives and Trading Activities
- Responsiveness

In addition to addressing the deficiencies and shortcomings as summarized above, we have incorporated certain aspects of the 2017 Guidance into the 2016 Submission. Specifically, we have made substantial progress implementing the 2017 Guidance with respect to the Governance Mechanisms: Playbooks and Triggers deficiency, as discussed in detail below.
B. ADDITIONAL ENHANCEMENTS

Although the Agencies did not identify any deficiencies or shortcomings related to Capital or Operational Capabilities, we have continued our progress in both of these key areas of assessment. The table below summarizes our additional enhancements.

<table>
<thead>
<tr>
<th>Key Area of Assessment</th>
<th>Additional Enhancements Made in 2016</th>
<th>Discussion Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>Enhanced capital adequacy assessments to position sufficient capital at, or be readily available to, the Material Entities. Developed a process to calculate our Resolution Capital Execution Need (“RCEN”) – the capital required to support the Material Entities through the Resolution Phase.</td>
<td>page 33</td>
</tr>
<tr>
<td>Operational Capabilities</td>
<td>Enhanced contingency plans regarding resiliency and continuity of Critical Services. Improved management information systems to readily produce key data. Established defined actions to be taken to maintain payment, clearing, and settlement activities. Enhanced capabilities related to managing, identifying, and valuing collateral.</td>
<td>page 34</td>
</tr>
</tbody>
</table>

For more information on the enhancements to Capital and Operational Capabilities, see the Additional Enhancements section.
II. DEFICIENCY REMEDIATION

We believe we have remediated the two deficiencies identified by the Agencies in their Feedback Letter as discussed below.

A. LIQUIDITY DEFICIENCY

We maintain liquidity at NB Holdings and various subsidiaries in the form of cash and high-quality securities for which we may quickly obtain cash, even in stressed market conditions. These assets, which are called Global Liquidity Sources (“GLS”), serve as our primary means of liquidity risk mitigation. At June 30, 2016, our GLS were $515 billion (or 24% of total assets), an increase of $76 billion from December 31, 2014. In addition to maintaining substantial financial resources, it is critical that we have sophisticated capabilities to estimate the amount of capital and liquidity that could be needed under stress or in the event of a resolution.

The table below summarizes the deficiency related to liquidity identified by the Agencies and our remediation actions.

<table>
<thead>
<tr>
<th>Summary of Feedback Related to Liquidity Deficiency</th>
<th>Key Actions Taken to Remediate</th>
</tr>
</thead>
<tbody>
<tr>
<td>“… [d]evelop and [implement] an acceptable [Resolution Liquidity Adequacy and Positioning (“RLAP”)] model that...[is] able to measure the stand-alone liquidity position of each material entity;...comprehensively [captures] inter-affiliate liquidity exposures and frictions;...[and is] sustained on a consistent basis over time.”</td>
<td>Enhanced our liquidity management framework to include a repeatable and sustainable RLAP model and process for estimating and maintaining sufficient liquidity positioned at, or readily available to, our Material Entities. We enhanced our capability to:</td>
</tr>
<tr>
<td></td>
<td>• Measure the standalone liquidity position of each Material Entity over a 90-day stress horizon;</td>
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<tr>
<td></td>
<td>• Run the RLAP scenario on a daily basis; and</td>
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<tr>
<td></td>
<td>• Identify key liquidity risks, including inter-affiliate frictions.</td>
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<tr>
<td></td>
<td>The Company’s RLAP capability provides an important input to the Company’s Liquidity Positioning Framework that balances the reduction in potential frictions associated with holding liquidity directly at the Material Entities with the flexibility provided by holding liquidity at BAC and NB Holdings.</td>
</tr>
</tbody>
</table>

1 Global Liquidity Sources was formerly known as Global Excess Liquidity Sources.
DEFICIENCY REMEDIATION

Summary of Feedback Related to Liquidity Deficiency

“…provide… an enhanced model and process for estimating the [Resolution Liquidity Execution Need (“RLEN”) that includes] greater detail on the estimation of the minimum operating liquidity required by each material entity and the estimate of the peak daily funding needs of each material entity throughout the entire stabilization period.”

Key Actions Taken to Remediate

Enhanced our liquidity management framework to include a repeatable and sustainable RLEN model and process for estimating the necessary liquidity to fund the Material Entities so that they would be able to continue operating through a Resolution Phase, including a Stabilization Period, or be wound down in a solvent manner, following a BAC bankruptcy filing.

Developed a framework to:

- Enhance the ability to estimate the minimum operating liquidity for each Material Entity in the Resolution Phase based on each specific Material Entity’s Core Business Lines, Critical Operations, forecasted macroeconomic environment, and role in our single point of entry resolution strategy;
- Incorporate a stabilization framework that assesses the length of time following a BAC bankruptcy for each Material Entity’s financial position to stabilize; and
- Forecast daily cash flows through Stabilization for each Material Entity to determine each Material Entity’s peak funding need.

“…balance…holding liquidity directly at material entities with the flexibility provided by holding [it] at the parent.”

Developed a framework to appropriately position liquidity at BAC, NB Holdings, and the Material Entities.

Our enhanced liquidity capabilities are used to set triggers that guide us in taking a variety of pre-bankruptcy actions and filing for bankruptcy in a timely manner. In addition, these capabilities have informed our pre-positioning of liquidity at NB Holdings and the other Material Entities, as appropriate. The discussion below provides an overview of the RLAP and RLEN capabilities and our liquidity positioning framework.

Resolution Liquidity Adequacy and Positioning – RLAP

Our liquidity management capabilities were enhanced to include an RLAP framework. RLAP consists of a set of capabilities enabling the Company to assess the standalone liquidity profile of each Material Entity under various scenarios, including deep financial stress. The enhancements consider potential inter-affiliate exposures and assumptions about adverse third-party actions, which could impact the liquidity needs or resources of a particular Material Entity. These enhanced capabilities are used for each Material Entity to estimate sufficient liquidity resources, including amounts that BAC and NB Holdings have committed to contribute, to enable the Company to meet net liquidity outflows over a 90-day severely stressed time horizon.

The enhanced RLAP capabilities have resulted in numerous improvements to the Company’s liquidity risk management framework, including the ability to:

- Measure the standalone liquidity position of each Material Entity over a 90-day stress horizon;
- Balance the reduction in frictions associated with holding liquidity at subsidiary-level Material Entities with the flexibility provided by holding liquidity at BAC or NB Holdings;
- Hold sufficient liquidity to cover the sum of Material Entity net liquidity deficits during periods of financial stress;
Account for the daily contractual mismatches between inflows and outflows, daily flows from movement of cash and collateral for intercompany transactions, and the daily stressed liquidity flows and trapped liquidity that could occur due to actions taken by clients, counterparties, key financial market utilities, and foreign regulators; and

- Provide comprehensive support for the underlying assumptions used to estimate liquidity sources and uses.

The RLAP capability provides us with a more comprehensive approach to determine the appropriate balance of positioning liquidity between BAC, NB Holdings, and the Material Entities. This capability facilitates: (1) readily available liquidity that can be deployed to the Material Entities in a stable environment and in times of financial stress; (2) not relying on a surplus from one Material Entity to fulfill the needs of another; and (3) sufficient liquidity positioned at BAC or NB Holdings to recapitalize or fund an entity should the facts and circumstances in an actual stress scenario differ from our assumptions.

Resolution Liquidity Execution Need – RLEN

Our liquidity management capabilities were also enhanced to include the ability to estimate RLEN. Our RLEN capability estimates how much liquidity each Material Entity would need – at the time BAC would file for bankruptcy – to execute its specific post-BAC bankruptcy strategy. Similar to RLAP, RLEN stress scenarios include a Company-specific event and adverse economic conditions, and incorporate inter-affiliate exposures and frictions. Unlike RLAP, RLEN also includes an estimate of the minimum operating liquidity that each Material Entity is expected to require during Resolution, as further described below.

Key enhancements and characteristics of the RLEN framework include:

- Estimating the minimum operating liquidity and peak funding need of each Material Entity, which would be included in triggers that inform the BAC Board of appropriate timing of bankruptcy-related actions;
- Incorporating a stabilization framework that assesses and forecasts the length of time it would take for each Material Entity’s financial position to stabilize following BAC’s bankruptcy (the “Stabilization Period”);
- Forecasting daily cash flows through the Stabilization Period;
- Providing a comprehensive breakout of inter-affiliate transactions and arrangements that could impact the minimum operating liquidity or peak funding needs estimates; and
- Providing support for the underlying assumptions used to estimate liquidity positions.

The RLEN estimate is equal to the minimum operating liquidity that each Material Entity needs to continue operations plus each Material Entity’s peak funding need during the Stabilization Period. These concepts are described below.

Minimum Operating Liquidity

Minimum operating liquidity is the amount of liquidity required at all times to support operational needs of a particular Material Entity, including operating expenses, working capital, and intraday funding needs. Operating expenses include the cash kept on hand for regular payments related to operations (e.g., employees, vendors, and service providers). Working capital represents the cash required to support customer or counterparty-facing activities and to initiate business functions. These amounts include cash needs of banking centers, automated teller machines, and other core banking services. Lastly, intraday funding needs are an estimate of the amount of liquidity required to support payments, settlement, and clearing activities.

Peak Funding Need

Peak funding need is a forecast of the maximum amount of cash that a Material Entity would need during the Stabilization Period (i.e., the maximum cumulative gap between liquidity sources and uses). The peak funding
need to stabilize a Material Entity is determined by daily forecasting of liquidity, capital, balance sheets, and income statements from BAC’s bankruptcy filing through the stabilization of the Material Entity. The peak funding need considers the likelihood of additional outflows due to client and counterparty uncertainty with respect to BAC’s bankruptcy. The range of potential outflows the Company forecasts includes: deposit outflows and additional lending; loss of secured funding; additional cash required to support the unwinding of the Company’s derivatives portfolios; and cash required as a result of the actions of counterparties such as financial market utilities.

**Liquidity Positioning Framework**

In developing the RLAP and RLEN capabilities, we enhanced our liquidity positioning framework and recurring routines to review both Material Entity liquidity needs and the size and location of liquidity resources, with a focus on the following resolvability objectives:

- **Liquidity Adequacy** – Maintain a sufficient level of liquidity for each Material Entity so that each entity is able to cover its expected stress outflows, including liquidity held by the entity (i.e., pre-positioned liquidity) and committed access to funding from a parent entity (i.e., parent support); and
- **Liquidity Positioning** – Maintain sufficient liquidity that is appropriately positioned so that all of the Material Entities satisfy both business and resolution considerations.

Our liquidity positioning framework uses a scorecard methodology that assesses each Material Entity against relevant risk factors to inform the appropriate balance between pre-positioning liquidity and maintaining liquidity at the parent. The same risk factors are considered for both RLAP and RLEN; however, factors are weighted differently in order to account for scenario-specific considerations.

Lastly, RLAP and RLEN assumptions are periodically reviewed and challenged by our lines of business, including their independent finance and risk teams, and our Corporate Treasury and Chief Financial Officer Risk groups, and are adjusted to reflect changes in our business profile, strategy, and related funding and liquidity risks. Assumptions are applied across each of the Material Entities and consider intercompany funding relationships and intraday risks, as appropriate.

**B. GOVERNANCE MECHANISMS: PLAYBOOKS AND TRIGGERS DEFICIENCY**

We have a governance framework to manage financial stress and crisis conditions. In 2015, a Crisis Continuum was developed that reflects the financial health of the Company at any point in time. The Crisis Continuum helps us plan for possible actions the Material Entity boards and management may take depending on our financial condition. In 2016, the Crisis Continuum was updated to reflect the various phases and sub-phases of the Company’s potential financial deterioration. The diagram below depicts the updated Crisis Continuum:

![Crisis Continuum Diagram]

Discussion of the deficiency related to Governance Mechanisms: Playbooks and Triggers identified by the Agencies and our remediation actions is separated into two sections – **Triggers** and **Board Playbooks**.
1. Triggers

The table below summarizes the deficiency related to triggers identified by the Agencies and our remediation actions.

<table>
<thead>
<tr>
<th>Summary of Feedback Related to Governance Mechanisms: Triggers Deficiency</th>
<th>Key Actions Taken to Remediate</th>
</tr>
</thead>
<tbody>
<tr>
<td>“The 2015 Plan [did not] include triggers to inject capital and liquidity into material entities or triggers that directly connect the liquidity and capital needed to execute the single point of entry resolution strategy with the decision to file for bankruptcy.”</td>
<td>Established additional triggers that:</td>
</tr>
<tr>
<td>“These triggers should be based, at a minimum, on capital, liquidity, and market metrics … [and] incorporate BAC’s methodologies for forecasting the liquidity and capital needed to operate following a bankruptcy filing.”</td>
<td>• are based on capital, liquidity, market, and other metrics; and</td>
</tr>
<tr>
<td>“Provide analysis of how the Capital Contribution Agreements (CCAs), including the triggers identified therein, would support the successful recapitalization and funding of subsidiaries prior to bankruptcy.”</td>
<td>• incorporate BAC’s methodologies for forecasting the liquidity and capital needed to operate following a bankruptcy filing.</td>
</tr>
<tr>
<td>Linked the triggers to specific obligations under the Secured Support Agreement concerning pre-bankruptcy filing preparedness actions and BAC’s bankruptcy filing.</td>
<td>Analyzed how the Secured Support Agreement (which replaced the CCA), which includes triggers linked to specific actions, supports the recapitalization and funding of the Material Entities prior to BAC’s bankruptcy.</td>
</tr>
</tbody>
</table>

In the topical assessment area of Governance Mechanisms, we accelerated our actions to address certain aspects of the 2017 Guidance, well before the July 1, 2017 deadline. The table below summarizes the trigger requirements in the 2017 Guidance and our early implementation, which is detailed in the discussion below.

<table>
<thead>
<tr>
<th>Summary of 2017 Guidance Related to Governance Mechanisms: Triggers</th>
<th>Key Actions Taken to Implement</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Triggers linked to firm actions…should identify when and under what conditions the firm would transition from business-as-usual conditions to a stress period and from a stress period to the runway and recapitalization/resolution periods.”</td>
<td>Our enhanced governance framework includes limits and triggers to indicate a transition through the Continuum from the Stable Phase through the Resolution Phase.</td>
</tr>
<tr>
<td>“Corresponding escalation procedures, actions, and timeframes should be constructed so that breach of the triggers will allow requisite actions to be completed.”</td>
<td>Upon a trigger breach, processes are in place to enable senior management and the boards to take the necessary actions and begin to prepare the Company for a potential resolution, including preparation of the necessary bankruptcy documentation and stakeholder communications.</td>
</tr>
<tr>
<td>“Triggers identifying the onset of the runway and recapitalization/resolution periods, and the associated escalation procedures and actions, should be discussed directly in the governance playbooks.”</td>
<td>The Secured Support Agreement contains triggers to initiate the Runway Phase and a trigger that requires BAC to transfer its remaining financial assets, less a holdback to cover its administrative expenses during bankruptcy, to NB Holdings prior to BAC’s bankruptcy filing.</td>
</tr>
<tr>
<td></td>
<td>See the Governance Mechanisms: Board Playbooks section for a discussion of triggers included in our Board Playbooks.</td>
</tr>
</tbody>
</table>
Additional triggers have been developed and linked to specific actions so that execution of the single point of entry resolution strategy would be conducted in a timely manner. The triggers have been calibrated across the Crisis Continuum to define the transition from one phase to another along the Continuum from the Stable Phase to the Resolution Phase. The governance undertaken during each phase – including notification protocols, reporting routines, and decision-making authority – has also been aligned across the Crisis Continuum. These triggers are part of our overall Risk Framework and help inform our risk appetite, which is the level and types of risk we are willing to take to achieve our business objectives.

**Integrated Triggers Across the Crisis Continuum**

In 2016, we made improvements to our trigger framework that clarify the actions to be taken as we transition across the Crisis Continuum. These triggers serve as mechanisms to prompt management and the BAC Board to take action to restore the financial health of the Company during a period of stress and, if the efforts are unsuccessful, to take pre-bankruptcy actions and file for bankruptcy. A general overview is provided below, with further information on triggers and corresponding actions provided in the subsequent *Liquidity*, *Capital*, and *Market and Other Metrics* sections below, respectively.

**Stable Phase** – During periods of financial stability, capital and liquidity are routinely monitored via risk limits, metrics, and early warning indicators. These metrics aid in identifying financial deterioration. Breaches of our risk appetite limits would prompt notifications, including notifications to the BAC Board in line with our Risk Framework.

**Deterioration Phases** – Capital and liquidity limits monitored during the Stable Phase are incorporated into our Capital Contingency Plan and Contingency Funding Plan, respectively. By producing daily liquidity and monthly capital limits reports, we are able to monitor changes to our risk on an ongoing basis and determine whether it is necessary to activate our contingency plans.

Our Capital Contingency Plan is a senior management strategy designed to address potential capital deterioration during periods of economic, financial, or market stress and provides an implementation framework for the Company’s capital contingency strategy by establishing triggers, notification protocols, management actions and routines, capital contingency options, and governance.

Due to the volatile nature of a liquidity crisis, our Contingency Funding Plan is management’s strategy to address potential liquidity shortfalls during periods of financial stress and provides a menu of options that we may choose from, as necessary, based on specific triggers. In addition to our Capital Contingency Plan and Contingency Funding Plan, our Financial Systemic Event Playbook may be activated to address other forms of financial stress that may affect us, including stress at the Material Entity level.

In addition, during periods of Mild Deterioration or Deterioration, we would more frequently review our Operational Continuity Playbooks and Tactical Playbooks to determine whether activation is warranted. See the *Governance Mechanisms: Board Playbooks* section for more information.

**Recovery Phase** – Our Recovery Plan sets forth a management strategy to withstand severe weakness during periods of stress. The Plan contains various capital, liquidity, and market triggers which, if breached, would require consideration of whether to take actions contemplated by the Plan. If activated, we would enter the Recovery Phase and follow the protocols and evaluate the recovery options contained therein.

**Runway Phase** – In the event the Recovery Plan is unsuccessful, in order to facilitate a timely transition from the Recovery Phase into the Runway Phase, capital and liquidity triggers have been developed that, if breached, would result in the Company entering the Runway Phase. The Runway Phase is associated with several actions, including enhancing our monitoring and escalations; updates of our RCEN and RLEN estimates daily; and ultimately BAC contributing additional assets to NB Holdings.
During the Runway Phase, any Operational Continuity Playbooks or Tactical Playbooks, including our Enterprise Resolution Communications Strategy and Playbook, that were not previously activated would be activated. Furthermore, we would finalize the documents required for BAC to file its bankruptcy proceeding. BAC would also perform its obligations under the Secured Support Agreement as discussed in more detail in the Governance Mechanisms: Pre-Bankruptcy Parent Support Shortcoming section.

Resolution Phase – The Resolution Phase would begin when BAC commences its bankruptcy proceeding by filing a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code. The bankruptcy filing would take place after a Metric Trigger Event occurs. See the Governance Mechanisms: Pre-Bankruptcy Parent Support Shortcoming section for more information.

Additional Triggers Based on Capital, Liquidity, and Market and Other Metrics
The following sections discuss triggers based on capital, liquidity, market, and other metrics, as well as an integrated approach to addressing financial stress across the Continuum.

Capital Triggers
Our Capital Management Policy establishes triggers along the Crisis Continuum to measure the adequacy of our capital under both normal and stress conditions. These triggers prompt increased management scrutiny and mandate actions when certain signs of capital deterioration emerge.

Stable through Stress – The capital target represents the capital level, expressed as a ratio, at which we intend to operate. If a capital target is breached, management will assess the circumstances and decide whether contingency actions are needed. Capital triggers have also been established at ratios below the capital targets. A breach of a capital trigger would require certain actions, including ceasing share repurchases and causing management and the BAC Board to consider the appropriateness of taking other capital actions, including reducing common stock dividends.

Stress through Resolution – Triggers have been established for Material Entities to inform management and the BAC Board of a severe level of capital deterioration, which would prompt assessment of the need to either activate the Recovery Plan or to restore the capital level of a particular Material Entity through a capital contribution. In addition, BAC has a capital trigger that would facilitate a timely transition from the Recovery Phase into the Runway Phase. Upon entering the Runway Phase, the Company would begin, among other things, daily assessments of RCEN. See the Capital section for a discussion of RCEN.

Liquidity Triggers
We actively evaluate and manage our liquidity exposure with an established Liquidity Risk Limits and Metrics Framework. This framework consists of limits, guidelines, and early warning indicators to measure the sufficiency of liquidity and allows us to understand when risk is changing. In addition to the existing framework, recovery- and resolution-specific liquidity triggers were developed to identify the onset of the Recovery and Resolution Phases, respectively. Applied to the Crisis Continuum, breaches of this framework identify deterioration of our liquidity position and elicit timely action.

Stable through Stress – In the event liquidity levels fall below one of the tripwires, metrics or limits, management would be notified according to the Liquidity Risk Limits and Metrics Framework. Management would assess the situation to determine if and what remediation plans are necessary. A remediation plan would identify the cause of the breach, any actions to be taken, and the expected results. Management and the BAC Board would continue to be apprised of the status of the breach on an ongoing basis until the breach is remediated.

If deterioration continues and liquidity levels fall below one of the risk appetite limits, we would enter into the Deterioration Phase. A breach of these limits would prompt further escalation to senior management and the
BAC Board and require the development of remediation plans. Furthermore, management and the BAC Board would assess the need for any contingency liquidity action.

**Stress through Resolution** – In order to facilitate a timely transition from Recovery into Resolution, liquidity triggers for BAC have been developed. The triggers are set relative to the liquidity needs of the Material Entities in Resolution and estimate the number of days that remain prior to our need to enter Resolution. The triggers are intended to serve as indicators of when liquidity levels have deteriorated to a point that would transition the Company into the Runway and/or Resolution Phases.

**Market and Other Metrics**
We actively monitor and manage risk in accordance with our established Risk Framework. A component of this framework consists of monitoring certain market metrics, or early warning indicators, which informs our understanding of market conditions and risk. Applied to the Crisis Continuum, breaches of these early warning indicators could signify changes in the market environment that, in turn, might impact our capital and liquidity positions.

These early warning indicators are monitored and reported on a daily basis. They do not prompt action by themselves, but instead allow us to evaluate other risk information, including limit performance and breaches, in light of the existing market or economic conditions.

**Linked Triggers to Specific Actions**
In addition to developing new resolution triggers based on capital, liquidity, and market metrics and calibrating them across the Crisis Continuum, specific actions have been linked to those triggers, requiring particular decisions and actions to be taken at appropriate times. The updated triggers have been incorporated into the Board Playbooks and Secured Support Agreement, as discussed below.

In addition, to operationalize and timely execute the single point of entry resolution strategy during a crisis, a comprehensive set of playbooks, which consist of Operational Continuity Playbooks and Tactical Playbooks, have been created. Operational Continuity Playbooks provide a basis for management to take certain actions across the Crisis Continuum to facilitate the continuity of our Critical Operations. Tactical Playbooks are topical in nature and complement the content of the Operational Continuity Playbooks by documenting the specific action steps that would be needed to execute the tactical components of the single point of entry resolution strategy.

Activation of these playbooks must be considered if we enter the Recovery Phase; however, they could potentially be activated at any point along the Crisis Continuum. In addition, while in Recovery, activation of the playbooks would be considered on a daily basis. If we enter the Runway Phase, all applicable playbooks that have not been previously activated would be activated.

2. Board Playbooks

Each of the Material Entity boards is comprised of directors who are responsible for overseeing the management of the entity for which they serve. With respect to recovery and resolution planning, directors review, challenge, and oversee management’s recovery and resolution efforts at the Material Entity level. To assist the boards in fulfilling their duties, Board Governance Playbooks for each of the Material Entities (together, the “Board Playbooks”) were developed in 2015. The Board Playbooks provide a roadmap for each board to enable timely decision-making and take critical actions through triggers, notifications, and communications protocols to execute the single point of entry resolution strategy.
The table below summarizes the deficiency related to Board Playbooks identified by the Agencies and our remediation actions, including amending the Board Playbooks.

<table>
<thead>
<tr>
<th>Summary of Feedback Related to Governance Mechanisms: Board Playbooks Deficiency</th>
<th>Key Actions Taken to Remediate</th>
</tr>
</thead>
<tbody>
<tr>
<td>“… amend, or include a project plan to amend, the board playbooks… [to] include clearly identified triggers linked to specific actions for the timely execution of a bankruptcy filing and related pre-filing actions.”</td>
<td>Amended the Board Playbooks to include triggers linked to specific actions to facilitate BAC’s timely pre-bankruptcy actions and bankruptcy filing.</td>
</tr>
<tr>
<td>“… provide analysis of how the CCAs, including the triggers identified therein, would support the successful recapitalization and funding of subsidiaries prior to bankruptcy.”</td>
<td>Amended the Board Playbooks to incorporate a summary of the Secured Support Agreement. See the Governance Mechanisms: Pre-Bankruptcy Parent Support Shortcoming section for more information about the recapitalization and funding of subsidiaries prior to bankruptcy.</td>
</tr>
</tbody>
</table>

The table below summarizes a portion of the Governance Mechanisms: Pre-Bankruptcy Parent Support shortcoming. Because it relates to amending our Board Playbooks, we are including it with the Board Playbooks discussion.

<table>
<thead>
<tr>
<th>Summary of Feedback Related to Governance Mechanisms: Pre-Bankruptcy Parent Support Shortcoming</th>
<th>Key Actions Taken to Remediate</th>
</tr>
</thead>
<tbody>
<tr>
<td>“BAC’s governance playbooks included in the 2017 Plan should incorporate any developments from BAC’s further analysis of potential legal challenges regarding Support, including any Support approach(es) BAC has implemented.”</td>
<td>Amended the Board Playbooks to include a discussion of the analysis regarding potential legal challenges and mitigants, including a discussion of the Secured Support Agreement.</td>
</tr>
</tbody>
</table>

The table below summarizes the 2017 Guidance related to Board Playbooks and our implementation of the requirements by October 1, 2016.

<table>
<thead>
<tr>
<th>Summary of 2017 Guidance Related to Governance Mechanisms: Board Playbooks</th>
<th>Key Actions Taken to Implement</th>
</tr>
</thead>
</table>
| “…playbooks should detail the board and senior management actions necessary to facilitate the firm’s preferred strategy and to mitigate vulnerabilities, and should incorporate…triggers linked to specific actions for:  
  1. The escalation of information to senior management and the board(s) to potentially take the corresponding actions at each stage of distress post-recovery leading eventually to the decision to file for bankruptcy;  
  2. Successful recapitalization of subsidiaries prior to the parent’s filing for bankruptcy and funding of such entities during the parent company’s bankruptcy to the extent the preferred strategy relies on such actions or support; and  
  3. The timely execution of a bankruptcy filing and related pre-filing actions.” | The Board Playbooks were amended to include the triggers that provide for:  
  1. Escalation of information to senior management and the boards during each stage of stress;  
  2. The obligations of BAC and NB Holdings under the Secured Support Agreement to provide capital and liquidity support to other Material Entities before and after BAC’s bankruptcy filing; and  
  3. The timely completion of pre-bankruptcy preparations and the filing of BAC’s bankruptcy petition.  
  As appropriate, the Board Playbooks include an explanation of key actions expected to be taken, or a reference to other operational contingency playbooks that outline actions to mitigate financial, operational, legal, and regulatory vulnerabilities at the appropriate time. |
### Summary of 2017 Guidance Related to Governance Mechanisms: Board Playbooks

"...playbooks should also include a discussion of... [the following, with] all responsible parties and timeframes for action identified:

- The firm’s proposed communications strategy, both internal and external;
- The boards of directors’ fiduciary responsibilities and how planned actions would be consistent with such responsibilities applicable at the time actions are expected to be taken;
- Potential conflicts of interest, including interlocking boards of directors; and
- Any employee retention policy."

The enhanced Board Playbooks discuss the proposed communications strategy and employee retention plan by referring to the separate playbooks developed to address those topics.

The Board Playbooks were amended to include a discussion of the boards’ fiduciary responsibilities and how such responsibilities may be satisfied in connection with planned actions, including governance processes to manage potential conflicts of interest.

"...playbooks should be updated periodically for all entities whose boards of directors would need to act in advance of the commencement of resolution proceedings under the firm’s preferred strategy."

All Board Playbooks are to be updated by management and reviewed by each respective Material Entity board at least annually.

### Board Playbooks Deficiency Remediation

The Board Playbooks were amended to include metrics and triggers linked to specific actions to allow for BAC’s timely bankruptcy-related pre-filing and filing actions. For a more detailed discussion of the triggers, see the Governance Mechanisms: Triggers section.

The BAC Board Playbook, and other Board Playbooks, as relevant, were amended to include an analysis of the potential legal challenges and the mitigants to the planned provision of financial support to the Material Entities prior to BAC’s bankruptcy filing. See the Governance Mechanisms: Pre-Bankruptcy Parent Support Shortcoming section for a more detailed discussion of the analysis of potential legal challenges and the mitigants implemented.

The Board Playbooks were amended to include an expanded discussion of our Financial Systemic Event Team and Enterprise Resolution Execution Office. The Financial Systemic Event Team is comprised of senior management and representatives from each line of business and control function. It monitors for potential systemic events and emerging material risks, and coordinates our response to these types of events. This team would lead our response to any type of financial stress event.

The Enterprise Resolution Execution Office integrates all contingency plans, capabilities, and response teams, including the Financial Systemic Event Team, across the Company, and manages any event or convergence of events during a time of stress. It oversees the overarching event management process and establishes a command center for a fully integrated, orderly response to stress. In a financial stress event, the head of the Enterprise Resolution Execution Office and the Financial Systemic Event Team executive would work together to integrate other aspects of our response.

The Board Playbooks were amended to include a more detailed discussion of each Material Entity board member’s responsibilities, including fiduciary duties of loyalty and care. Each Board Playbook was updated to include a discussion of the boards’ existing oversight activities related to recovery and resolution planning.
III. SHORTCOMING REMEDIATION

We believe we have substantially remediated two of the shortcomings – Derivatives and Trading Activities and Governance Mechanisms: Pre-Bankruptcy Parent Support – and continue to make substantial progress on remediating the third – Legal Entity Rationalization. The subsequent sections discuss the work to remediate the shortcomings.

A. DERIVATIVES AND TRADING ACTIVITIES SHORTCOMING

We enter into derivative transactions with our customers to help them manage different types of risks, including those resulting from changes in interest rates, currency relationships, securities prices, or commodities prices. In addition, we enter into derivative transactions between our own legal entities to balance these same risks across the Company.

Executing these transactions is critically important to our clients’ ability to manage risks they face and is therefore an important part of the value we deliver to our clients. However, without an advanced analysis of what could happen to these transactions if BAC were to file for bankruptcy, the wind-down of derivatives transactions could result in a more complex bankruptcy. Therefore, understanding how these transactions would be wound down if BAC were to file for bankruptcy is a critical part of the single point of entry resolution strategy.

Derivatives and Trading Shortcoming Remediation

The table below summarizes the shortcoming related to our strategy to wind down derivatives and trading activities performed in our broker-dealer and banking entities identified by the Agencies and our remediation actions.

<table>
<thead>
<tr>
<th>Summary of Feedback Related to Derivatives and Trading Shortcoming</th>
<th>Key Actions Taken to Remediate</th>
</tr>
</thead>
<tbody>
<tr>
<td>“The 2015 Plan... lacked detailed portfolio information and specificity regarding implementation of the wind-down.”</td>
<td>Enhanced the preferred derivatives wind-down strategy forecasts and reporting to support daily cash flow, margin, costs (losses), and balance sheet projections.</td>
</tr>
<tr>
<td>“…provide the information necessary to complete the tables in the Appendix [of the Feedback Letter] and provide analysis for at least one executable wind-down pathway for segmenting and packaging the derivative portfolios.”</td>
<td>Developed more granular assumptions for determining timing and impact of the derivative wind-down by counterparty.</td>
</tr>
<tr>
<td>“…[incorporate] [t]he losses and liquidity required to support the active wind-down analysis... into the firm’s resolution capital and liquidity execution needs estimates.”</td>
<td>Identified and assessed key sensitivities to the preferred wind-down strategy forecast assumptions.</td>
</tr>
<tr>
<td></td>
<td>Enhanced reporting and documentation to evidence support for implementing our derivatives wind-down strategies.</td>
</tr>
<tr>
<td></td>
<td>Incorporated the preferred derivatives wind-down strategy forecasts into our framework for estimating resolution capital and liquidity execution needs.</td>
</tr>
</tbody>
</table>

The preferred derivatives wind-down strategy represents a conservative approach based on the contractual rights and economic incentives of our counterparties in resolution. This differs from other possible wind-down strategies that would either actively package and sell derivatives portfolios, or alternatively wind them down in line with the contractual maturity of the portfolios.

Our derivatives wind-down approach addresses client and inter-affiliate derivative transactions, as well as re-hedging to manage market risk throughout the wind-down process. The strategy for winding down inter-affiliate
transactions has been designed so that each affiliate would not materially increase its credit or market risk exposure to other affiliates as a result of the unwind, and inter-affiliate transactions would otherwise be treated the same as third-party derivatives transactions. These forecasts are further incorporated into our framework for estimating resolution capital and liquidity execution needs.

The framework for assessing the wind-down of our derivatives portfolio is set out in the illustration below.

The components of the framework are:

1. Segmenting our portfolio into categories based on the contractual rights and economic incentives of our counterparties and other market participants;
2. Estimating exit costs to provide clients and potential counterparties with i) compensation for moving or terminating their derivatives; and ii) additional returns which may be required to incentivize clients to wind down faster;
3. Identifying a residual portfolio of derivatives made up of those counterparties that either lack the economic incentive or the ability to exit trades;
4. Developing strategies to exit all trades between the Material Entities, treating them in the same way as third parties while not increasing credit risk or materially increasing market risk in any Material Entity;
5. Developing strategies to exit trades with central clearing counterparties;
6. Assessing the hedging requirements and costs for each entity as the wind-down is executed; and
7. Calculating the resolution liquidity and capital execution needs for the preferred wind-down strategy.

In addition to the work completed to specifically remediate the shortcoming, we have also taken actions to streamline our derivatives transactions and to implement some specific components of the 2017 Guidance as described below.

When we enter into derivative transactions with our customers, we must consider which legal entity will transact with each customer and whether the resulting market risk will be managed within that customer-facing legal entity, or managed in a second legal entity. The framework in place to make these decisions is called our booking practices. Such practices are subject to governance and internal controls.

Booking practices where we transact with a customer in one legal entity and manage the resulting market risk in a second legal entity requires additional transactions between our legal entities, known as inter-affiliate transactions. Inter-affiliate transactions may be required to meet regulatory requirements to provide access to products and markets for our clients, or be the most prudent way to manage the risks we face in our entities. Inter-affiliate transactions could bring complexity in Resolution with respect to managing and winding down our derivatives portfolio in an orderly manner.
Given these challenges, our derivatives booking practices are designed to limit operational complexity and the credit, market, and liquidity risk exposures created by inter-affiliate transactions. Booking practices cover the use of derivative booking entities and any required inter-affiliate derivative transactions for client or risk management activities.

To promote resolvability and address the challenges inter-affiliate transactions pose, we began reducing inter-affiliate transactions in March 2015. Since submitting our 2015 Resolution Plan, inter-affiliate notional and trade count have been reduced by 57% and 54%, respectively.

A Derivatives Booking Policy was developed to outline the governance of derivatives booking practices. The policy establishes two derivatives-related criteria for how we manage our legal entity derivative transactions:

1. Limit the number of preferred customer-facing legal entities for over-the-counter derivatives and other non-listed and non-cleared derivatives and manage market risk in the same legal entity that transacts with customers (or that books the initial transaction); and
2. Execute and manage inter-affiliate derivative transactions in the same manner as third-party transactions.

Each line of business is required to meet the criteria by establishing protocols setting out the preferred customer booking entities and risk-managing entities it uses. We are in the process of implementing additional governance and controls related to derivatives booking practices, which will strengthen the monitoring and reporting framework for derivative booking in line with the objectives of the Derivatives Booking Policy.

For resolution planning, it is not only important that we have controlled and well-governed booking practices, but that we also have controls in place addressing the market risk exposure created by inter-affiliate derivatives.

We are in the process of implementing an inter-affiliate market risk management framework to monitor and limit these risks in our business-as-usual practices. This framework will cover the residual market risk in the portfolio in the instance where we can only hedge market risk in our entities with centrally cleared and exchange-traded products. Additionally, it will limit the overall size of the market risk transfers created by our booking practices.

**Additional Derivative and Trading Enhancements for 2017**

The 2017 Resolution Plan will address all additional aspects of the 2017 Guidance. Our forecasting capabilities are being expanded to forecast the regulator-defined passive and active wind-down strategies in addition to our preferred derivatives wind-down strategy. We will further refine our residual derivative portfolio metrics and reporting and compare them across all three wind-down scenarios. A description of the residual derivative portfolio will include the risk profile of the portfolio including its size, composition, complexity, and potential counterparties. Other enhancements being developed include:

*Transfer of Prime Brokerage Accounts* – Our Global Markets End-to-End Playbook will include steps that would be taken to transfer prime brokerage accounts to peer brokers without causing systemic risk to the U.S. financial system. The operational processes required to support the wind-down of the prime brokerage business including account transfers, derivative portfolio novations or terminations, collateral management, and reconciliation.

*Rating Agency Playbook* – We will develop a playbook to establish the steps that would be taken with the rating agencies to re-establish or retain investment grade ratings for each of the Material Entities that conduct trading activities.

*Communications Playbook* – We are finalizing a communications playbook that would guide us with respect to our communications with clients, regulators, financial market utilities, and clearing and agent banks during periods of financial stress, including the Runway and Resolution Phases.
B. GOVERNANCE MECHANISMS: PRE-BANKRUPTCY PARENT SUPPORT SHORTCOMING

Our single point of entry resolution strategy is designed to maximize the value of the Material Entities for the benefit of BAC’s stakeholders. The success of this strategy depends, in part, on our ability to provide capital and liquidity to the Material Entities prior to and in Resolution.

We believe the single point of entry resolution strategy would preserve and enhance the value of the Material Entities by preserving the going-concern value of the Continuing Subsidiaries, increase the residual value of the Solvent Wind-Down Subsidiaries, and avoid the risk of forced asset sales at depressed market prices. Successful implementation of the single point of entry resolution strategy would likely benefit the BAC stakeholders by minimizing the losses throughout the execution of the resolution plan. See the *Our Single Point of Entry Resolution Strategy* section for more information.

In December 2015, BAC, NB Holdings, and several other BAC subsidiaries entered into a Capital Contribution Agreement (“CCA”) to mitigate the risk of potential legal challenge to our single point of entry resolution strategy. Under the CCA, capital would be transferred from BAC to NB Holdings and ultimately to certain Material Entities prior to a BAC bankruptcy filing. To further mitigate the risk of potential legal challenges and to address the Agencies’ feedback on our 2015 Resolution Plan, in 2016 we replaced the CCA with the Secured Support Agreement, as more fully described below.

Governance Mechanisms: Pre-Bankruptcy Parent Support Shortcoming Remediation

The table below summarizes the shortcoming related to Pre-Bankruptcy Parent Support identified by the Agencies and our remediation actions.

<table>
<thead>
<tr>
<th>Summary of Feedback Related to Governance Mechanisms: Pre-Bankruptcy Parent Support Shortcoming</th>
<th>Key Actions Taken to Remediate</th>
</tr>
</thead>
<tbody>
<tr>
<td>“… the firm commenced a project to develop Capital Contribution Agreements (CCAs); [however, it] had not made demonstrable progress regarding developing a formal agreement or alternative approach that would help ensure that all financial resources necessary to execute the strategy would be placed in each material entity prior to the parent holding company’s bankruptcy filing.”</td>
<td>Developed the Secured Support Agreement, which includes mechanisms so that the financial resources needed to execute our single point of entry resolution strategy would be available for each Material Entity before BAC enters bankruptcy.</td>
</tr>
<tr>
<td>“… provide analysis of how the CCAs, including the triggers identified therein, would support the successful recapitalization and funding of subsidiaries prior to bankruptcy.”*</td>
<td>Included in the confidential section of our 2016 Submission is an analysis of how the Secured Support Agreement, including the triggers therein, supports the successful recapitalization and funding of the Material Entities prior to BAC’s bankruptcy filing (“Pre-Bankruptcy Parent Support”) and throughout the Resolution Phase.</td>
</tr>
<tr>
<td>“… the 2017 Plan should include a detailed legal analysis of the potential state law and bankruptcy law challenges and mitigants to the planned provision of Support.”</td>
<td>Included in the confidential section of our 2016 Submission is an analysis of the potential state and federal bankruptcy challenges and mitigants to the planned provision of the Pre-Bankruptcy Parent Support. The analysis identifies potential legal challenges and explains how the support would be provided as planned.</td>
</tr>
<tr>
<td>“… the analysis should identify any potential legal obstacles and explain how BAC would seek to ensure that support would be provided as planned.”</td>
<td></td>
</tr>
</tbody>
</table>
**Summary of Feedback Related to Governance Mechanisms: Pre-Bankruptcy Parent Support Shortcoming**

“The 2017 Plan also should include the mitigant(s) to potential challenges to the planned Support that BAC considers most effective. In identifying appropriate mitigants, BAC should consider the effectiveness, alone or in combination, of a contractually binding mechanism, prepositioning of financial resources in material entities, and the creation of an intermediate holding company.”

**Key Actions Taken to Remediate**

- Implemented mitigants considered to be the most effective to the potential legal challenges, including:
  - Entered into a contractually binding mechanism, the Secured Support Agreement, which establishes legal obligations for BAC to transfer financial assets to NB Holdings and for NB Holdings to provide capital and liquidity to our Material Entities prior to any bankruptcy filing by BAC and during the Resolution Phase.
  - Secured the obligations of BAC, NB Holdings and other parties required to provide capital and liquidity under the Secured Support Agreement through the creation and perfection of security interests in the financial assets of BAC and NB Holdings and certain other collateral, but excluding all equity securities in the Material Entities.
  - Transferred certain BAC financial assets to NB Holdings.
  - Pre-positioned financial resources at certain Material Entities, considering an appropriate balance between assets held at NB Holdings and the other Material Entities.

* This was identified as part of the Governance Mechanisms: Playbooks and Triggers deficiency, which we believe we have remediated; however, it is included with this discussion for ease of reading.

**Analysis of Legal Challenges**

As noted above, the Company’s single point of entry strategy contemplates and requires that our Material Entities have sufficient capital and liquidity to operate through severe stress and following a bankruptcy of BAC. The provision of capital and liquidity to Material Entities allows our Critical Operations and Core Business Lines to continue or be wound down in an orderly fashion. Among the purposes of this strategy is to preserve the continuity of our operations that are critical to the market and to maximize the value of our Material Entities for the benefit of BAC’s creditors and other stakeholders. We have analyzed potential state and federal legal challenges to this provision of capital and liquidity. Based on this analysis, we believe that our entry into the Secured Support Agreement, prefunding of NB Holdings, and pre-positioning of certain capital and liquidity at certain Material Entities will eliminate or substantially mitigate risks of successful legal challenge to the provision of capital and liquidity support to the Material Entities pursuant to our single point of entry resolution strategy.

**The Secured Support Agreement and Prefunding of NB Holdings**

As noted above, under the Secured Support Agreement, BAC is required to contribute to NB Holdings a certain amount of cash and other financial assets. As a result, BAC transferred certain cash and intercompany loan receivables to NB Holdings upon signing that agreement. Further, BAC is required to transfer certain additional cash and intercompany loan receivables to NB Holdings on or before July 1, 2017. After both transfers have been made, the financial assets transferred to NB Holdings pursuant to the Secured Support Agreement are expected to equal approximately one-third of BAC’s total unconsolidated assets as of August 31, 2016. If after July 1, 2017, BAC acquires additional financial assets not needed to satisfy its near-term ordinary course obligations or maturing debt, BAC must transfer such additional financial assets to NB Holdings. Upon the
occurrence of a Metric Trigger Event, BAC would be required to make a final transfer to NB Holdings of its remaining cash and other financial assets, less a holdback for expected bankruptcy administrative expenses, and NB Holdings would be required to provide capital and liquidity support to the Material Entities consistent with the requirements of the Secured Support Agreement.

The financial assets of BAC and NB Holdings, including but not limited to their cash and receivables, but excluding BAC and NB Holdings’ equity interests in the Material Entities, secure their support obligations under the Secured Support Agreement, thereby making our Material Entities secured parties to the other parties’ performance obligations under the Secured Support Agreement.

BAC is expected to continue to have access to the same flow of dividends, interest, and other amounts of cash necessary to service its debt, pay dividends, and perform other obligations as it would have had if it had not entered into the Secured Support Agreement or prefunded NB Holdings. BAC will continue to hold all of its interests in our Material Entities indirectly through NB Holdings. Thus, neither BAC’s entry into the Secured Support Agreement nor its prefunding of NB Holdings affects BAC’s access to dividends from the Material Entities. Moreover, in consideration for BAC’s initial transfer of financial assets to NB Holdings, NB Holdings issued a note to BAC in an aggregate principal amount equal to the value of such financial assets. The aggregate principal amount of the note will be increased in the amount of any future transfers. The note will also pay BAC interest that is expected to be greater than the amount of any interest payable on any intercompany loans transferred to NB Holdings. The note is also subordinated to the secured obligations of NB Holdings under the Secured Support Agreement and will be automatically forgiven if a Metric Trigger Event occurs. In addition, NB Holdings provided BAC a committed line of credit, which allows BAC to draw funds if necessary to satisfy its near-term cash needs unless and until a Metric Trigger Event occurs.

**Pre-positioning of Resources at Material Entities**

In the event of a resolution, the Material Entities would require timely and reliable access to liquidity and capital resources so that they could fulfill their role in our single point of entry resolution strategy. Resources available to address a Material Entity’s stress needs can be in the form of pre-positioned resources (e.g., liquidity held by the Material Entity) or access to committed support from a parent company of the Material Entity. We believe that pre-positioned resources reduce the risk of a Material Entity not being able to access the necessary support in a period of stress; however, resources held at NB Holdings provide us with the flexibility to react to stress events that might unfold in an unpredictable manner. In addition, resources held at NB Holdings avoids trapped resources in a particular Material Entity when they are needed more by another Material Entity. To help balance the pre-positioning and parent-level support mechanisms, we developed a Liquidity Positioning Framework. See the *Liquidity Deficiency* section for a more detailed discussion of the Framework.

We have pre-positioned a portion of the liquidity needs of our Material Entities, which can take the form of either a loan or a capital injection, based on our liquidity management framework. We also created various measures to enhance the reliability of accessing support from NB Holdings during a stress period. The provision of parent support from NB Holdings, as opposed to BAC, serves as an important mitigant to the legal challenges that might impede financial support to the Material Entities during a stress period. Collectively, we believe the pre-positioned liquidity and parent support from NB Holdings provide each of the Material Entities with reliable liquidity resources to execute each Material Entity’s role in our single point of entry resolution strategy.

**Additional Governance Mechanisms: Pre-Bankruptcy Parent Support Enhancements for 2017**

In line with the 2017 Guidance, we are developing a bankruptcy playbook that will set forth the series of deliberations and actions that the Company is expected to take in preparation for BAC’s bankruptcy filing to implement our single point of entry resolution strategy.
In particular, the bankruptcy playbook will discuss steps to be taken to prepare for the bankruptcy filing, including a plan for outreach to domestic and foreign regulators. The playbook will also include forms of the key documents expected to be necessary to implement BAC’s single point of entry resolution strategy, and will provide an actionable guide to finalizing the documents. In addition, it will address the expected legal challenges associated with emergency transfer motions identified in the 2017 Guidance.

C. LEGAL ENTITY RATIONALIZATION SHORTCOMING

As part of our legal entity rationalization efforts, we have established a framework for managing our legal entities in a manner that we believe promotes resolvability under our single point of entry resolution strategy. This framework includes a set of criteria we consider when creating new legal entities or evaluating existing legal entities. These criteria incorporate many considerations, including how many legal entities we must have for a specific purpose, which legal entities hold our Critical Operations, and how our legal entities work together to deliver value to our customers. The framework also provides a path for identifying discrete operations that could be sold or transferred in resolution to facilitate an orderly resolution of the Company. The legal entity rationalization discussion is separated into two sections – Legal Entity Criteria and Divestiture Options.

1. Legal Entity Criteria

Simplifying our legal entity structure has been one of our priorities since the financial crisis. This focus resulted in a fundamental change to the way we govern our legal entity structure and in a more simple and more rational structure.

Legal Entity Criteria Remediation
The table below summarizes the shortcoming related to legal entity criteria identified by the Agencies, our progress toward remediation, and our plan to remediate by July 1, 2017.

<table>
<thead>
<tr>
<th>Summary of Feedback Related to Legal Entity Rationalization Shortcoming: Legal Entity Criteria</th>
<th>Key Actions Taken to RemEDIATE by October 1, 2016</th>
<th>Key Actions to be Taken by July 1, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>“... establish criteria that are clear, actionable, and promote the best alignment of legal entities and business lines to improve the firm’s resolvability.”</td>
<td>Defined five legal entity structure objectives.</td>
<td>Apply the criteria to all legal entities under BAC’s control to identify additional actions that will further simplify our legal entity structure.</td>
</tr>
<tr>
<td>“... include more specificity to guide management to rationalize legal entities and ensure a less complex structure that promotes resolvability.”</td>
<td>Developed new, and enhanced existing, legal entity criteria that are specific and actionable.</td>
<td>Implemented the actions identified to further simplify our legal entity structure.</td>
</tr>
<tr>
<td>“...[establish] governance procedures to ensure that its revised [legal entity] criteria are applied on an ongoing basis.”</td>
<td>Applied the enhanced criteria to the Material Entities.</td>
<td>Implemented the governance procedures so that our legal entity criteria are consistently applied.</td>
</tr>
<tr>
<td></td>
<td>Identified actions to further simplify our legal entity structure.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Identified governance procedures so that the legal entity criteria are consistently applied.</td>
<td></td>
</tr>
</tbody>
</table>

New and Enhanced Specific and Actionable Legal Entity Criteria
We identified five objectives to simplify our legal entity structure and promote resolvability. In line with these objectives, 12 new legal entity criteria were developed and nine existing legal entity criteria were modified.
These criteria are specific and set forth actions that management may take to further simplify and rationalize our legal entity structure. We view the set of criteria to be dynamic, as it will be assessed at least annually and may be added to, or modified, to reflect additional opportunities to enhance our legal entity structure and to incorporate additional resolvability considerations.

The table below provides examples of our legal entity criteria and the core objective they support.

<table>
<thead>
<tr>
<th>Legal Entity Criteria Objective</th>
<th>Legal Entity Criteria Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective 1: Facilitate the recapitalization and liquidity support of Material Entities</td>
<td>Material Entities will not lend on an unsecured basis to BAC.</td>
</tr>
<tr>
<td></td>
<td>Intermediate holding companies between Material Entities and BAC will not issue debt to third parties.</td>
</tr>
<tr>
<td></td>
<td>Material Entities will have clear ownership lines with limited use of intermediate holding companies.</td>
</tr>
<tr>
<td>Objective 2: Facilitate separation of business operations</td>
<td>Material Entities that are Continuing Subsidiaries will be owned by a common holding company (BACNA), separate from Material Entities that would go through a solvent wind-down.</td>
</tr>
<tr>
<td></td>
<td>The ownership of Preferred Service Providers will be aligned with the Material Entity that they primarily support.</td>
</tr>
<tr>
<td></td>
<td>Limit the number of preferred customer-facing legal entities for over-the-counter derivatives and other non-listed and non-cleared derivatives and manage market risk in the same legal entity that transacts with customers.</td>
</tr>
<tr>
<td></td>
<td>Inter-affiliate derivative transactions will be executed and managed in the same manner as third-party transactions.</td>
</tr>
<tr>
<td>Objective 3: Provide continuity of services</td>
<td>Critical Services will reside in Preferred Service Providers that are resolution resilient and are classified as Material Entities.</td>
</tr>
<tr>
<td></td>
<td>Critical Services will be clearly mapped.</td>
</tr>
<tr>
<td>Objective 4: Protect insured depository institutions</td>
<td>Insured depository institutions will have risk appetite statements and limits with appropriate controls, monitoring, and governance.</td>
</tr>
<tr>
<td></td>
<td>Wholesale broker-dealer legal entities will not be direct or indirect subsidiaries of insured depository institutions.</td>
</tr>
<tr>
<td>Objective 5: Minimize complexity and reduce unnecessary entities</td>
<td>Legal entities and branches will be actively reviewed for elimination.</td>
</tr>
<tr>
<td></td>
<td>Legal entities and branches will be established or repurposed only if there is a business need that is clearly documented and the legal entity or branch does not impede resolution; or there is a regulatory requirement.</td>
</tr>
</tbody>
</table>

*Application of Legal Entity Criteria to Material Entities*

Each of our legal entity criteria was applied to each of the Material Entities to determine what actions should be taken to further simplify our legal entity structure. As a result of this process, specific actions were identified, some of which are already underway. For example, progress has already been made on eliminating certain legal entities and creating a separate legal entity for our institutional brokerage businesses. In addition, several new actions we will take were identified, including the elimination of seven intermediate holding companies from certain Material Entities’ ownership structures.
Through the process of applying the criteria to the Material Entities, certain exceptions were identified. To provide for consistent application of the legal entity criteria, while allowing for the flexibility needed to effectively manage our legal entity structure, we will enhance our approval processes for any exception to the criteria. The approval process will require an analysis of why the exception does not impede resolvability and evidence that any impacts the exception may have on an orderly resolution are mitigated. Exceptions will be approved under existing processes, including final approval by the Chief Recovery and Resolution Executive.

**Identified Actions to Strengthen our Legal Entity Criteria Governance**

Through the work discussed above, a number of improvements to our existing governance processes were identified and implemented. In order to consistently apply the set of legal entity criteria on an ongoing basis, legal entity criteria have been assigned an owner from certain control functions (Finance, Global Technology and Operations, or Risk). These owners are incorporating the new or enhanced criteria into existing Company policies to facilitate their ongoing application in business-as-usual procedures. As part of the enhanced governance process, we will assess our legal entities against the criteria at least annually. These governance enhancements will be implemented before July 1, 2017.

**Additional Legal Entity Criteria Enhancements for 2017**

To complete the implementation of the new set of legal entity criteria, all of the subsidiaries that BAC controls will be assessed against the criteria by July 1, 2017, to identify additional actions to further simplify our legal entity structure. As described above, continued enhancements to existing controls and procedures to facilitate the ongoing application of the criteria will be made. An update on the implementation of the legal entity criteria will be provided in the 2017 Resolution Plan.

2. **Divestiture Options**

Divestiture options include asset, legal entity, and strategic businesses that may be sold during stable or financially stressed conditions. In times of financial stress, divestiture options facilitate our ability to separate the Company into pieces, some of which can be sold or divested for cash that could be needed to restore the Company’s financial health.

As part of recovery planning, we have Recovery Option Playbooks for each divestiture option. These playbooks summarize, among other things, the financial and business impacts of the divestiture; the expected timeline and process; and how to manage potential issues that may arise.
Divestiture Options Shortcoming Remediation

The table below summarizes the shortcoming related to divestiture options identified by the Agencies, our progress toward remediation, and our plan to remediate by July 1, 2017.

<table>
<thead>
<tr>
<th>Summary of Feedback Related to Legal Entity Rationalization Shortcoming: Divestiture Options</th>
<th>Key Actions Taken to Remediate by October 1, 2016</th>
<th>Key Actions to be Taken by July 1, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>“…include divestiture options that enable meaningful optionality under different market conditions.”</td>
<td>Enhanced the divestiture framework.</td>
<td>Finalize list of divestiture options for consideration under different market conditions and complete valuations.</td>
</tr>
<tr>
<td></td>
<td>Identified potential meaningful divestiture options.</td>
<td>Complete Divestiture Option Playbooks detailing execution plans for each option.</td>
</tr>
<tr>
<td></td>
<td>Began developing tactical playbooks and a data room to improve our divestiture execution capabilities.</td>
<td>Complete build and population of a data room to hold data on each divestiture option for potential buyers.</td>
</tr>
</tbody>
</table>

**Enhanced Divestiture Framework**

Our framework for identifying divestiture options was enhanced to engage the lines of business in identifying potential divestiture options and to estimate the amount of time and level of difficulty involved in divesting each option. The potential divestiture options are being further considered by our Global Corporate Strategy and Global Recovery and Resolution Planning teams. In addition, they are reviewed by senior management and the BAC Board as part of our strategic planning process. This process provides a sustainable method of periodically identifying and updating potential divestiture options.

A Divestiture Execution Framework, which outlines the critical process steps for the divestiture of any asset, business, or entity in stable and financially stressed conditions was developed. The Divestiture Execution Framework is independent of specific divestiture options. It includes the standard process and planning factors used to execute a divestiture. Together, these frameworks provide us with the ability to identify and divest options that would increase our capital and liquidity and simplify the Company during stable and financially stressed conditions.

**Identified Additional Divestiture Options**

Progress has been made in facilitating the identification of potential additional divestiture options that would provide a wide range of options in a variety of market conditions. In line with the framework and strategic planning process, our lines of business identified potential divestiture options for further consideration. Each option is currently being analyzed across several key characteristics, including the size of the transaction; the degree to which it will impact our businesses and customers; and execution considerations. Valuations will be supported by a third-party with knowledge of the current market to provide independent perspective. The additional potential options will be finalized as part of our strategic planning process and detailed in the 2017 Resolution Plan.

**Enhanced Divestiture Execution Capabilities**

We continue to develop option-specific Divestiture Option Playbooks by July 1, 2017. These playbooks will detail the approach to execute the option and provide essential data elements used in a divestiture, including among others, financial information; business processes and products; key enablers associated with critical shared services (e.g., human resources, technology, legal, real estate, and vendor); and an analysis of potential
obstacles and mitigants to consider upon sale. To facilitate the development of the Divestiture Option Playbooks, an assessment survey was created to collect critical data elements from the respective lines of business that identified the potential divestiture options. This data is used to inform the analysis and develop the approach to separate the object of sale from the Company.

We are also developing a pre-staged due diligence data room that will contain key pieces of information needed to facilitate the sale of each option in varying market conditions. We have finalized the preliminary design and major data elements including, among others, financial information; valuation; and legal and risk assessments. The data room will be in production by July 1, 2017.

The Divestiture Option Playbooks and the data room will be refreshed at least annually.

**Additional Divestiture Option Enhancements for 2017**

*Expanded List of Divestiture Options*

Our list of potential divestiture options is dynamic, as it will continue to evolve as part of our ongoing strategic planning processes. Options will be refined based on financial, tax, capital, and liquidity impacts; valuation; and feasibility. Expanded divestiture options will be appropriately documented and included in our 2017 Resolution Plan.
IV. ADDITIONAL ENHANCEMENTS

Although the Agencies did not identify any deficiencies or shortcomings in the 2015 Resolution Plan related to Capital or Operational Capabilities, we have continued to make progress in the areas identified by the Agencies in the 2017 Guidance and Resolution Plan Assessment Framework. A discussion of enhancements in the areas of Capital and Operational Capabilities, including all five Agency-identified categories: Payment, Clearing, and Settlement Activities; Managing, Identifying, and Valuing Collateral; Management Information Systems; Shared and Outsourced Services; and Legal Obstacles Associated with Emergency Motions is below.

A. CAPITAL

The table below summarizes the enhancements made to our capital management framework and capabilities.

<table>
<thead>
<tr>
<th>Capital Enhancements</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Required certain Material Entities to have entity-specific capital management policies.</td>
</tr>
<tr>
<td>• Enhanced capital adequacy assessments so that there is sufficient capital positioned at, or readily available to, the Material Entities.</td>
</tr>
<tr>
<td>• Developed a process to calculate Resolution Capital Execution Need (“RCEN”) – the capital required to support the Material Entities through the Resolution Phase.</td>
</tr>
</tbody>
</table>

Capital Management Policies

Our capital management framework includes specific requirements for the Material Entities. Under our Subsidiary Governance Policy, the subsidiaries are classified into tiers. These classifications represent the relative significance of each entity to the Company’s capital position, revenue generation, and risk profile. Tier 1 and Tier 2 entities represent the most significant entities in terms of operations and risk. Tier 3 entities represent a lower level of operations and risk. Tier 1 and Tier 2 Material Entities are subject to an enhanced capital management framework, which requires that each entity have the following:

- An entity-specific capital management policy;
- Capital planning process, including stress testing;
- Internal capital guidelines with targets, goals, or triggers; and
- Regular capital reporting.

Capital Adequacy Assessments

The capital management framework requires capital adequacy assessments for Tier 1 and Tier 2 Material Entities. The capital adequacy assessments utilize existing methodologies, processes, and scenario design capabilities across the enterprise. The use of regular capital forecasts, including stress testing, is designed so that:

- Capital is more than adequate to support each entity’s risk profile and business activities;
- Each entity remains safe and sound, even under adverse scenarios;
- Key stakeholders – including shareholders, creditors, counterparties, depositors, rating agencies, regulators, customers, and employees – maintain confidence in each entity; and
- Obligations to creditors and counterparties are met.

Material Entities aim to maintain capital levels above regulatory requirements at all times, even during periods of financial stress. Stress testing is an essential consideration when assessing the operating target levels and the necessary buffer above regulatory requirements.
Resolution Capital Execution Need – RCEN

Our capital management framework was also enhanced to include our ability to assess RCEN, which is the minimum amount of capital that each of the Material Entities would require after a BAC bankruptcy filing to successfully execute the single point of entry resolution strategy. RCEN levels are set for each Material Entity by considering each Material Entity’s role in the resolution strategy (e.g., whether it continues operating or is wound down); regulatory requirements; historical observations; and market expectations, as applicable. Monitoring each Material Entity’s actual and forecasted capital levels relative to its RCEN requirement allows us to execute capital actions, including the recapitalization of the Material Entities pursuant to the Secured Support Agreement, on a timely basis.

B. OPERATIONAL CAPABILITIES

We continue to develop and implement various capabilities to facilitate our operational preparedness for various degrees of financial stress, including resolution. Collectively, these capabilities enable resolution planning and readiness to be reflected in our policies, processes, governance routines, roles and accountabilities, and organizational structure.

As capabilities are developed and incorporated into our business-as-usual processes, the appropriate governance structure and routines are also implemented so that the capabilities are sustainable and can evolve over time.

Through multiple initiatives to improve resolvability and resolution readiness capabilities, we have made operational improvements in several areas. The table below summarizes the key enhancements.

<table>
<thead>
<tr>
<th>Operational Capability Enhancements</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Established a clear set of actions to be taken to maintain payment, clearing, and settlement activities.</td>
</tr>
<tr>
<td>- Enhanced capabilities related to managing, identifying, and valuing collateral.</td>
</tr>
<tr>
<td>- Improved management information systems to readily produce key data.</td>
</tr>
<tr>
<td>- Enhanced plans regarding the resiliency and continuity of Critical Services.</td>
</tr>
</tbody>
</table>

Payment, Clearing, and Settlement Activities

Financial market utilities perform critical payment, clearing, and settlement activities for institutions in the execution of financial transactions. After a transaction has been agreed upon, a mechanism is required to transfer the financial asset from the seller to the buyer and make the payment from the buyer to the seller. By performing these centralized functions, financial market utilities help institutions clarify their counterparty obligations and manage their risks more efficiently and effectively. In a resolution scenario, there is a potential risk that financial market utilities would take actions that have an adverse impact to the Company or its clients. To mitigate this risk, we are focused on enhancing and developing related capabilities in four key areas with respect to payment, clearing, and settlement activities; financial market utility exposure reporting; financial market utility continuity playbooks and contingency arrangements; financial market utility agreements; and governance.

Financial Market Utility Exposure Reporting

We are in the process of implementing a data and reporting platform to enhance our ability to store, track, and report our exposure and obligation information with respect to material financial market utilities. This includes volumes and values associated with payment, clearing, and settlement activities by Material Entity so that there is sufficient information to make decisions in Resolution. Population of this platform is being completed in phases and is expected to be complete by the end of the first quarter 2017.
Financial Market Utilities Continuity Playbooks and Contingency Arrangements
We developed continuity playbooks for each material financial market utility and financial institution that facilitates our payment, clearing, and settlement activities. These playbooks address meeting financial market utility financial obligations and detail communication expectations between the financial market utilities and us. The playbooks are targeted toward mitigating the risk of actions taken by financial market utilities with an adverse impact to the Company or its clients. We are also conducting contingency assessments for financial market utility access and, where warranted and feasible, developing contingency plans for alternative access in the event that our access is terminated. Once completed, contingency arrangements will be incorporated into our financial market utility continuity playbooks. In addition, routines are being developed to review, test, and update the playbooks on an on-going basis.

Financial Market Utility Agreements
We have collected and aggregated contracts and built a centralized repository to store contract, license, and other membership information for all financial market utilities of which we are an active member. We have also established a formal governance process for maintaining these agreements on an ongoing basis. We can readily access financial market utility agreements and are able to evaluate the potential risk associated with these agreements.

Governance
Centralized monitoring and oversight of all payment, clearing, and settlement activity is performed through two committees. These committees operate under formal charters and detailed operating procedures. Both committees meet quarterly, and membership includes senior management from across the Company. This governance structure will be enhanced to include the management of communications with financial market utilities and escalation protocols in periods of stress.

Managing, Identifying, and Valuing Collateral
Effective collateral management reduces operational and liquidity risk; facilitates timely access to collateral; assists in understanding counterparty rights to access collateral; and reduces cross-jurisdictional issues in both business-as-usual and stress situations. We are more than half-way through the process of transforming our collateral management operations under a multi-year collateral project, which will result in:

- Greater automation;
- Reduced system complexity and increased capabilities;
- Reduced processes and operating complexities; and
- Quicker and more robust processes.

Under this project, a number of enhancements have been completed, and work will continue, so that we can increase automation, efficiency, speed, accuracy, and control of our collateral operations. The capabilities delivered under the project are expected to reduce operational risk or disputes through reduced systems complexity and higher rates of straight-through-processing.

In addition to this transformative work, the Company has also undertaken work specifically targeted toward improving resolvability in several areas, as discussed below.

Collateral Reporting
Our enhanced collateral reporting enables the timely and systematic aggregation and reporting of collateral exposures by Material Entity and by the jurisdiction to which collateral is posted. This reporting improves understanding across businesses and products where collateral is posted, to whom it is posted, and on behalf of whom it is posted. It also enables tracking and management of collateral movements across Material Entities. Enhanced reporting improves our ability to access collateral and reduces liquidity risk.
This information is currently available from multiple sources, and we are developing a centralized repository to bring this data together into a single system. Once consolidated, information can be more easily segmented and analyzed across businesses, Material Entities, products, and jurisdictions to support decision-making. The ability to create consolidated reporting for most collateralized products will be delivered prior to the end of 2016, with full implementation across all products to be completed prior to July 1, 2017.

We have also built the capability to report key terms from the agreements that govern collateral. Ready access to these key terms would be important in resolution, for example, to identify agreements that include a ratings downgrade and could impact the Company’s collateral requirements.

Operational Differences
We have completed an analysis of the operational differences and potential challenges in managing collateral across multiple jurisdictions, agreement types, counterparty types, collateral forms, and other distinguishing characteristics across all product types. This analysis includes a comparison of processes, systems, vendors, and financial market utilities used across collateralized products, Material Entities, and Core Business Lines to identify differences that could create potential risks. Processes are in place for quarterly updates to this analysis, as well as management reviews of operational differences, challenges posed by these differences, and the respective mitigation strategies.

Governance
We have a well-defined governance process in place with respect to collateral that is embedded throughout the appropriate levels of management for effective risk control. This process is required for adequate and effective collateral management policies, processes, and internal control mechanisms, as well as the identification of appropriate measures to address risks and deficiencies. In addition, work has been initiated to implement an enterprise-level, overarching collateral policy in addition to the policies currently in place to govern collateral at the product and business level. This policy will be fully implemented prior to July 1, 2017.

Management Information Systems
We have capabilities to deliver financial and risk information to management in a timely manner, including during times of financial stress. Capabilities have been enhanced with the establishment of a central function that is responsible for the coordination and access to multiple types of resolution-critical information and reporting throughout the Crisis Continuum.

Management Information Systems Capabilities
In a time of crisis, including in Resolution, it is imperative to have robust management information systems capabilities in order to provide timely access to critical information. We recognize that the effectiveness of our management information systems relies on a sound technology infrastructure, effective data management, quality control, and a clearly defined governance structure.

We manage our management information systems capabilities through the establishment of enterprise reporting requirements, enabled through technology and the Enterprise Data Management Policy. We have strengthened our capabilities by establishing a Monitoring and Reporting function within the Enterprise Resolution Execution Office.

The Monitoring and Reporting function, coupled with our Enterprise Data Management Policy, enhances our capabilities by providing reliable and consumable information in a timely manner to management and the BAC Board. The following new capabilities have been implemented by the monitoring and reporting function:

- Created a catalog of approximately 550 critical reports that capture scope, content, frequency, availability by legal entity, and the underlying technology applications to improve access to critical information during a crisis;
• Established a due diligence function that confirms regulatory requirements for management information systems and monitors progress of various projects related to improving our capabilities; and

• Developed a Management Information System Handbook to define roles, accountabilities, and processes for delivering critical information to key stakeholders.

Access to Contracts and Agreements
Work is underway so that our resolution-critical contracts and certain contract terms would be readily available during a crisis. We have identified all contract types across the Company and implemented a governance structure to monitor and maintain an accurate inventory of these contracts. As part of the review, we also identified the relevant resolution-critical contract terms, which include, among others, the legal terms that address cross defaults, changes in control, termination events, and guarantors, which may adversely impact performance of contracts in resolution. Once completed, resolution-critical contracts will be stored in repositories and aggregated reporting on resolution-critical contract terms will be readily available. In addition, owners are being established for contract classifications. Among other responsibilities, these owners are accountable for maintaining compliance with applicable contract-related policies and standards, maintaining the contract inventory, and sustaining the ability to provide contract information in a timely manner.

Shared and Outsourced Services

Prevention of Service Interruption
Multiple measures regarding operational continuity of Critical Services have been implemented. As part of a company-wide project that began in 2012, Critical Services were transferred to our entities that are referred to as Preferred Service Providers. Preferred Service Providers are structured and funded to be resilient in resolution.

Contracts and agreements with third parties providing Critical Services must meet certain requirements so that they continue in Resolution. Risks of cross default in existing service contracts with third parties have been mitigated, and we are implementing policies and standards to make certain that cross-default terms are not included in new, renewed, or amended agreements. The Company has also examined all third-party master service agreements with our critical vendors and they have been amended to include contract terms that would promote continuity of services in resolution.

Similarly, service agreements between Material Entities, where one entity provides Critical Services to another entity, have been amended so that Critical Services would continue in resolution. We have also expanded our service agreements to address items that are vital to the continuity of services including intellectual property, system access, and indirect access to material financial market utilities (utilities that provide payment, clearing, and settlement services), and financial institutions (intermediaries for settlement activity).

Critical Roles in Continuity
We have established two new roles that have key responsibilities for maintaining service resiliency – Service Managers and Technology and Operations designees.

Service Managers have been established for all Critical Services and are responsible for defining and supporting each service. The Service Manager is also responsible for monitoring the service across the enterprise, regardless of which legal entity or functional group is the owner of the technology, personnel, or process.

Technology and Operations Designees – In 2014, Business, Risk, and Financial Subsidiary designees were established for each Material Entity in order to increase accountability and oversight of our subsidiaries. To enhance operational continuity governance of the Material Entities, in 2016 we established the role of
Technology and Operations designees. Technology and Operations designees are responsible for providing oversight and approval of their respective Operational Continuity Playbooks; monitoring Critical Services to maintain performance pursuant to established service level agreements; and reviewing and approving the operational interdependencies mapping analysis (i.e., the relationship of support provided and received by each Material Entity).

Legal Obstacles Associated with Emergency Motions
We are developing a bankruptcy playbook that will set forth the series of deliberations and actions that the Company is expected to take in preparation for a BAC bankruptcy filing to implement our single point of entry resolution strategy. See the Governance Mechanisms: Pre-Bankruptcy Parent Support Shortcoming section for more information.
V. RECOVERY AND RESOLUTION PLANNING GOVERNANCE

We have a comprehensive governance structure for our recovery and resolution planning efforts, which is aligned with our Risk Framework and embedded into business-as-usual activities. Recovery and resolution planning is integrated into the Company’s day-to-day operations and we have further engaged our line of business executives in the development of our assumptions and our resolution planning capabilities. The governance structure for recovery and resolution planning is organized into four areas: Policies; Roles and Responsibilities; Internal Controls for Data, Reporting, and Aggregation; and Review and Challenge Framework.

The Recovery and Resolution Planning Policy establishes holistic guidance for recovery and resolution planning. As recovery and resolution planning is integrated into the day-to-day operations of the Company, there are corresponding updates also being made to the policies that govern the impacted operations.

The Recovery and Resolution Planning Policy, as well as other policies and playbooks, also clearly defines the specific roles and responsibilities of the BAC and other Material Entity boards of directors, senior management, lines of business, and control functions with respect to the recovery and resolution planning processes. The BAC Board and its Enterprise Risk Committee are ultimately responsible for the Recovery and Resolution Plans (the “Plans”), which they consider, review, and approve, as well as for the related recovery and resolution capabilities. The Plans are prepared at the direction of senior management and, as part of the preparation process, are certified by them.

The table below sets forth a summary of established roles and accountabilities for recovery and resolution planning.

<table>
<thead>
<tr>
<th>Role</th>
<th>Description</th>
<th>RRP Accountabilities</th>
<th>Engagement</th>
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<tbody>
<tr>
<td>Front Line Unit (“FLU”) and Control Function (“CF”) Recovery and Resolution Planning (“RRP”) Officers</td>
<td>Serves as a single point of contact between the FLU or CF and the GRRP Group for RRP processes</td>
<td>• Incorporates RRP capabilities and preparedness in their business-as-usual activities • Leads FLU / CF RRP strategy development and RRP risk identification / mitigation efforts • Contributes to and reviews FLU- or CF-specific RRP content</td>
<td>• Ongoing monitoring and coordination of the FLU- and CF-related RRP efforts • At least monthly cross-functional forums to discuss RRP topics</td>
</tr>
<tr>
<td>FLU and CF RRP Risk Officers</td>
<td>Serves as the challenge function in evaluating the FLU’s or CF’s contribution to the RRP processes</td>
<td>Provides review and challenge for the FLU- and CF-related RRP efforts</td>
<td>Ongoing monitoring and challenging of the FLU- and CF-related RRP efforts</td>
</tr>
<tr>
<td>Role</td>
<td>Description</td>
<td>RRP Accountabilities</td>
<td>Engagement</td>
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<tr>
<td><strong>Steering Council</strong></td>
<td>• Comprised of a subset of Management Team Members</td>
<td>• Oversees, provides guidance, and addresses escalation of RRP matters</td>
<td>• Regularly scheduled meetings to provide oversight and guidance related to RRP matters</td>
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<td></td>
<td>• Focusses on RRP matters</td>
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<td>• Guides and escalates RRP issues</td>
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<tr>
<td><strong>Management Team Members</strong></td>
<td>• Comprised of the Chief Executive Officer (“CEO”) and the CEO’s direct reports</td>
<td>• Reviews and certifies Resolution Plan</td>
<td>• Regular engagement with RRP stakeholders</td>
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<td>• Manages oversight of RRP integration into business-as-usual processes</td>
<td>• Reviews, guides, and approves RRP integration into business-as-usual processes</td>
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<td></td>
<td></td>
<td>• Secures engagement of internal stakeholders</td>
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<td>• Provides resources to enable RRP capabilities</td>
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<td></td>
<td></td>
<td>• Serves as escalation point for RRP matters</td>
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<tr>
<td><strong>Market and Liquidity Risk Committee (“MLRC”)</strong></td>
<td>• Reports to the MRC</td>
<td>• Reviews and approves the assumptions used for the RLAP and RLEN capabilities</td>
<td>• Periodic updates focused on liquidity-related RRP governance topics, including remediation of the liquidity deficiency</td>
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<td>• Provides risk management oversight, as appropriate; includes market risk (including both price risk and structural interest rate risk) and liquidity risk</td>
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<tr>
<td><strong>Management Risk Committee (“MRC”)</strong></td>
<td>• Reports to the BAC ERC and Audit Committee</td>
<td>• Reviews and recommends approval of the Resolution Plan to the ERC</td>
<td>• Periodic updates on RRP matters</td>
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<td></td>
<td>• Provides management oversight and approval of the Company’s risks</td>
<td>• Reviews and approves the RRP Policy</td>
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<tr>
<td><strong>Enterprise Risk Committee (“ERC”) of the BAC Board of Directors</strong></td>
<td>• Oversees the Company’s overall Risk Framework; risk appetite; and the CEO’s, the</td>
<td>• Reviews and recommends approval of the Resolution Plan to the BAC Board</td>
<td>• One-on-one meetings held with ERC directors</td>
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<td>• Periodic updates throughout the Resolution Plan</td>
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<td>Role</td>
<td>Description</td>
<td>RRP Accountabilities</td>
<td>Engagement</td>
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| BAC Board of Directors (the “BAC Board”) | • Consists of a substantial majority of independent directors  
• Oversees the Company’s risk management, including management’s identification, measurement, monitoring, and control of material risks  
• Approves the Company’s RRP strategy and risks  
• Approves the Resolution Plan | • RRP topical “deep dive” sessions held with each BAC Board member  
• Periodic updates throughout the Resolution Plan production  
• Approves the Resolution Plan at least annually |                                                |
| Corporate Audit                    | • Provides independent assessment and validation through testing of key processes and controls across the Company.  
• Corporate Audit and the Corporate General Auditor maintain their independence from the FLUs, Global Risk and other control functions by reporting directly to the Audit Committee of the BAC Board. | • Performs reviews of the Resolution Plan and provides recommendations to the MRC and BAC Board, as necessary | • Periodic monitoring and testing of the FLU- and CF-related RRP efforts.  
• Participates in RRP workstreams and executive forums |
| Legal                              | • Provides advice in the interpretation of regulatory requirements | • Reviews responses to regulator information requests regarding the Resolution Plan and related exams  
• Assesses obstacles and impediments to | • Periodic engagement aligned with the RRP content development, reviews and challenges timelines |

**Role Description RRP Accountabilities Engagement**

Chief Risk Officer’s, and senior management’s identification, measurement, monitoring, and control of key risks
development (including at least monthly updates leading up to the submission)
<table>
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<tr>
<th>Role</th>
<th>Description</th>
<th>RRP Accountabilities</th>
<th>Engagement</th>
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<tr>
<td></td>
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<td>execution of the preferred resolution strategy</td>
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<td></td>
<td></td>
<td>• Participates in, and provides legal review and input for, remediation initiatives</td>
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<td></td>
<td></td>
<td>• Reviews RRP Policy</td>
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<tr>
<td>Global Risk</td>
<td>• Independently assesses the risks associated with business activities</td>
<td>• Provides a review and challenge function of the Resolution Plan strategy</td>
<td>• Ongoing monitoring and challenging of the FLU-and CF related RRP efforts</td>
</tr>
<tr>
<td></td>
<td>• Serves as one of the challenge functions in evaluating the FLU’s or CF’s contribution to the RRP processes</td>
<td>• Provides review and challenge for the FLU- and CF-related RRP efforts</td>
<td></td>
</tr>
<tr>
<td>Corporate Treasury</td>
<td>• Manages the Company’s funding, capital, and liquidity and the associated forecasting capabilities</td>
<td>• Accountable for RLAP, RLEN, and capital capabilities</td>
<td>• Provides daily liquidity stress forecasts</td>
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<td>• Sources underlying assumptions from the FLUs</td>
<td>• Provides quarterly resolution stress forecasts</td>
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<td>• Recommends liquidity assumptions to MLRC for approval</td>
<td>• Provides ongoing refinements to underlying assumptions</td>
</tr>
<tr>
<td>Global Stress Testing</td>
<td>• Coordinates and supports execution of enterprise stress testing processes</td>
<td>• Coordinates and supports the execution of the resolution financial forecasts by leveraging the Company-wide stress testing end-to-end process</td>
<td>• Ongoing coordination of financial forecasts through the RRP content development cycle</td>
</tr>
<tr>
<td>Recovery and Resolution</td>
<td>• Disseminates RRP information and provides opportunity for escalation of any issues</td>
<td>• Oversees and discusses ongoing RRP efforts and coordinates business-as-usual capabilities among RRP Officers, RRP Risk Officers, Material Entity designees, and the GRRP Group</td>
<td>• At least monthly discussions of regulatory guidance, feedback, interpretation, Resolution Plan development, coordination, and expectations regarding business-as-usual capabilities</td>
</tr>
<tr>
<td>Planning Forum</td>
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### Global Recovery and Resolution Planning (“GRRP”) Group

<table>
<thead>
<tr>
<th>Role</th>
<th>Description</th>
<th>RRP Accountabilities</th>
<th>Engagement</th>
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</table>
|      | • Led by the Chief Recovery and Resolution Executive  
|      | • Develops and maintains the policies, procedures, and tools that support RRP | • Oversees the development, coordination and maintenance of the Plans  
|      |                          | • Liaises with FLU and CF representatives on RRP matters | • Ongoing monitoring and coordination of the Company-wide RRP efforts  
|      |                          |                                    | • Regular engagement of FLU and CF representatives through periodic scheduled and ad hoc topic-specific routines |

### Program Management Office

<table>
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<tr>
<th>Role</th>
<th>Description</th>
<th>RRP Accountabilities</th>
<th>Engagement</th>
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</table>
|      | • Centralized team that coordinates the workstreams engaged in Resolution Plan development and development of new RRP capabilities | • Establishes and manages the different workstreams to address the RRP deficiencies, shortcomings, and new guidance  
|      |                          | • Identifies interdependencies and execution risks for each workstream | • Monthly discussions of regulatory guidance, feedback, interpretation, plan development, coordination, and expectations regarding business-as-usual capabilities  
|      |                          |                                    | • Weekly meetings with workstreams’ leadership |

Policies and procedures are in place to support recovery and resolution planning with sound, reliable, and quality-controlled information. This, in turn, supports our credible and actionable Plans. For purposes of recovery and resolution planning, data, reporting, and aggregation include the data and the systems used to support the outputs and reporting of the planning process. Internal controls are developed at the enterprise level and are applied to specific processes, including recovery and resolution planning for uniform and consistent application. The internal control framework is designed to facilitate:

- Sound data, aggregation, and reporting technology systems to support recovery and resolution planning processes;
- Comprehensive processes for accurate data that are used in key reports for recovery and resolution planning purposes;
- Accurate and complete presentation of recovery and resolution planning results; and
- Accurate and timely information being provided to senior management and the BAC Board.

In addition, our Review and Challenge Framework assesses the credibility of key components of our recovery and resolution planning processes. Under this framework, the review and challenge requires appropriate engagement, review, and sign-off of draft and final content of the Plans by individuals and groups with the appropriate expertise and seniority. With this governance framework, the 2016 Submission received substantial input and involvement from the lines of business and subject matter experts across the Company and was subjected to a thorough review process with robust challenge.

External consultants are also used to support the recovery and resolution planning processes. They supplement internal experience and expertise. As independent advisors, they assist with our consideration of a range of possible inputs and scrutinize and challenge the methodologies and approaches used. In addition, they provide an external perspective on the Review and Challenge Framework.
VI. CONCLUSION

As we have demonstrated, we believe we have remediated the two deficiencies, substantially remediated two of the shortcomings, and made substantial progress remediating the third shortcoming identified in our 2015 Resolution Plan by the Agencies. In addition, we have addressed a portion of the 2017 Guidance.

We continue to build on the progress we have made to further enhance our resolvability, which will be reflected in our 2017 Resolution Plan due July 1, 2017, and will address all aspects of the 2017 Guidance.

We recognize that resolution planning is more than the development of a plan—it is one of our highest priorities and a critical component of our core strategy. As a result, resolution planning has been integrated into our business-as-usual activities and is a key consideration in our strategic decision making. While we believe a BAC bankruptcy is highly unlikely, we are nevertheless prepared to execute an orderly resolution, without government assistance or taxpayer funds, with a fully operational resolution plan, built on a foundation of resolution-preparedness capabilities.

VII. ADDITIONAL INFORMATION

A. OUR COMPANY

Through our bank and various nonbank subsidiaries throughout the U.S. and in international markets, BAC provides a diversified range of financial services and products. We operate in all 50 states, the District of Columbia, the U.S. Virgin Islands, Puerto Rico, and more than 35 countries. We manage our business through four business segments: Consumer Banking, Global Wealth and Investment Management, Global Banking, and Global Markets.

We have identified 17 Core Business Lines within our four business segments and 17 Material Entities for the purposes of resolution planning. A brief description of each Material Entity, its acronym, and its jurisdiction is provided below. For more detailed information regarding each, please refer to the Description of Core Business Lines and Material Entity Overview sections of our 2015 Resolution Plan.

Material Entities

Bank of America Corporation ("BAC") – U.S.: Publicly-traded company (NYSE: BAC) that holds bank and non-bank subsidiaries that provide diversified financial services and products in the U.S. and certain international markets.

NB Holdings Corporation ("NB Holdings") – U.S.: Top-tier intermediate holding company that owns, directly or indirectly, all of the Company’s Material Entities except BAC.

BAC North America Holding Company ("BACNA") – U.S.: Intermediate holding company that indirectly owns several Material Entities, including BANA.

Bank of America, National Association ("BANA") – U.S.: National, full-service bank with foreign branches and the primary operating subsidiary of BAC.

Bank of America, N.A.—London Branch ("BANA-L") – UK: Offers products and services to BANA’s global clients including: cash management services; trade finance services; lending; leasing; foreign currency and bank note services; and extended custodial services.

Bank of America, N.A.—Frankfurt Branch ("BANA-F") – Germany: Direct participant in TARGET2, the real-time gross settlement market utility for cross border payments in Euro, which is used for all payments involving the Eurosystem.
Bank of America California, National Association (“BACANA”) – U.S.: Limited-purpose bank and member of the Federal Home Loan Bank within the district of San Francisco (“FHLB-SF”) that provides a source of funding by facilitating secured borrowing advances from the FHLB-SF. BACANA receives deposits swept from the accounts of Global Wealth and Investment Management customers.

Bank of America Merrill Lynch International Limited (“BAMLI”) – UK: Provides services to other Material Entities and is the booking vehicle for all banking book loans, margin loans, and trade finance business in Europe, the Middle East, and Africa.


BA Continuum India Private Limited (“BACI”) – India: Offers a 24-hour service model to provide back-office technology support and transactional and operational support to various Core Business Lines and Critical Operations.


Managed Account Advisors LLC (“MAA”) – U.S.: Serves as a registered investment advisor that provides overlay portfolio management for Global Wealth and Investment Management clients.


Merrill Lynch Capital Services, Inc. (“MLCS”) – U.S.: Registered U.S. swaps dealer that provides derivative financial products through the Global Markets business and maintains positions in interest-bearing securities, financial futures, and forward contracts.

Merrill Lynch Professional Clearing Corp. (“MLPRO”) – U.S.: U.S. broker-dealer that provides prime brokerage services for hedge funds, alternative investment managers, professional traders, and proprietary trading firms through the Global Markets business.


B. OUR SINGLE POINT OF ENTRY RESOLUTION STRATEGY

As previously discussed, we have a single point of entry resolution strategy in which only the parent company, BAC, would file for bankruptcy. Our other Material Entities would be transferred to a newly formed Delaware corporation (“NewCo”) that would be held in trust for the sole and exclusive benefit of BAC’s bankruptcy estate. The Material Entities would continue to operate under NewCo to alleviate the negative impact on our customers, other financial institutions, and the overall economy.

Prior to BAC filing for bankruptcy and pursuant to the Secured Support Agreement, BAC would contribute a portion of its cash and other financial assets to NB Holdings, which would use its cash and other financial
assets to provide sufficient capital and liquidity support to each Material Entity so that all Material Entities (except BAC) would be able to continue operations until completion of the Resolution Phase. In order to facilitate the availability of sufficient resources, we have developed a methodology for estimating our projected capital and liquidity resources and the capital and liquidity needs for each Material Entity throughout the Resolution Phase, as more fully discussed in the *Liquidity Deficiency* section.

To begin the bankruptcy process, BAC would file a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code with the U.S. Bankruptcy Court. BAC would also file a document asking the court to authorize and approve certain actions to facilitate the reorganization of the Company, also known as an emergency transfer motion. If granted, the motion would permit the following:

- The formation of a trust ("NewCo Trust"), owned and managed by independent trustees, for the sole benefit of the BAC bankruptcy estate;
- The creation of a substantially debt-free company (NewCo) owned by NewCo Trust; and
- The transfer of NB Holdings and other BAC assets to NewCo.

**Stabilization of Continuing Subsidiaries**

During the earliest stages of resolution and as a result of funding and capital flowing from BAC and NB Holdings, we expect our Continuing Subsidiaries would be stabilized so that they could continue business operations under BACNA, a holding company owned by NB Holdings. Ultimately, some or all of the common stock of BACNA would be sold through an initial public offering, one or more secondary offerings, or through private transactions. The net proceeds of the offerings or private transactions and the remainder of any outstanding BACNA stock would be transferred to the BAC bankruptcy estate for the benefit of BAC’s creditors and other stakeholders.

**Resolving Solvent Wind-Down Subsidiaries**

Similarly, those Material Entities that would not remain operational after reorganization would continue operating during resolution while beginning to wind down their operations in a controlled manner. During the wind-down, customer accounts and property would be transferred to other companies. Financial contracts would be transferred, performed, or closed out on negotiated market terms.

**Why the Single Point of Entry Resolution Strategy?**

We believe implementing the single point of entry resolution strategy would promote financial stability by maintaining the continuity of all of the Company’s Critical Operations and Core Business Lines. Our businesses would continue to operate and our customers, depositors, counterparties, and vendors would be paid in full in the normal course of business. The single point of entry resolution strategy is intended to maximize the value of BAC for the benefit of its stakeholders by preserving or enhancing the going-concern value of the Continuing Subsidiaries; maximize the residual value of the Solvent Wind-Down Subsidiaries; and minimize forced asset sales at depressed market prices. Implementation of the single point of entry resolution strategy is intended to benefit the BAC stakeholders by minimizing the losses throughout the execution of our Resolution Plan. This strategy would also avoid subjecting the Material Entities to potentially competing resolution proceedings and interests, which could reduce the amount of capital and liquidity available to resolve the Company.
The diagram below presents a high-level overview of our single point of entry resolution strategy.

Upon completion of the resolution process, the Company would serve fewer customers and offer fewer products, and the overall size of the organization would be smaller. The resulting organization would continue to provide corporate, commercial, and retail clients with traditional banking and investment products, currency services, and a set of simple risk management solutions (e.g., plain vanilla interest rate swaps).
C. GLOSSARY AND KEY CONCEPTS


2016 Resolution Plan Submission ("2016 Submission"): Refers to BAC’s submission to the FRB and the FDIC in response to the April 12, 2016 joint Feedback Letter on the 2015 Resolution Plan. The 2016 Submission, together with our 2015 Resolution Plan, sets forth our strategy for ensuring a rapid and orderly resolution of the Company.

2017 Guidance: The Agencies published guidance to assist companies in further developing their 2017 resolution plans.

2017 Resolution Plan ("2017 Resolution Plan"): BAC’s next full resolution plan submission, due by July 1, 2017.

Agencies: The collective term for the FRB and the FDIC.

Bankruptcy (Chapter 11): Permits the reorganization of a business under the U.S. Bankruptcy Code.

Bank of America Corporation Board of Directors ("BAC Board"): Consists of a substantial majority of independent directors.

Board Playbooks: Developed for each Material Entity board; a roadmap for each respective Material Entity board to enable timely decision making and take critical actions through triggers, notifications, and communications protocols.

Capital Contingency Plan: Senior management’s strategy designed to address potential capital deterioration during periods of stress.

Capital Contribution Agreement ("CCA"): An agreement to mitigate the risk of potential legal challenge to our single point of entry resolution strategy. Under the CCA, capital would be transferred from BAC to NB Holdings and ultimately to certain Material Entities prior to a BAC bankruptcy filing. The CCA was replaced with the Secured Support Agreement.

Company: Refers to Bank of America Corporation and its subsidiaries.

Consumer Banking: One of four business segments through which BAC manages its business. BAC’s consumer banking franchise stretches coast-to-coast through 33 states and the District of Columbia. The franchise network includes approximately 4,800 financial centers, 15,800 ATMs, nationwide call centers, and online and mobile platforms. The consumer banking franchise operates primarily through BANA. Consumer Banking includes Deposits, U.S. Small Business Non-Card Lending, and U.S. Consumer Lending.

Contingency Funding Plan: Senior management’s strategy to address potential liquidity shortfalls during periods of stress.

Continuing Subsidiaries: Under BAC’s single point of entry resolution strategy, most Material Entities would continue to operate as fully-capitalized entities. Currently planned Continuing Subsidiaries: NB Holdings, BACNA, BANA, BANA-L, BANA-F, BACANA, BAMLTI, MLPFS (the GWIM business only), MLGS, BACI, FDS, and MAA.
**Core Business Lines:** Business lines, including associated operations, services, functions and support that, upon Resolution, would result in a material loss of revenue, profit, or franchise value. A financial institution is required to identify Core Business Lines as part of the resolution plan process.

**Crisis Continuum:** The financial health of the Company at any point in time, from the Stable Phase through Resolution.

**Critical Service:** A service, process, or operation that is performed for or by a line of business and/or legal entity, including third parties, which is necessary to continue the day-to-day operations of the Company.

**Critical Operation:** An operation, including associated services, functions, and support, that failure or discontinuance of which, in the view of the Company or as jointly directed by the FRB and FDIC, would pose a threat to the U.S. financial system.

**Cross default:** A provision in an agreement that puts a borrower in default if the borrower defaults on another obligation.

**Deficiency:** Defined by the Agencies as an aspect of a resolution plan that the Agencies jointly determine presents a weakness that could undermine the feasibility of the plan.

**Derivative:** BAC enters into transactions with customers to help them manage different types of risks, including those they may face given changes in interest rates, currency relationships, securities prices, or commodities prices. These transactions are typically called derivatives.

**Dodd-Frank Wall Street Reform and Consumer Protection Act:** The Resolution Plan is required by the Joint Resolution Plan Rule of the Board of Governors of the FRB and the FDIC under Title I, Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “165(d) Rule”), which mandates that bank holding companies with assets of $50 billion or more develop a plan for a rapid and orderly resolution in the event of material financial distress or non-viability.

**Emergency transfer motion:** During the bankruptcy process, BAC would file a document with the U.S. Bankruptcy Court to facilitate the reorganization of the Company.

**Enterprise Resolution Communications Strategy and Playbook:** Includes detailed internal and external communications protocols to be used during a severe financial stress event.

**Enterprise Risk Committee (“ERC”):** Responsible for overseeing the Company’s overall Risk Framework, risk appetite, and the Chief Executive Officer’s, the Chief Risk Officer’s and senior management’s identification of, measurement of, monitoring of, and control of, key risks.

**Executive Summary:** Refers to this document, which has been developed to describe the actions we have taken in the 2016 Submission to address feedback provided by the Agencies. These actions are further detailed in our confidential submission to the Agencies.

**Federal Deposit Insurance Corporation (“FDIC”):** An independent agency that insures deposits in banks and thrifts (“insured depository institutions”), that has examination and supervisory authority over insured depository institutions, and that manages receiverships of failed insured depository institutions.
Federal Reserve Board (“FRB”): The Board of Governors of the Federal Reserve System, an independent agency that, among other things, has primary regulatory, examination, and supervisory authority over bank holding companies.

Feedback Letter: On April 12, 2016, the FRB and the FDIC provided a joint feedback letter regarding the 2015 Resolution Plan.

Financial Systemic Event Playbook: Used to monitor and respond at an enterprise level to an event that represents or may pose a material threat to the Company’s financial viability.

Financial market utilities: Multilateral systems that provide the infrastructure for transferring, clearing, and settling payments, securities, and other financial transactions among financial institutions or between financial institutions and the system.

Global Banking: One of four business segments through which BAC manages its business. Global Banking, which includes Global Corporate Banking, Global Commercial Banking, Business Banking, and Global Investment Banking, provides a wide range of lending-related products and services, integrated working capital management and treasury solutions, and underwriting and advisory services through its global banking platform.

Global Liquidity Sources (“GLS”): Assets in the form of cash and high-quality securities for which we may quickly obtain cash, even in stressed market conditions.

Global Markets: One of four business segments through which Global Markets manages its business. BAC offers sales and trading services, including research, to institutional clients across fixed income, credit, currency, commodity, and equity businesses through its Global Markets platform.

Global Recovery and Resolution Planning Group (“GRRP”): A central function within the Chief Administrative Office organization that is responsible for the development, coordination, and maintenance of the Resolution Plan.

Global Wealth and Investment Management (“GWIM”): One of four business segments through which BAC manages its business, it provides comprehensive wealth management to affluent and high-net-worth clients. We also provide retirement and benefit plan services, philanthropic management, and asset management to individuals and institutions.

Inter-affiliate exposures and frictions: The potential ability (exposure) or inability (friction) to move cash flows between our legal entities.

Liquidity Risk: The potential inability to meet expected or unexpected cash flow and collateral needs while continuing to support business and customer needs, under a range of economic conditions.

Liquidity Risk Limits and Metrics Framework: Consists of limits, guidelines, and early warning indicators to identify whether the Company has sufficient liquidity.

Living Will: See “Resolution Plan”.

Management Risk Committee (“MRC”): Reports to the ERC and Audit Committee and is responsible for management oversight and approval of risks of the Company.

Market and Liquidity Risk Committee (“MLRC”): Reports to the MRC. The Committee is responsible for risk management oversight, as appropriate; includes market risk (including both price risk and structural interest rate risk) and liquidity risk.

Material Entities: Determined based on the definition in the 165(d) Rule: “a subsidiary or foreign office of the covered company that is significant to the activities of a Critical Operation or Core Business Line.”
NewCo: A newly formed Delaware corporation that would be held in trust for the sole and exclusive benefit of BAC’s bankruptcy estate.

NewCo Trust: A trust, owned and managed by independent trustees, for the sole benefit of the BAC bankruptcy estate.

Notional value: The nominal or face amount of a financial contract, commonly used in describing derivative contracts. This amount typically does not change.

Novation: The substitution of a new contract in place of an old one.

Operational Continuity Playbooks: Guides for management which contain the high-level steps needed to execute each Material Entity’s respective resolution strategy.

Over-the-counter (“OTC”): Trading that is done directly between two parties, without supervision of an exchange.


Preferred Service Providers: Material Entities that provide Critical Services and Critical Operations to other entities within BAC.

Pre-Bankruptcy Parent Support: Recapitalization and funding of the Material Entities prior to BAC’s bankruptcy filing.

Recovery Plan: Sets forth management’s strategy to withstand severe weakness across a range of different events during periods of financial stress.

Resolution: The process of reducing or separating the Company in the event the Company is no longer viable.

Resolution Phase: Begins when BAC commences its bankruptcy proceeding by filing a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code.

Resolution Capital Execution Need (“RCEN”): The capital required to support the Material Entities through the Resolution Phase.

Resolution Liquidity Adequacy and Positioning (“RLAP”): Estimates how much liquidity both the consolidated enterprise and each Material Entity would need over a specified time horizon to withstand a severe financial stress; informs appropriate liquidity positioning across the Material Entities.

Resolution Liquidity Execution Need (“RLEN”): Estimates how much liquidity each Material Entity would need to execute its specific resolution strategy.

Resolution Plan (also known as a “living will”): The Dodd-Frank Wall Street Reform and Consumer Protection Act requires that bank holding companies with total consolidated assets of $50 billion or more and nonbank financial companies periodically submit resolution plans to the FRB and FDIC. Each plan, commonly known as a living will, is a playbook for rebalancing or ultimately dismantling a large bank without causing harm to the taxpayers or the global financial system — and without relying on government intervention. Plans must include both public and confidential sections.

Risk Framework: Serves as the foundation for consistent and effective management of risks facing the Company. It sets forth roles and responsibilities for the management of risk by lines of businesses, independent risk management, other control functions, and Corporate Audit; and provides a blueprint for how the boards of directors, through delegation of authority to committees and executive officers, establish risk appetite and associated limits for our activities.
**Secured Support Agreement:** A secured capital and liquidity agreement that requires BAC to contribute to NB Holdings a specified amount of cash and other financial assets under certain circumstances. In addition, NB Holdings is required to provide capital and liquidity support to our Material Entities consistent with the terms of the agreement.

**Separability:** The process of identifying and having the ability to execute the disposition of assets, businesses, or entities to a third-party buyer. Having this capability should expedite any future disposition.

**Shortcoming:** Defined by the Agencies as a weakness or gap that raises questions about the feasibility of a firm’s resolution plan, but does not rise to the level of a deficiency for both Agencies.

**Stabilization Period:** The length of time it would take for each Material Entity’s financial position to stabilize following BAC’s bankruptcy.

**Solvent Wind-Down Subsidiaries:** Under BAC’s single point of entry resolution plan, some Material Entities would cease to operate and would be wound down outside of resolution proceedings. Currently planned Solvent Wind-Down Subsidiaries: MLCS, MLI, MLPRO, and MLJS.

**Tactical Playbooks:** Documents that are topical in nature and complement the content of the Operational Continuity Playbooks by documenting the specific action steps that would be needed to execute the tactical components of our resolution strategy.

**Wind down:** To liquidate (sell or dispose of) assets of a corporation or partnership. Liquidating the assets of a corporation or partnership, settling accounts, paying bills, distributing remaining assets to shareholders or partners, and then dissolving the business.

**U.S. Bankruptcy Code:** The law relating to bankruptcy which is codified and enacted as title 11 of the U.S. Code, entitled *Bankruptcy*.

**Where you can find more information**

BAC files annual, quarterly, and special reports, proxy statements, and other information with the Securities and Exchange Commission (“SEC”), including reports that are filed under Sections 13(a), 13(c), 14, and 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”). Any document filed with the SEC at the Public Reference Room of the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549 may be read and copied. The filings may be inspected over the Internet at the SEC’s website, www.sec.gov. The reports and other information BAC files with the SEC also are available at its website, www.bankofamerica.com. Except as specifically incorporated by reference into this document, information contained in those filings is not part of this document.

In this document, we discuss the Company’s resolution plans and strategies. We do not believe a resolution as discussed herein is imminent or expected. Investors in BAC’s securities are encouraged to review BAC’s reports filed with the SEC under the Exchange Act and/or registration statements (including any prospectus or prospectus supplement related thereto) filed with the SEC under the Securities Act of 1933 for information regarding the most significant factors that make holding or investing in BAC’s securities speculative or risky.

**Forward Looking Statements**

This document may contain certain statements that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements often use words such as “plan,” “believe,” “expect,” “intend,” “anticipate,” “estimate,” “project,” “potential,” “possible,” or other similar expressions, or future or conditional verbs such as “will,” “should,” “would,” and “could.” All forward-
Looking statements, by their nature, are subject to risks and uncertainties. Forward-looking statements are not guarantees of future outcomes or results and involve certain risks, uncertainties and assumptions that are difficult to predict and are often beyond BAC’s control. Actual outcomes or results may differ materially from those expressed in, or implied by, forward-looking statements. As a large, international financial services company, BAC faces risks that are inherent in the businesses and market places in which it operates. Information regarding important factors that could cause its future financial performance to vary from that described in the forward-looking statements is contained in the 2015 Form 10-K, First Quarter Form 10-Q, and Second Quarter Form 10-Q, as well as in subsequent filings made with the SEC. Reliance should not be placed on any forward-looking statements, which speak only as of the dates they are made. Except to the extent required by applicable law or regulation, BAC undertakes no obligation to update these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. BAC’s Resolution Plan, which is summarized in this document, is not binding on a bankruptcy court or other resolution authority and the failure scenario and associated assumptions outlined herein are hypothetical and do not necessarily reflect an event or events to which BAC is or may become subject.