

Bank of America Corporation Resolution Plan  
Bank of America, N.A. Resolution Plan  
FIA Card Services, N.A. Resolution Plan

Public Executive Summary  
October 1, 2013



**Where you can find more information:**

Bank of America Corporation (“the Company”) files annual, quarterly, and special reports, proxy statements, and other information with the SEC, including reports that are filed under Sections 13(a), 13(c), 14, and 15(d) of the Securities Exchange Act of 1934. Any document that is 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](http://www.sec.gov). The reports and other information filed by the Company with the SEC also are available at its website, [www.bankofamerica.com](http://www.bankofamerica.com), and a copy of any filings referred to above (excluding exhibits), may be requested, at no cost, by contacting the Company at the following address:

Bank of America Corporation  
Fixed Income Investor Relations  
100 North Tryon Street  
Charlotte, North Carolina 28255-0065  
1-866-607-1234

Except as specifically incorporated by reference into this document, information contained in those filings is not part of this document. Certain information in this document has been extracted from the Company’s Annual Report on Form 10-K for the year ended December 31, 2012 (the “2012 Form 10-K”) and the Quarterly Report for the period ended June 30, 2013 (the “Second Quarter Form 10-Q”) filed with the SEC. Information contained in reports and other filings the Company makes or had made with the SEC subsequent to the date of the 2012 Form 10-K and Second Quarter Form 10-Q may modify or update and supersede the information contained in the 2012 Form 10-K, the Second Quarter Form 10-Q and provided in this document. It should be assumed that the information appearing in this document that was extracted from the 2012 Form 10-K is accurate only as of the date of the 2012 Form 10-K and that the information appearing in this document that was extracted from the Second Quarter Form 10-Q is accurate only as of the date of the Second Quarter Form 10-Q. Business, financial position and results of operations may have changed since those dates.

**Forward Looking Statements:**

This document, or as incorporated by reference, may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements can be found by looking for 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. Actual results may differ materially from those set forth in the forward-looking statements. As a large, international financial services company, the Company 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 our forward-looking statements is contained in the 2012 Form 10-K and the 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, the Company 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.

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## INTRODUCTION AND SUMMARY OF RESOLUTION STRATEGY

Bank of America is a leading financial institution, serving individual consumers, small and middle-market businesses and large corporations with a full range of banking, investing, asset management and other financial and risk management products and services.

Over the past four years, Bank of America Corporation (together, with its consolidated subsidiaries “Bank of America” or “the Company”) has significantly strengthened its balance sheet by building capital to industry leading levels, reducing long-term debt and increasing liquidity. In addition, the Company has streamlined and simplified its organization.

The Company has developed Resolution Plans (the “Plan”) for Bank of America Corporation (“BAC”), Bank of America, National Association (“BANA”) and FIA Card Services, National Association (“FIA”) as required of all large financial institutions under:

- The Board of Governors of the Federal Reserve System's (“Federal Reserve's”) and Federal Deposit Insurance Corporation's (“FDIC's”) Joint Resolution Plan Rule as required under Title I, Section 165 (d) (“165(d)”) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”); and
- The FDIC's Resolution Plan Rule for Covered Insured Depository Institutions (“IDI Rule”).

The Plan is required by a provision of the Dodd-Frank Act, which mandates that bank-holding companies with assets of \$50 billion or more develop a contingency plan for an orderly resolution. The purpose of this provision is to provide bank regulators with plans that would enable them to resolve failing financial companies that pose a significant risk to the financial stability of the United States in a manner that mitigates such risk and minimizes moral hazard and obviates the need for taxpayer support.

The Plan is Bank of America's second annual submission to the Federal Reserve and the FDIC, and provides a detailed roadmap for the orderly resolution of Bank of America. Importantly, the Plan does not rely on the provision of extraordinary support by the United States, or any other government.

The Plan includes consideration of multiple strategies that could be used to resolve the Company and its material entity subsidiaries (“Material Entities”). Under one resolution strategy, BAC, the parent holding company, would enter bankruptcy by initiating a Chapter 11 proceeding. After receiving certain capital or liquidity contributions from BAC, the operating subsidiaries would continue as going concerns while BAC is restructured, thereby maximizing value and systemic stability. This strategy would be the simplest approach; however, certain changes to the bankruptcy code and other laws and regulations may be required to facilitate this resolution strategy. This strategy is commonly referred to as a “Single Point of Entry” resolution strategy.

Under another resolution strategy, BAC would enter bankruptcy, while other operating subsidiaries would enter relevant resolution regimes applicable to each such operating subsidiary. This strategy contemplates Bank of America's U.S. banking subsidiaries, including Bank of America, N.A. and FIA Card Services, N.A., under a hypothetical resolution scenario, being placed into FDIC receiverships. Certain assets and liabilities would be transferred to a bridge bank that would emerge from resolution as a viable going concern. Bank of America's other Material Entities that entered resolution, including its U.S. and foreign broker-dealer subsidiaries, would be wound down in an orderly manner. This strategy is commonly referred to as a “Multiple Point of Entry” resolution strategy.

Finally, the Plan contemplates a third strategy that is a hybrid of the two previously described strategies. This strategy involves BAC entering Chapter 11 bankruptcy while certain other subsidiaries enter their respective resolution proceedings. At the same time, certain banking and other operating subsidiaries would be recapitalized, as necessary, and continue to operate. Similar to the first strategy, this approach would allow for the Company's most systemically significant critical operations to continue operating and maximize value and systemic stability.

The Plan addresses certain actions needed to ensure continuity of certain core business lines and critical operations during the hypothetical resolution of certain Bank of America entities. Those actions incorporate the importance of continued access to critical services including, but not limited to, technology, employees, facilities, intellectual property and supplier relationships. The Plan also outlines certain restructuring actions that have already been completed, or would be required, in order to support the resolution strategies contemplated in the Plan.

### **Business Overview and Strategy**

Bank of America serves approximately 51 million consumer and small business relationships through approximately 5,300 retail banking offices, approximately 16,350 ATMs and an award-winning online banking platform with 30 million active users and more than 13 million mobile users.

Bank of America is among the world's leading wealth management companies and is a global leader in corporate and investment banking and trading across a broad range of asset classes, serving corporations, governments, institutions and individuals around the world. Bank of America offers industry-leading support to approximately three million small business owners through a suite of innovative, easy-to-use online products and services.

The Company serves clients through operations in more than 40 countries. Bank of America's stock is listed on the New York Stock Exchange (NYSE: BAC).

Over the past four years, Bank of America has made progress in key strategic areas, including the following:

**Streamlining the company** - The Company has narrowed its focus to concentrate on the businesses and services that matter most to customers and clients. As a result, the Company is easier to manage and provides a sturdy foundation for more sustainable growth and results. Since 2009, Bank of America has sold more than 20 non-core assets and businesses, generating more than \$60 billion in gross liquidity and more than \$12 billion in Tier 1 common equity. At the same time, the sales have reduced the Company's risk-weighted assets by nearly \$68 billion.

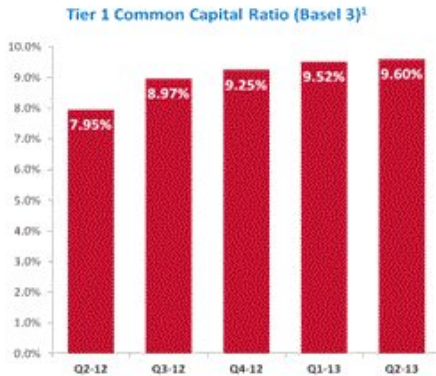
**Building capital and liquidity** - Preparing for the implementation of new capital rules is a top strategic priority for the Company. Over the past several years, Bank of America has fortified its balance sheet by significantly increasing capital and liquidity to record levels and reducing long-term debt.

At June 30, 2013, Bank of America's estimated Basel 3 Advanced Approach Tier 1 common capital ratio, on a fully phased-in basis, was 9.60 percent, among the highest of any major U.S. money-center bank and above the current Basel 3 standards, six years before required (as depicted below).

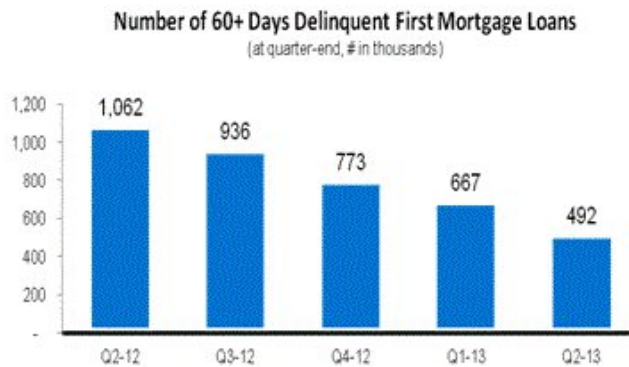
Basel 3 regulatory capital metrics are non-GAAP measures until they are fully adopted and required by U.S. banking regulators. A reconciliation of the Company's Tier 1 common capital and risk-weighted assets in accordance with the Basel 1 - 2013 Rules to the Basel 3 estimates, assuming fully phased-in measures according to the Basel 3 Advanced Approach, can be found in the Company's filings on Form 10-Q with the Securities and Exchange Commission ("SEC").

At June 30, 2013, the Company reported total Global Excess Liquidity Sources of \$342 billion, up from \$214 billion on December 31, 2009, and long-term debt of \$262 billion, down from \$523 billion on December 31, 2009.





<sup>1</sup>Fully taxable-equivalent (FTE) basis. Represents a non-GAAP financial measure.



**Improving credit quality** - In recent years, the Company has seen improvements in credit quality across all major portfolios, reflecting a gradually strengthening economy and a continued focus on enhanced underwriting standards.

Net charge-offs declined to \$2.1 billion in the second quarter of 2013 from \$38.7 billion for the year ended December 31, 2009 and the Company's provision for credit losses declined to \$1.2 billion in the second quarter of 2013, compared to \$48.6 billion for the full year ended December 31, 2009.

In addition, the Company continued to make significant progress in resolving legacy mortgage-related issues with the number of residential mortgage loans in the Company's portfolio that are more than 60 days past due declining to approximately 492,000 loans at June 30, 2013, down from a peak of 1.6 million.

**Driving growth** - Bank of America is using the strength of its balance sheet and leading talent and capabilities to deepen relationships with three customer groups - People, Companies and Institutional Investors.

This includes shaping the Company's retail network based on customer behavior and profitability, and investing in technology and resources to better meet customer needs and connect capabilities. The table below shows how Bank of America is delivering leading banking and investment solutions to its three customer groups. Comparisons are from the second quarter of 2013 to the second quarter of 2012.

People	Companies	Institutional Investors
Deposit balances up 4%	No. 2 in global Investment Banking fees (Dealogic)	No. 1 Global Research Firm (2012) – Institutional Investor Magazine
13.2 million mobile banking customers	No. 2 in Investment Banking fees in the United States (Dealogic)	No. 1 Brokerage House-Asia (2012) – Institutional Investor Magazine
11.7 million checks deposited via mobile devices	Commercial loan growth of \$64 billion, or 20% to \$381 billion	No. 1 U.S. Fixed Income Sales Service Quality and Trading Service Quality – (2013) Greenwich Associates
First-lien mortgage production up 40%	Top 3 global ranking in high-yield corporate debt, leveraged loans, mortgage-backed securities, asset-backed securities, convertible debt, investment-grade corporate debt and syndicated loans (Dealogic)	No. 1 U.S. Equity Trading Share (2013) – Greenwich Associates
GWIM total client balances \$2.2 trillion		

## NAMES OF MATERIAL ENTITIES

The Resolution Plan identifies Bank of America Corporation (the “Parent”) and certain Material Entities for the purposes of resolution planning. The Resolution Plan includes an analysis of each Material Entity and the resolution regime and strategy that would be applicable. The Material Entities in the Resolution Plan are:

**Bank of America Corporation (“BAC”)** is a bank holding company. It is a Covered Company for the purposes of Section 165(d) of the Dodd-Frank Act and is the “Parent Company” for the purposes of the implementing regulations.

**Bank of America, National Association (“BANA”)** is the flagship national full service commercial bank and primary operating subsidiary of BAC and is an insured depository institution (“IDI”). It operates in all 50 states, the District of Columbia and has foreign branches in more than 20 countries.

**Bank of America, N.A. - London Branch (“BANA - London”)** is a key foreign branch of BANA. Its principal businesses and operations are Corporate Banking, International Treasury and Global Markets.

**Bank of America, N.A. - Frankfurt Branch (“BANA - Frankfurt”)**, a foreign branch of BANA, provides critical services supporting global wholesale payment operations.

**FIA Card Services, National Association (“FIA”)** is an IDI and is primarily a credit card lender.

**Bank of America California, National Association (“BACANA”)** is a limited purpose bank (“Bankers’ Bank”). It purchases mortgage loan participations from BANA to support borrowing capacity with its Federal Home Loan Bank.

**Countrywide Financial Corporation (“CFC”)** is a holding company whose subsidiaries engaged in mortgage lending, banking and other real estate finance-related businesses. Most of the mortgage-related and banking activities that historically operated out of CFC's subsidiaries are now primarily conducted through BANA, to the extent such activities continue.

**Countrywide Home Loans, Inc. (“CHL”)** is a fully-owned subsidiary of CFC, although many mortgage-origination activities of the Countrywide enterprise were transferred to Countrywide Bank prior to the acquisition of Countrywide by BAC. Countrywide Bank has subsequently been merged into BANA. CHL's activities are now limited to managing its representation and warranties exposure and its owned inventory, serving as a master servicer for certain securitizations, marketing loans held for sale, and addressing litigation concerns related to its past mortgage activities.

**Merrill Lynch & Co., Inc. (“MLCO”)** is the former parent holding company for Merrill Lynch. It is a public debt issuer and a guarantor for its subsidiaries.

**Merrill Lynch, Pierce, Fenner & Smith, Incorporated (“MLFPS”)** is a U.S. broker-dealer serving corporate, institutional, retail, government and other clients with a focus on U.S. clients.

**Merrill Lynch Professional Clearing Corp. (“MLPRO”)** is a U.S. broker-dealer. It operates Prime Brokerage Operations which provides services for hedge funds, alternative investment managers, professional traders and proprietary trading firms.

**Merrill Lynch Capital Services, Inc. (“MLCS”)** is a U.S. derivatives product dealer. It primarily deals with third party and affiliate counterparties for derivative financial products, including interest rate, currency and commodity swaps, caps and floors, currency options, and credit derivatives.

**Merrill Lynch Commodities, Inc. (“MLCI”)** is the primary commodities sales and trading entity for business originated in the Americas Region. It trades in commodity indices for natural gas, power, crude oil, coal and trades physical commodities for natural gas, power and crude oil.

**Merrill Lynch International (“MLI”)** is a U.K.-based and regulated international broker-dealer providing a wide range of financial services globally. It supports various Global Markets businesses including investment banking activities, international debt and equity underwriting and mergers and acquisitions. MLI also conducts a wide range of trading activities in the international equity markets, Euro debt and money markets.

**Merrill Lynch Commodities (Europe) Limited (“MLCE”)** is the primary trading entity for business originated outside of the Americas Region. It trades in coal, gas, liquefied natural gas, freight, power and emissions.

**Merrill Lynch International Bank Limited (“MLIB”)** is the primary non-U.S. banking entity. It is incorporated in Ireland and regulated by the Central Bank of Ireland. However, it operates globally and is used by the Global Markets and Global Wealth & Investment Management (“GWIM”) core business lines.

**Merrill Lynch Japan Securities Co., Ltd. (“MLJS”)** is a broker-dealer incorporated in Japan. It provides investment, financing and related services to institutional and private clients in Japan.

**Merrill Lynch Global Services Pte. Ltd. (“MLGS”)**, located in Singapore, houses selective regional and global support functions within the Global Technology and Operations and Global Human Resources organizations. It primarily supports GWIM and Global Markets businesses.

**BA Continuum India Private Limited (“BACI”)** provides operations and technology capabilities supporting all lines of business.

**Financial Data Services, Inc. (“FDS”)** provides transfer agency and sub-accounting services for mutual funds.

**Managed Account Advisors LLC (“MAA”)** is a registered investment advisor.



## DESCRIPTION OF BUSINESS SEGMENTS

The Company's banking and various non-banking subsidiaries throughout the U.S. and in international markets provide a diversified range of banking and non-banking financial services and products to three groups of customers - people, companies and institutional investors through business segments. Certain of the activities of these segments were determined to meet the definition of a "core business line" for the Resolution Plan. The business segments are described below.

### Consumer and Business Banking

Consumer and Business Banking is comprised of Deposits, Card Services and Business Banking. This business segment offers a diversified range of credit, banking and investment products and services to consumers and businesses. Consumer Banking customers and clients have access to a franchise that stretches coast to coast through 32 states and the District of Columbia. The franchise network includes approximately 5,300 banking centers, 16,350 ATMs, nationwide call centers, and online and mobile platforms. Consumer Banking operates primarily through BANA and FIA.

### Consumer Real Estate Services

Consumer Real Estate Services provides an extensive line of consumer real estate products and services to customers nationwide. Fixed- and adjustable-rate first-lien mortgage loans for home purchase and refinancing needs, home equity lines of credit and home equity loans are offered through this business segment. Consumer Real Estate Services operates primarily through BANA.

### Global Banking

Global Banking, which includes Global Corporate and Commercial Banking and Investment Banking, provides a wide range of lending-related products and services, integrated working capital management and treasury solutions to clients, and underwriting and advisory services through the Company's network of offices and client relationship teams along with various product partners. Global Banking's lending products and services include commercial loans, leases, commitment facilities, trade finance, real estate lending, asset-based lending and direct / indirect consumer loans.

Global Banking's treasury solutions business within Global Corporate and Commercial Banking includes treasury management, foreign exchange and short-term investing options and operates primarily through BANA. Global Banking also provides investment banking products such as debt and equity underwriting and distribution, and merger-related and other advisory services. Global Banking operates primarily through licensed broker-dealer subsidiaries, such as MLPFS and MLI.

### Global Markets

Global Markets offers sales and trading services, including research, to institutional clients across fixed income, credit, currency, commodity and equity businesses. Global Markets product coverage includes securities and derivative products in both the primary and secondary markets. Global Markets provides market-making, financing, securities clearing, settlement and custody services globally to institutional investor clients in support of their investing and trading activities. Global Markets also works with commercial and corporate clients to provide risk management products using interest rate, equity, credit, currency and commodity derivatives, foreign exchange, fixed-income and mortgage-related products. Global Markets operates primarily through BANA, MLPFS, MLIB and MLI.

### Global Wealth & Investment Management

GWIM consists of two primary businesses: Merrill Lynch Global Wealth Management ("MLGWM") and U.S. Trust, Bank of America Private Wealth Management ("U.S. Trust").

GWIM provides comprehensive wealth management solutions to a broad base of clients from emerging affluent to the ultra-wealthy. These services include investment and brokerage services, estate and

financial planning, fiduciary portfolio management, cash and liability management, and specialty asset management. GWIM also provides retirement and benefit plan services, philanthropic management and asset management to individual and institutional clients. In 2012, the Company entered into an agreement to sell the GWIM International Wealth Management (“IWM”) businesses based outside of the U.S. and sold its Japanese brokerage joint venture. GWIM operates primarily through MLPFS and BANA.

## SUMMARY FINANCIAL INFORMATION REGARDING ASSETS, LIABILITIES, CAPITAL AND MAJOR FUNDING SOURCES

### Bank of America Corporation

Bank of America's Annual Report on Form 10-K and Quarterly Report on Form 10-Q include detailed financial reporting. The following chart summarizes the balance sheet and capital position for Bank of America Corporation as of June 30, 2013.

### Bank of America Corporation

#### Consolidated Balance sheet – June 30, 2013

(\$ in millions)

<b>Assets</b>		<b>Liabilities</b>	
Cash and cash equivalents	\$98,828	Deposits	\$1,080,783
Time deposits placed and other short-term investments	12,916	Federal funds purchased and securities loaned or sold under agreements to repurchase	232,609
Federal funds sold and securities borrowed or purchased under agreements to resell	224,168	Trading account liabilities	82,381
Trading account assets	191,234	Derivative liabilities	48,532
Derivative assets	56,772	Short-term borrowings	46,470
Total debt securities	336,403	Accrued expenses and other liabilities	139,033
Total loans and leases	921,570	Long-term debt	262,480
Allowance for loan and lease losses	(21,235)	<b>Total liabilities</b>	<b>1,892,288</b>
Loans and leases, net of allowance	900,335	Shareholders' equity	231,032
Premises and equipment, net	10,836	<b>Total liabilities and shareholders' equity</b>	<b>\$2,123,320</b>
Mortgage servicing rights	5,839		
Goodwill	69,930	<b>Regulatory Capital Ratios</b>	
Intangible assets	6,104	Tier 1 common capital	10.83%
Loans held-for-sale	14,549	Tier 1 capital ratio	12.16%
Customer and other receivables	67,526	Total capital ratio	15.27%
Other assets	127,880	Tier 1 leverage ratio	7.49%
<b>Total assets</b>	<b>\$2,123,320</b>		

## Bank of America, National Association

The following chart summarizes the assets, liabilities and capital position for BANA as of June 30, 2013. The information below is based on internal general ledger data and does not reflect certain post-closing and re-class entries made as part of BANA's regulatory filings. For additional information, please refer to BANA's call reports as filed.

## Bank of America, National Association

### Consolidated Balance sheet – June 30, 2013

(\$ in millions)

Assets		Liabilities	
Cash and cash equivalents	\$66,920	Deposits	\$1,088,871
Time deposits placed and other short-term investments	11,780	Federal funds purchased and securities loaned or sold under agreements to repurchase	34,528
Federal funds sold and securities borrowed or purchased under agreements to resell	15,061	Trading account liabilities	13,027
Trading account assets	49,421	Derivative liabilities	25,282
Derivative assets	32,398	Short-term borrowings	37,267
Total debt securities	320,014	Accrued expenses and other liabilities	29,602
Total loans and leases	771,785	Long-term debt	21,391
Allowance for loan and lease losses	(14,957)	<b>Total liabilities</b>	<b>1,249,968</b>
Loans and leases, net of allowance	756,828	Shareholders' equity	177,672
Premises and equipment, net	9,292	<b>Total liabilities and shareholders' equity</b>	<b>\$1,427,640</b>
Mortgage servicing rights	5,822		
Goodwill	57,227	<b>Regulatory Capital Ratios</b>	
Intangible assets	6,370	Tier 1 capital ratio	12.30%
Loans held-for-sale	12,189	Total capital ratio	14.06%
Customer and other receivables	29,714	Tier 1 leverage ratio	8.97%
Other assets	54,604		
<b>Total assets</b>	<b>\$1,427,640</b>		





## FIA Card Services, National Association

The following chart summarizes the assets, liabilities and capital position for FIA of June 30, 2013. The information below is based on internal general ledger data and does not reflect certain post-closing and re-class entries made as part of FIA's regulatory filings. For additional information, please refer to FIA's call reports as filed.

## FIA Card Services, National Association

### Consolidated Balance sheet – June 30, 2013

(\$ in millions)

Assets		Liabilities	
Cash and cash equivalents	\$7,758	Deposits	\$115,508
Time deposits placed and other short-term investments	33,575	Federal funds purchased and securities loaned or sold under agreements to repurchase	-
Federal funds sold and securities borrowed or purchased under agreements to resell	-	Trading account liabilities	-
Trading account assets	-	Derivative liabilities	13
Derivative assets	247	Short-term borrowings	239
Total debt securities	2,832	Accrued expenses and other liabilities	5,712
Total loans and leases	112,548	Long-term debt	17,214
Allowance for loan and lease losses	(5,680)	<b>Total liabilities</b>	<b>138,685</b>
Loans and leases, net of allowance	106,868	Shareholders' equity	19,393
Premises and equipment, net	346	<b>Total liabilities and shareholders' equity</b>	<b>\$158,078</b>
Mortgage servicing rights	-		
Goodwill	-	<b>Regulatory Capital Ratios</b>	
Intangible assets	2,249	Tier 1 capital ratio	16.78%
Loans held-for-sale	0	Total capital ratio	18.08%
Customer and other receivables	832	Tier 1 leverage ratio	12.72%
Other assets	3,370		
<b>Total assets</b>	<b>\$158,078</b>		

## Capital Management

The Company manages its capital position to maintain sufficient capital to support its business activities and maintain capital, risk and risk appetite commensurate with one another. Additionally, the Company seeks to maintain safety and soundness at all times including under adverse conditions, take advantage of organic growth opportunities, maintain ready access to financial markets, continue to serve as a credit intermediary, remain a source of strength for its subsidiaries, and satisfy current and future regulatory capital requirements.

To determine the appropriate level of capital, the Company assesses the results of the Internal Capital Adequacy Assessment Process ("ICAAP"), the current economic and market environment, and feedback from key stakeholders including investors, rating agencies and regulators. Based upon this analysis, it sets guidelines for capital ratios to maintain an adequate capital position, including in severe adverse economic scenarios. Management and the Bank of America Corporation Board of Directors ("the Board") annually approve a comprehensive BAC capital plan which documents the ICAAP and related results, analysis and support for the capital guidelines, and planned capital actions.

The ICAAP incorporates capital forecasts, stress test results, economic capital, qualitative risk assessments and assessment of regulatory changes. Throughout the year, the Company generates regulatory capital and economic capital forecasts that are aligned to the most recent earnings, balance sheet and risk forecasts. It utilizes stress tests to assess the potential impacts to its balance sheet, earnings, capital and liquidity of a variety of stress scenarios. The Company performs qualitative risk assessments to identify and assess material risks not fully captured in the forecasts, stress tests or economic capital. Management regularly assesses the capital impacts of proposed changes to regulatory capital requirements. Management also regularly assesses ICAAP results and provides documented quarterly assessments of the adequacy of the capital guidelines and capital position to the Board or its committees.



Capital management is integrated into the Company's risk and governance processes, as capital is a key consideration in the development of the strategic plan, risk appetite and risk limits. Economic capital is allocated to each business unit and used to perform risk-adjusted return analysis at the business unit, client relationship and transaction levels.

### **Regulatory Capital**

As a financial services holding company, the Company is subject to the risk-based capital guidelines (Basel 1) issued by federal banking regulators. Under these guidelines, the Company and its affiliated banking entities measure capital adequacy based on Tier 1 common capital, Tier 1 capital and Total capital (Tier 1 plus Tier 2 capital). Capital ratios are calculated by dividing each capital amount by risk-weighted assets. Additionally, Tier 1 capital is divided by adjusted quarterly average total assets to derive the Tier 1 leverage ratio.

Tier 1 capital is calculated as the sum of “core capital elements,” the principal components of which are qualifying common shareholders' equity and qualifying non-cumulative perpetual preferred stock. Also included in Tier 1 capital are qualifying trust preferred securities, hybrid securities and qualifying non-controlling interest in subsidiaries which are subject to the rules governing “restricted core capital elements.” Goodwill, other disallowed intangible assets, disallowed deferred tax assets and the cumulative changes in fair value of all financial liabilities accounted for under the fair value option that are included in retained earnings and are attributable to changes in the company's own creditworthiness are deducted from the sum of the core capital elements. Total capital is the sum of Tier 1 plus supplementary Tier 2 capital elements such as qualifying subordinated debt, a limited portion of the allowance for loan and lease losses, and a portion of net unrealized gains on available for sale marketable equity securities. Tier 1 common capital is not an official regulatory ratio, but was introduced by the Federal Reserve during the Supervisory Capital Assessment Program in 2009. Tier 1 common capital is Tier 1 capital less preferred stock, trust preferred securities, hybrid securities and qualifying non-controlling interest in subsidiaries.

Risk-weighted assets are calculated for credit risk for all on- and off-balance sheet credit exposures and for market risk on trading assets and liabilities, including derivative exposures. Credit risk-weighted assets are calculated by assigning a prescribed risk-weight to all on-balance sheet assets and to the credit equivalent amount of certain off-balance sheet exposures. The risk-weight is defined in the regulatory rules based upon the obligor or guarantor type and collateral, if applicable. Off-balance sheet exposures include financial guarantees, unfunded lending commitments, letters of credit and derivatives. Market risk-weighted assets are calculated using risk models for the trading account positions, including all foreign exchange and commodity positions regardless of the applicable accounting guidance. Under Basel 1, there are no risk-weighted assets calculated for operational risk. Any assets that are a direct deduction from the computation of capital are excluded from risk-weighted assets and adjusted average total assets consistent with regulatory guidance.

The regulatory capital rules continue to expand and evolve. In December 2007, U.S. banking regulators published final Basel 2 rules. The Company measures and reports its capital ratios and related information under Basel 2 on a confidential basis to U.S. banking regulators during the required parallel period, during which it provides the U.S. banking regulators both Basel 1 and Basel 2 related information in parallel. The parallel period would continue until the Company receives regulatory approval to exit parallel reporting and subsequently begin publicly reporting its Basel 2 regulatory capital results and related disclosures.

In July 2013, U.S. banking regulators approved the final Basel 3 rules to be effective January 1, 2014. Basel 3 will materially change Tier 1 common, Tier 1 and Total capital calculations. Under the Basel 3 Advanced Approach, the Company estimates its Tier 1 common capital ratio will be 9.60% on a fully phased-in basis.

The Federal Reserve requires bank holding companies to submit a capital plan and requests for capital actions on an annual basis, consistent with the rules governing the Comprehensive Capital Analysis and Review (“CCAR”). The CCAR is the central element to the Federal Reserve's approach to ensuring large bank holding companies have adequate capital and robust processes for managing their capital. In January 2013, the Company submitted its 2013 capital plan and related supervisory stress tests. In March 2013, the Federal Reserve informed the Company that it did not object to the Company's capital plan and proposed capital actions.

### **Economic Capital**

The economic capital measurement process provides a risk-based measurement of the capital required for unexpected credit, market and operational losses over a one-year time horizon at a 99.97% confidence level. Economic capital is allocated to each business unit and is used for capital adequacy, performance measurement and risk management purposes. The strategic planning process utilizes economic capital with the goal of allocating risk appropriately and measuring returns consistently across all businesses and activities. Economic capital allocation plans are incorporated into the Company's financial plan which is approved by the Board on an annual basis. Effective January 1, 2013, on a prospective basis, the Company adjusted the amount of capital being allocated to its business segments. The refined methodology (allocated capital) considers the effect of regulatory capital requirements in addition to internal risk-based economic capital models.

Economic capital for credit risk captures two types of risks: default risk, which represents the loss of principal due to outright default or the borrower's inability to repay an obligation in full, and migration risk, which represents potential loss in market value due to credit deterioration over a one-year capital time horizon. Credit risk is assessed and modeled for all on- and off-balance sheet credit exposures within sub-categories for commercial, retail, counterparty and investment securities. The economic capital methodology captures dimensions such as concentration and country risk and originated securitizations. The economic capital methodology is based on the probability of default, loss given default, exposure at default and maturity for each credit exposure, and the portfolio correlations across exposures.

Market risk reflects the potential loss in the value of financial instruments or portfolios due to movements in interest and currency exchange rates, equity and futures prices, the implied volatility of interest rates, credit spreads, and other economic and business factors. The Company's primary market risk exposures are in its trading portfolio, equity investments, mortgage servicing rights and the interest rate exposure of its core balance sheet. Economic capital is determined by utilizing the same models used to manage these risks including, for example, Value at Risk, simulation, stress testing and scenario analysis.

Bank of America calculates operational risk capital at the business unit level using actuarial-based models and historical loss data. The calculations are supplemented with scenario analysis and risk control assessments.

### **Liquidity and Diversified Funding Sources**

Bank of America's primary liquidity objective is to provide adequate funding for its businesses throughout market cycles, including periods of financial stress. To achieve that objective, the Company analyzes and monitors its liquidity risk, maintains excess liquidity and accesses diverse funding sources including a stable deposit base. Bank of America defines excess liquidity as readily available assets, limited to cash and high-quality, liquid, unencumbered securities that can be used to meet its funding requirements as those obligations arise. The Company believes that a centralized approach to funding and liquidity risk management enhances its ability to monitor liquidity requirements, maximizes access to funding sources, minimizes borrowing costs and facilitates timely responses to liquidity events.

Bank of America maintains excess liquidity at the Parent and selected subsidiaries in the form of cash and high-quality, liquid, unencumbered securities. These assets, which are called Global Excess Liquidity Sources, serve as the primary means of liquidity risk mitigation. The Company's cash is primarily on

deposit with the Federal Reserve and central banks outside of the U.S. Bank of America limits the composition of high-quality, liquid, unencumbered securities to U.S. government securities, U.S. agency securities, U.S. agency mortgage-backed securities and a select group of non-U.S. government and supranational securities.

The Company believes that it could quickly obtain cash for these securities, even in stressed market conditions, through repurchase agreements or outright sales. Bank of America holds Global Excess Liquidity Sources in entities that allow it to meet the liquidity requirements of global businesses, and considers the impact of potential regulatory, tax, legal and other restrictions that could limit the transferability of funds among entities.

Global Excess Liquidity Sources totaled \$342 billion at June 30, 2013. Global Excess Liquidity Sources available to the Parent at June 30, 2013 totaled \$95 billion. The decrease in parent company liquidity from December 31, 2012 was primarily due to debt maturities and capital actions. Typically, Parent cash is deposited overnight at BANA.

### Global Excess Liquidity Sources

(in \$ billions)

#### Global Excess Liquidity Sources

	June 30, 2013	December 31, 2012
Parent company	\$95	\$103
Bank subsidiaries	221	247
Broker / dealers	26	22
<b>Total global excess liquidity sources</b>	<b>\$342</b>	<b>\$372</b>

#### Global Excess Liquidity Sources

	June 30 2013	December 31 2012
Cash on deposit	\$54	\$65
U.S. Treasuries	12	21
U.S. agency securities and mortgage-backed securities	261	271
Non-U.S. government and supranational securities	15	15
<b>Total global excess liquidity sources</b>	<b>\$342</b>	<b>\$372</b>

The Company uses a variety of metrics to determine the appropriate amounts of excess liquidity to maintain at the Parent and the bank and broker-dealer subsidiaries. One metric the Company uses to evaluate the appropriate level of excess liquidity at the Parent is “time-to-required funding.” This debt coverage measure indicates the number of months that the Parent can continue to meet its unsecured contractual obligations as they come due using only its Global Excess Liquidity Sources without issuing any new debt or accessing any additional liquidity sources. Bank of America defines unsecured contractual obligations for purposes of this metric as maturities of senior or subordinated debt issued or guaranteed by the Parent or MLCO. The Company has established a target for time-to-required funding of 21 months. The metric was 32 months at June 30, 2013.

The Company utilizes liquidity stress models to assist in determining the appropriate amounts of excess liquidity to maintain at the Parent, the bank and broker-dealer subsidiaries. These models are risk sensitive and have become increasingly important in analyzing its potential contractual and contingent cash outflows beyond those outflows considered in the time-to-required funding analysis. The Company evaluates the liquidity requirements under a range of scenarios with varying levels of severity and time horizons. The scenarios incorporate marketwide and Company-specific events, including potential credit

rating downgrades for the Parent and its subsidiaries, and are based on historical experience, regulatory guidance, and both expected and unexpected future events.

### **Major Funding Sources**

Bank of America funds its assets primarily with a mix of deposits, secured and unsecured liabilities through a globally coordinated funding strategy. The Company diversifies funding globally across products, programs, markets, currencies and investor groups and funds a substantial portion of its lending activities through deposits, which are diversified by clients, product type and geography. The Company considers a substantial portion of its deposits to be a stable, low-cost and consistent source of funding. Bank of America believes this deposit funding is generally less sensitive to interest rate changes, market volatility or changes in its credit ratings than wholesale funding sources. Lending activities may also be financed through secured borrowings, including securitizations with government-sponsored enterprises, the Federal Housing Administration and private-label investors, as well as Federal Home Loan Bank loans.

Bank of America issues the majority of its long-term unsecured debt at the Parent. The Company may also issue long-term debt through BANA. The Company seeks to mitigate refinancing risk by actively managing the amount of the borrowings that it anticipates will mature within any month or quarter.

Trading activities in broker-dealer subsidiaries are primarily funded on a secured basis through securities lending and repurchase agreements, and these amounts will vary based on customer activity and market conditions. The Company believes funding these activities in the secured financing markets is more cost-efficient and less sensitive to changes in its credit ratings than unsecured financing. Repurchase agreements are generally short-term and often overnight. Disruptions in secured financing markets for financial institutions have occurred in prior market cycles which resulted in adverse changes in terms or significant reductions in the availability of such financing. The Company manages the liquidity risks arising from secured funding by sourcing funding globally from a diverse group of counterparties, providing a range of securities collateral and pursuing longer durations, when appropriate.

The Company's U.S. bank subsidiaries can access contingency funding through the Federal Reserve Discount Window. Certain non-U.S. subsidiaries have access to central bank facilities in the jurisdictions in which they operate. While the Company does not rely on these sources in its liquidity modeling, it maintains the policies, procedures and governance processes that would enable it to access these sources, if necessary.

Additional information on liquidity sources can be found in the Bank of America 2012 Annual Report on Form 10-K.



## DESCRIPTION OF DERIVATIVES AND HEDGING ACTIVITIES

Derivatives are entered into on behalf of customers, for trading, or to support risk management activities. Derivatives used in risk management activities include derivatives that may or may not be designated in qualifying hedge accounting relationships. Derivatives that are not designated in qualifying hedge accounting relationships are referred to as other risk management derivatives.

The Company's Asset Liability Management ("ALM") and risk management activities include the use of derivatives to mitigate risk to the Company including derivatives designated in qualifying hedge accounting relationships and derivatives used in other risk management activities. Interest rate, foreign exchange, equity, commodity and credit contracts are utilized in the Company's ALM and risk management activities.

The Company maintains an overall interest rate risk management strategy that incorporates the use of interest rate contracts, which are generally non-leveraged generic interest rate and basis swaps, options, futures and forwards, to minimize significant fluctuations in earnings that are caused by interest rate volatility. The Company's goal is to manage interest rate sensitivity and volatility so that movements in interest rates do not significantly adversely affect earnings or capital. As a result of interest rate fluctuations, hedged fixed-rate assets and liabilities appreciate or depreciate in fair value. Gains or losses on the derivative instruments that are linked to the hedged fixed-rate assets and liabilities are expected to substantially offset this unrealized appreciation or depreciation.

Market risk, including interest rate risk, can be substantial in the mortgage business. Market risk is the risk that values of mortgage assets or revenues will be adversely affected by changes in market conditions such as interest rate movements. To mitigate the interest rate risk in mortgage banking production income, the Company utilizes forward loan sale commitments and other derivative instruments including purchased options and certain debt securities. The Company also utilizes derivatives such as interest rate options, interest rate swaps, forward settlement contracts and Eurodollar futures to hedge certain market risks of mortgage servicing rights.

The Company uses foreign exchange contracts to manage the foreign exchange risk associated with certain foreign currency-denominated assets and liabilities, as well as the Company's investments in non-U.S. subsidiaries. Foreign exchange contracts, which include spot and forward contracts, represent agreements to exchange the currency of one country for the currency of another country at an agreed-upon price on an agreed-upon settlement date. Exposure to loss on these contracts will increase or decrease over their respective lives as currency exchange and interest rates fluctuate.

The Company enters into derivative commodity contracts, such as futures, swaps, options and forwards, as well as non-derivative commodity contracts, to provide price risk management services to customers or to manage price risk associated with its physical and financial commodity positions. The non-derivative commodity contracts and physical inventories of commodities expose the Company to earnings volatility. Cash flow and fair value accounting hedges provide a method to mitigate a portion of this earnings volatility.

The Company purchases credit derivatives to manage credit risk related to certain funded and unfunded credit exposures. Credit derivatives include credit default swaps, total return swaps, and swaptions.

The Company utilizes derivatives to hedge long-term debt. Hedges are transacted with BANA as the counterparty to certain Bank of America legal entities, including BAC. BANA then offsets the derivative with third-party counterparties.

BANA uses derivatives to hedge interest rate, foreign exchange and other risks. Derivative transactions are not a significant part of FIA's operations. Derivatives utilized for customers and for trading are transacted through multiple entities, including but not limited to BANA, MLPFS, MLIB and MLI.



The following tables present derivative instruments included on the Company's Consolidated Balance Sheet in derivative assets and liabilities at June 30, 2013, and December 31, 2012. Balances are presented on a gross basis, prior to the application of counterparty and cash collateral netting. Total derivative assets and liabilities are adjusted on an aggregate basis to take into consideration the effects of legally enforceable master netting agreements and have been reduced by the cash collateral received or paid.

### Bank of America Derivative Balances

	30-Jun-13							
	Gross Derivative Assets				Gross Derivative Liabilities			
	Contract/Notional <sup>1</sup>	Trading Derivatives and Other Risk Management		Qualifying Accounting	Total	Trading Derivatives and Other Risk Management		Qualifying Accounting
Derivatives		Hedges	Hedges	Derivatives		Hedges	Hedges	
<b>Interest rate contracts</b>								
Swaps	\$ 33,363.0	\$ 749.7	\$ 9.2	\$ 758.9	\$ 744.9	\$ 0.6	\$ 745.5	
Futures and forwards	10,507.8	5.7	-	5.7	5.1	-	5.1	
Written options	2,244.6	-	-	-	76.7	-	76.7	
Purchased options	2,160.9	77.4	-	77.4	-	-	-	
<b>Foreign exchange contracts</b>								
Swaps	2,275.4	38.1	0.9	39	39.8	2.4	42.2	
Spots, futures and forwards	2,721.0	28.2	1.0	29.2	29.3	0.4	29.7	
Written options	525.5	-	-	-	10.8	-	10.8	
Purchased options	499.0	10.2	-	10.2	-	-	-	
<b>Equity contracts</b>								
Swaps	139.5	3.5	-	3.5	3.4	-	3.4	
Futures and forwards	64.9	1.4	-	1.4	1.1	-	1.1	
Written options	365.2	-	-	-	25.8	-	25.8	
Purchased options	327.5	25.7	-	25.7	-	-	-	
<b>Commodity contracts</b>								
Swaps	73.5	4.4	-	4.4	5.0	-	5.0	
Futures and forwards	580.4	5.7	-	5.7	3.9	-	3.9	
Written options	224.9	-	-	-	8.1	-	8.1	
Purchased options	232.4	8.1	-	8.1	-	-	-	
<b>Credit derivatives</b>								
Purchased credit derivatives:								
Credit default swaps	1,517.8	29.3	-	29.3	21.4	-	21.4	
Total return swaps/other	51.0	2.4	-	2.4	2.8	-	2.8	
Written credit derivatives:								
Credit default swaps	1,491.0	22.5	-	22.5	26.3	-	26.3	
Total return swaps/other	69.5	2.3	-	2.3	0.4	-	0.4	
Gross derivative assets/liabilities	\$	\$ 1,014.6	\$ 11.1	\$ 1,025.7	\$ 1,004.8	\$ 3.4	\$ 1,008.2	
Less: Legally enforceable master netting agreements				(918.4)			(918.4)	
Less: Cash collateral received/paid				(30.5)			(41.3)	
<b>Total derivative assets/liabilities</b>				<b>\$ 56.8</b>			<b>\$ 48.5</b>	

<sup>1</sup>Represents the total contract/notional amount of derivative assets and liabilities outstanding

December 31, 2012								
Gross Derivative Assets					Gross Derivative Liabilities			
	Contract/Notional <sup>1</sup>	Trading			Trading			Total
		Derivatives and Other Risk Management	Qualifying Accounting Hedges	Total	Derivatives and Other Risk Management	Qualifying Accounting Hedges	Total	
<b>Interest rate contracts</b>								
Swaps	\$ 34,667.4	\$ 1,075.4	\$ 13.8	\$ 1,089.2	\$ 1,062.6	\$ 4.7	\$ 1,067.3	
Futures and forwards	11,950.5	2.8	-	2.8	2.7	-	2.7	
Written options	2,343.5	-	-	-	106.0	-	106.0	
Purchased options	2,162.6	105.5	-	105.5	-	-	-	
<b>Foreign exchange contracts</b>								
Swaps	2,489.0	47.4	1.4	48.8	53.2	1.8	55.0	
Spots, futures and forwards	3,023.0	31.5	0.4	31.9	30.5	0.8	31.3	
Written options	363.3	-	-	-	7.3	-	7.3	
Purchased options	321.8	6.5	-	6.5	-	-	-	
<b>Equity contracts</b>								
Swaps	127.1	1.6	-	1.6	2.0	-	2.0	
Futures and forwards	58.4	1.0	-	1.0	1.0	-	1.0	
Written options	295.3	-	-	-	20.2	-	20.2	
Purchased options	271.0	20.4	-	20.4	-	-	-	
<b>Commodity contracts</b>								
Swaps	60.5	2.5	-	2.6	4.0	-	4.0	
Futures and forwards	498.9	4.8	-	4.8	2.7	-	2.7	
Written options	166.4	-	-	-	7.4	-	7.4	
Purchased options	168.2	7.1	-	7.1	-	-	-	
<b>Credit derivatives</b>								
Purchased credit derivatives:								
Credit default swaps	1,559.5	35.6	0.1	35.6	22.1	-	22.1	
Total return swaps/other	43.5	2.5	-	2.5	2.9	-	2.9	
Written credit derivatives:								
Credit default swaps	1,531.5	23.0	-	23.0	32.6	-	32.6	
Total return swaps/other	68.8	0.2	-	0.2	0.3	-	0.3	
Gross derivative assets/liabilities		\$ 1,367.8	\$ 15.7	\$ 1,383.5	\$ 1,357.5	\$ 7.3	\$ 1,364.8	
Less: Legally enforceable master netting agreements				(1,271.9)			(1,271.9)	
Less: Cash collateral received/paid				(58.1)			(46.9)	
<b>Total derivative assets/liabilities</b>				<b>\$ 53.5</b>			<b>\$ 46.0</b>	

<sup>1</sup>Represents the total contract/notional amount of derivative assets and liabilities outstanding

## MEMBERSHIPS IN MATERIAL PAYMENT, CLEARING AND SETTLEMENT SYSTEMS

As an essential part of engaging in the financial services industry and serving customers and clients, Bank of America participates in payment, clearing and settlement systems, also known as Financial Market Utilities (“FMUs”), to conduct financial transactions in a global economy.

These systems allow Bank of America to provide payment services to customers and clients, to serve as a broker-dealer for securities transactions and to engage in derivatives transactions as needed to manage risk, secure funding and meet the needs of customers and clients.

“Membership” means that certain Bank of America legal entities have direct access to certain FMUs to serve its customers and clients around the globe. Examples of FMUs of which Bank of America is a member include the following:

**Clearing House Automated Payment System (“CHAPS”)** is the U.K.'s interbank payment system for large value sterling payments.

**Clearing House Interbank Payments System (“CHIPS”)**, a U.S. payments system, is a service of the Clearing House Payments Company L.L.C. (“The Clearing House”) which, in turn, is owned by the world's largest commercial banks. It processes a large proportion of U.S. dollar cross-border payments and an increasing volume of U.S. domestic payments.

**CLS Bank International (“CLS Bank”)** is a multi-currency cash settlement system. Through its CLS Settlement platform, CLS Bank settles payment instructions related to trades in foreign exchange spot contracts, forwards, options, and swaps; non-deliverable forwards; and credit derivatives. Foreign exchange settlement services are offered for 17 currencies.

**CME Group Inc. (“CME Group”)** provides clearing and settlement services for futures, options, and over-the-counter derivatives products. These clearing and settlement services are provided by the CME Clearing division of CME Group's wholly-owned subsidiary, Chicago Mercantile Exchange Inc. (“CME”). CME Clearing clears and settles futures and options contracts traded on the CME and five other futures and options exchanges. CME Clearing also provides the clearing and settlement services for over-the-counter derivatives transactions. CME wholly owns CME Clearing Europe Limited, which was established in 2011 and began providing clearing services for various over-the-counter derivatives in Europe.

**CREST** is the U.K.'s Central Securities Depository, providing facilities for the dematerialized holding of U.K. equities, electronic transfer funds, gilt securities and money market instruments. CREST is operated by Euroclear U.K. and Ireland.

**The Depository Trust Company (“DTC”)** is a central securities depository providing depository and book-entry services for eligible securities and other financial assets to its participants, which are principally banks and broker-dealers.

**Electronic Payments Network (“EPN”)** is an electronic payment system providing automated clearing house (“ACH”) services that is owned and operated by The Clearing House. It facilitates exchanges of batched debit and credit payments among business, consumer and government accounts.

**Eurex Clearing AG** is a central counterparty organized under the laws of Germany. It provides central counterparty clearing services for derivatives traded on the Eurex exchanges, over-the-counter interest rate swaps and credit default swaps, Eurex Bonds (a fixed income trading platform), Eurex Repo (a trading platform for repo), Frankfurt Stock Exchange, Irish Stock Exchange, and Co-operation products on the European Energy Exchange.

**Euroclear Bank** provides International Central Securities Depository services and settlement services for cross-border transactions involving domestic and international bonds, equities, derivatives and investment funds. It is a primary provider of settlement services for Eurobonds.

**European Central Counterparty Limited** is the European clearing subsidiary of the Depository Trust & Clearing Corporation. It is based in London and provides central clearing for a range of European cash equities.

**FedACH Services** is an electronic payment system providing ACH services that is owned and operated by the Federal Reserve Banks. The ACH system exchanges batched debit and credit payments among business, consumer and government accounts.

**Fedwire Funds Service** is a wire transfer service provider that is owned and operated by the Federal Reserve Banks. It processes the purchase and sale of federal funds; the purchase, sale and financing of securities transactions; the disbursement or repayment of loans; the settlement of cross-border U.S. dollar commercial transactions; and the settlement of real estate transactions and other high-value, time-critical payments.

**Fedwire Securities Service** is a national securities book entry system that is owned and operated by the Federal Reserve Banks. It conducts real-time transfers of securities and related funds. Fedwire Securities provides for the issuance, maintenance, safekeeping, transfer and settlement for Treasury securities, for many federal government agency and government-sponsored enterprise securities and for certain international organizations' securities.

**Fixed Income Clearing Corporation** (“FICC”), a subsidiary of DTC, which, in turn, is owned by its users, including major banks, broker-dealers and other financial institutions. FICC operates two divisions, the Government Securities Division (“GSD”) and the Mortgage Backed Securities Division (“MBSD”). GSD is a central counterparty and provides real-time trade matching, netting and clearing services for trades in U.S. government debt issues, including repurchase agreements. Securities transactions processed by GSD include Treasury bills, bonds, notes and government agency securities. MBSD is a central counterparty and provides real-time trade matching, netting, and clearing services for the mortgage-backed securities market.

**Japan Government Bond Clearing Corporation** is a central counterparty for OTC transactions of Japanese Government Bonds. It is owned by its clearing participants and subject to Bank of Japan's oversight.

**ICE Clear Credit LLC** is a central clearing facility for North American credit default swaps. It is a subsidiary of Intercontinental Exchange (“ICE”), which operates futures and options exchanges, trading platforms and clearing houses for global trading in commodities, currency, credit and equity indices.

**ICE Clear Europe**, a London-based clearing house, is a subsidiary of ICE. It provides clearing and settlement services for all futures and options trades on the ICE Futures Europe exchange, as well as for the energy futures contracts traded on ICE's New York-based ICE Futures U.S. exchange.

**LCH.Clearnet Limited** is a central counterparty incorporated under the laws of England and Wales. It is also a Derivatives Clearing Organization in the U.S.

**National Securities Clearing Corporation** (“NSCC”), a U.S. securities clearing agency, is a subsidiary of the Depository Trust & Clearing Corporation which, in turn, is owned by its users, including major banks, broker-dealers and other financial institutions. NSCC provides clearing, settlement, risk management, central counterparty services and a guarantee of completion for certain transactions for virtually all U.S. broker-to-broker trades involving equities, corporate and municipal debt, American depository receipts, exchange-traded funds and unit investment trusts.



**Options Clearing Corporation** is a U.S. futures and options clearing agency. It is regulated as a clearing agency by the SEC with respect to clearing and settlement services for put and call options on common stocks and other equity issues, stock indexes, foreign currencies, interest rate composites and single-stock futures and by the Commodities Futures Trading Commission (“CFTC”) with respect to clearing and settlement services for transactions in futures and options on futures. In addition, Options Clearing Corporation provides central counterparty clearing and settlement services for securities lending transactions.

**The Society for Worldwide Interbank Financial Telecommunication** (“SWIFT”) is a member-owned co-operative. It provides a telecommunication platform for the exchange of standardized financial messages between financial institutions and corporations.

**The Trans-European Automated Real-time Gross settlement Express Transfer system** (“TARGET2”) is the settlement system for cross-border payments in Euro.



## DESCRIPTIONS OF FOREIGN OPERATIONS

Bank of America is a global company serving clients and customers in more than 150 countries and has relationships with 99% of the U.S. Fortune 500, nearly 96% of the Fortune Global 500 and 33% of the FTSE 100.

The Company's banking and non-banking subsidiaries provide a diverse range of financial services and products across Europe, Middle East and Africa (“EMEA”), as well as Asia and Latin America. The Company's primary international objective is to be a global leader in corporate and investment banking, and trading across a broad range of asset classes serving corporations, governments, investors, institutions and individuals around the world.

As of December 31, 2012, Bank of America had approximately 267,000 employees globally, operating in over 40 countries. Bank of America has had a presence in EMEA countries since 1922. Today, Bank of America has subsidiaries in 32 cities across 23 countries in EMEA, and over 14,000 associates are based in EMEA countries. Bank of America's most significant international presence is in the United Kingdom. In the Asia-Pacific region, Bank of America subsidiaries are active in 12 countries and territories.

### Performance by Geographic Area

At and for the year ended December 31, 2012, Bank of America had \$307 billion of assets and \$11 billion of total revenue, net of interest expense, outside the U.S. The table below shows the Company's assets, total revenues, and income by region.

Performance by Geographical Area 2012				
(Dollars in Millions)	Total Assets <sup>1</sup>	Total Revenue, Net of Interest Expense	Income (Loss) Before Income Taxes	Net Income (Loss)
U.S. <sup>2</sup>	\$1,902,946	\$72,175	\$1,867	\$4,116
Asia	102,492	3,478	353	282
Europe, Middle East and Africa	171,209	6,011	323	(543)
Latin America and the Caribbean	33,327	1,670	529	333
<b>Total Non-U.S.</b>	<b>307,028</b>	<b>11,159</b>	<b>1,205</b>	<b>72</b>
<b>Total Consolidated</b>	<b>\$2,209,974</b>	<b>\$83,334</b>	<b>\$3,072</b>	<b>\$4,188</b>
1) Total assets include long-lived assets, which are primarily located in the U.S.				
2) Includes the Corporation's Canadian operations, which had total assets of \$8.3 billion December 31, 2012; total revenue, net of interest expense of \$317 million; income before income taxes of \$202 million; and net income of \$141 million for 2012.				

Bank of America's shares are listed on the New York, London, and Tokyo stock exchanges. The Company had \$262 billion of long-term debt outstanding as of June 30, 2013, denominated primarily in the following currencies: U.S. dollar, Australian dollar, British pound, Canadian dollar, Euro, Japanese yen, and Swiss franc.

### BANA Foreign Operations

BANA operates overseas through branches and subsidiaries. BANA has 25 active foreign branches. These foreign branches offer the following products and services: cash management services, including payments, deposits, overdrafts, and advances; trade finance services; lending; leasing; foreign currency and bank note services; extended custodial services; and foreign exchange and derivatives products. The Plan identifies two BANA branches as Material Entities. They are located in London, England and Frankfurt, Germany.

BANA also has international subsidiaries that are primarily Federal Reserve Regulation K subsidiaries owned through BANA's Edge and agreement corporation subsidiaries and foreign banks. The Federal Reserve Regulation K subsidiaries are primarily used to conduct commercial banking and other activities

permissible under Regulation K. No foreign subsidiaries of BANA were identified as Material Entities for the 2013 Resolution Plan.

### **FIA Foreign Operations**

FIA has limited foreign operations as compared to BANA, and it also operates through Regulation K subsidiaries. FIA has no foreign branches, and its primary Regulation K subsidiary is MBNA Limited, a U.K. Authorized Payment Institution that itself has subsidiaries engaged in financial services activities and providing administrative services to the credit card bank.

### **Subsidiaries Located Outside of the U.S.**

The Plan identifies four foreign indirect subsidiaries of BAC as Material Entities. MLI, a regulated international broker-dealer, and MLCE, a trading entity for business originated outside of the Americas Region, are both located in the U.K. MLIB, the primary non-U.S. banking entity, is incorporated in Ireland. MLJS is a broker-dealer located in Japan.

### **Service Companies Located Outside of the U.S.**

The Plan identifies two foreign service companies as Material Entities. MLGS is located in Singapore and houses selective regional and global support functions. BACI is located in India and provides operations and technology capabilities supporting all lines of business. International service companies are a key part of BAC's global servicing strategy with internationally based services centers to provide centralized global support from economic and time-zone efficient locations.

## MATERIAL SUPERVISORY AUTHORITIES

### U.S. Regulation

Bank of America Corporation is subject to the extensive regulatory framework applicable to financial holding companies, bank-holding companies, banks and securities firms. As a registered financial holding company and bank-holding company, Bank of America Corporation is subject to the supervision of, and regular inspection by, the Federal Reserve System. Bank of America Corporation and MLCO are subject to applicable Securities and Exchange Commission (“SEC”) regulations and financial filing requirements. BANA and FIA, which are the primary banking entities within the Company, are subject to regulation, supervision and examination by the Office of the Comptroller of the Currency (“OCC”) and the FDIC. In addition, the Consumer Financial Protection Bureau, which regulates consumer financial products and services, supervises these entities.

Bank of America Corporation's subsidiaries are also subject to various other laws and regulations, as well as supervision and examination by other regulatory agencies, all of which directly or indirectly affect its operations and management and its ability to make distributions to stockholders. The U.S. broker-dealer subsidiaries are subject to regulation and supervision by the SEC, New York Stock Exchange and Financial Industry Regulatory Authority, with respect to their securities activities, and the U.S. Commodities Futures Trading Commission, with respect to their U.S. futures activities.

### Regulators Outside the U.S.

Bank of America's non-U.S. businesses are also subject to extensive regulation by various non-U.S. regulators, including governments, securities exchanges, central banks and other regulatory bodies, in the jurisdictions in which those businesses operate. BANA's foreign branches are subject to regulation and supervision by local regulatory authorities.

### United Kingdom

Financial services operations in the United Kingdom, including those of Bank of America, N.A. - London are subject to supervision by the Prudential Regulatory Authority (“PRA”) and / or the Financial Conduct Authority (“FCA”) depending on the nature of the individual entity. The PRA, a subsidiary of the Bank of England, is responsible for prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. The PRA seeks to ensure that a financial firm which fails does so in a way that avoids significant disruption to the supply of critical financial services. It has close working relationships with other parts of the Company, including the Special Resolution Unit. The FCA, a separate institution from the Bank of England, operates the prudential regulation of those financial services firms not supervised by the PRA. It is also responsible for promoting effective competition, ensuring that relevant markets function well, and for the conduct regulation of all financial services firms.

### Ireland

Merrill Lynch International Bank Limited is incorporated in Ireland and is regulated by the Central Bank of Ireland.

### Germany

Bank of America, N.A. - Frankfurt operates as a branch of BANA under the German Banking Act and is considered a credit institution under the authority of the German Financial Supervisory Authority.

### Japan

Merrill Lynch Japan Securities Co., Ltd. is a broker-dealer incorporated in Japan. The Financial Services Agency (“FSA”) has supervisory authority over MLJS. As a Japanese broker-dealer, MLJS is required to be authorized by the FSA in order to carry on business in Japan under the Financial Instruments and Exchange Act (Act No 25 of 1948). In June 2013, a revision was passed by the Lower House to the

Deposit Insurance law, which expands the coverage of the Japan Deposit Insurance Corporation (“DIC”) to be an administrator / receiver of failed financial institutions, to cover bank holding companies, insurance, non-bank and security firms in addition to banks. As such, MLJS will be covered by the Japan DIC resolution regime. Effective date of this revision is expected to be around March 2014.

### **India**

BA Continuum India Private Limited is not regulated as a financial or banking entity by the central bank in India. BACI is subject to oversight by the OCC and FRB as an affiliate of BAC and as a supplier of services.

### **Singapore**

Merrill Lynch Global Services Pte. Ltd., located in Singapore, is not a licensed and regulated financial company. However, the Monetary Authority of Singapore has indirect powers over MLGS through BAC's other regulated entities in Singapore. MLGS is subject to oversight by the OCC and FRB as an affiliate of BAC and as a supplier of services.

Additional information can be found in the “Government Supervision and Regulation” section of the Bank of America 2012 Annual Report on Form 10-K.



## PRINCIPAL OFFICERS

### Bank of America Corporation Executive Management Team

**Brian T. Moynihan**  
Chief Executive Officer and  
President

**Christine Katziff**  
Corporate General Auditor

**Andrea Smith**  
Global Head of Human  
Resources

**David C. Darnell**  
Co-Chief Operating Officer

**Terry P. Laughlin**  
Chief Risk Officer

**Ron Sturzenegger**  
Legacy Asset Servicing  
Executive

**Catherine P. Bessant**  
Global Technology and  
Operations Executive

**Gary G. Lynch**  
Global General Counsel and  
Head of Compliance and  
Regulatory Relations

**Bruce R. Thompson**  
Chief Financial Officer

**Anne Finucane**  
Global Strategy and Marketing  
Officer

**Thomas K. Montag**  
Co-Chief Operating Officer

### BANA Officers

**Brian T. Moynihan**  
Chief Executive Officer and  
President

**Terry P. Laughlin**  
Chief Risk Officer

**Thomas K. Montag**  
Co-Chief Operating Officer

**David C. Darnell**  
Co-Chief Operating Officer

**Gary G. Lynch**  
Global General Counsel and  
Head of Compliance and  
Regulatory Relations

**Bruce R. Thompson**  
Chief Financial Officer

**Neil A. Cotty**  
Chief Accounting Officer

### FIA Officers

**Brian T. Moynihan**  
Chief Executive Officer and  
President

**Terry P. Laughlin**  
Chief Risk Officer

**Bruce R. Thompson**  
Chief Financial Officer

**Gregory Hackworth**  
Corporate Treasurer

**Gary G. Lynch**  
Global General Counsel and  
Head of Compliance and  
Regulatory Relations

## **CORPORATE GOVERNANCE STRUCTURE AND PROCESSES RELATED TO RESOLUTION PLANNING**

Bank of America is committed to maintaining strong, consistent risk management practices. The Company takes a comprehensive approach to risk management and has a defined Risk Framework and clearly articulated Risk Appetite Statement which are approved annually by the Board. Risk management planning is integrated with strategic, financial and customer planning so that goals and responsibilities are aligned across the organization. Risk is managed in a systematic manner by focusing on the Company as a whole, as well as managing risk across the enterprise and within individual business units. The Company maintains a governance structure that delineates the responsibilities for risk management activities, as well as governance and oversight of those activities.

The Company adopted a Risk Framework focused on the identification and management of several categories of risk: strategic, credit, market, liquidity, operational, compliance and reputational. Executive management develops the Company's Risk Framework, Risk Appetite Statement, and financial operating plans for Board approval. Through the Credit, Enterprise Risk and Audit Committees, management monitors, and the Board oversees, financial performance, execution of the strategic and financial operating plans, compliance with the Risk Appetite Statement and the adequacy of internal controls.

The Board reviews and approves the Risk Framework and the Risk Appetite Statement for the Company. The Risk Framework defines the accountability of the Company and its employees and the Risk Appetite Statement defines the parameters under which the Company will take risk. Both documents are intended to enable the Company to maximize long-term results and ensure the integrity of its assets and the quality of its earnings. The Risk Framework is designed to be used by employees to understand risk management activities, including their individual roles and accountabilities. It also defines how risk management is integrated into the Company's business processes, and it defines the risk management governance structure, including management's involvement. The risk management responsibilities of the businesses, governance and control functions, and Corporate Audit are also clearly defined. The risk management process includes four critical elements: identify and measure risk, mitigate and control risk, monitor and test risk, and report and review risk, and is applied across all business activities to enable an integrated and comprehensive review of risk consistent with the Risk Appetite Statement.

Bank of America has incorporated Resolution Planning into the Risk Framework. A comprehensive process was designed and deployed to ensure the proper governance and internal controls were incorporated in developing and maintaining the Resolution Plan. In 2011, a Resolution Planning team was established to prepare and submit the initial Resolution Plan in 2012 and to maintain and submit subsequent Resolution Plans. The Resolution Planning team is also responsible for the oversight and coordination of enhancements and actions intended to mitigate impediments to an orderly resolution. The Resolution Planning team reports to the Chief Risk Officer. All processes related to development and management of the Company's Resolution Plan are coordinated through this centralized team.

The Boards of Directors of Bank of America, BANA, and FIA, respectively, approved the respective Resolution Plans. The Enterprise Risk Committee ("ERC") of the Board is the subcommittee directly responsible for Resolution Planning. The ERC, among other things, oversees the identification of, management of and planning for, material risks on an enterprise-wide basis, including strategic, credit, market, liquidity, operational, interest rate risk, compliance and reputational risk. It also oversees capital management and liquidity planning. Reviews of the Plan were also performed by the Asset Liability Market Risk Committee ("ALMRC"), which is an executive management level sub-committee of the ERC, and by the Chief Financial Officer Risk Committee, which is a sub-committee of the ALMRC.

## DESCRIPTION OF MATERIAL MANAGEMENT INFORMATION SYSTEMS

The Company recognizes the importance that information availability plays in a resolution situation and continues to evaluate and enhance Management Information Systems (“MIS”) reporting capabilities to ensure they would allow for information needed in a resolution.

MIS at Bank of America generally take the form of platform technologies and user interfaces that enable business users to perform analytics and generate standard and ad hoc reporting. MIS capabilities are enabled through data repositories and platforms used to aggregate and catalog data core to Bank of America's operations and management. Bank of America's key MIS generate numerous reports that are used during the normal course of business to monitor the financial health, risks and operations of Bank of America, its material entities, core business lines and critical operations.

To address financial health, accounting MIS applications are used to produce both management and legal entity reporting. Other financial MIS applications report on funding, liquidity, capital and Bank of America's balance sheet. Additionally, risk management MIS applications capture and report credit, market, and operational risk exposures for Bank of America.

Bank of America has a number of policies in place to ensure infrastructure and computing systems are consistently planned, implemented, secured, supported and managed. These policies enable the technology organization to meet technology demands through continued reliability, availability, serviceability and scalability to allow for capacity planning and Key Performance Indicator management.

Bank of America maintains detailed business continuity (which includes disaster recovery) documentation for each of its lines of business and supporting technology platforms. This documentation discusses in detail application-specific recovery time objectives as well as the plans to continue business operations in events where key systems are unavailable. Business continuity resources are deployed regionally around the globe to provide the appropriate level of governance and oversight for business continuity planning, testing, response management, crisis management and supplier resiliency.

## HIGH-LEVEL DESCRIPTION OF RESOLUTION

The Plan is required by a provision of the Dodd-Frank Act, which mandates that bank-holding companies with assets of \$50 billion or more develop a contingency plan for orderly resolution. The purpose of this provision is to provide bank regulators with plans that would enable them to resolve failing financial companies that pose a significant risk to the financial stability of the United States in a manner that mitigates such risk and minimizes moral hazard and obviates the need for taxpayer support.

The Plan is Bank of America's second annual submission to the Federal Reserve and the FDIC, and provides a detailed roadmap for the orderly resolution of Bank of America. Importantly, the Plan does not rely on the provision of extraordinary support by the United States, or any other government.

The Plan includes consideration of multiple strategies that could be used to resolve the Company and its Material Entities. Under one resolution strategy (Single Point of Entry), BAC would enter bankruptcy by initiating a Chapter 11 proceeding. After receiving certain capital or liquidity contributions from BAC, the operating subsidiaries would continue as going concerns while BAC is restructured, thereby maximizing value and systemic stability. This strategy would be the simplest approach; however, certain changes to the bankruptcy code and other laws and regulations may be required to facilitate this resolution strategy.

Under another resolution strategy (Multiple Point of Entry), BAC, the parent holding company would enter bankruptcy, while other operating subsidiaries would enter relevant resolution regimes applicable to each such operating subsidiary. This strategy contemplates the U.S. banking subsidiaries, under a hypothetical resolution scenario, being placed into FDIC receiverships. Certain assets and liabilities would be transferred to a bridge bank that would emerge from resolution as a viable going concern. Bank of America's other Material Entities that entered resolution, including its U.S. and foreign broker-dealer subsidiaries, would be wound down in an orderly manner.

Finally, the Plan contemplates a third strategy that is a hybrid of the two previously-described strategies. This strategy involves BAC entering Chapter 11 bankruptcy while certain other subsidiaries enter their respective resolution process. At the same time, certain banking and other operating subsidiaries are recapitalized, as necessary, and continue to operate. Similar to the first strategy, this approach would allow for the Company's most systemically significant critical operations to continue operating and maximize value and systemic stability.

The Plan addresses certain actions needed to ensure continuity of certain core business lines and critical operations during the hypothetical resolution of certain Bank of America entities. Those actions incorporate the importance of continued access to critical services including, but not limited to, technology, employees, facilities, intellectual property and supplier relationships. The Plan also outlines certain restructuring actions that have already been completed, or would be required, in order to support the resolution strategies contemplated in the Plan.

Moreover, the Plan outlines the asset and business sales that could occur during the resolution process. Depending on the size and complexity of the businesses or assets sold, the potential purchasers could include a broad range of buyers including, but not limited to, national, international and regional financial institutions; private equity and hedge funds; and other financial asset buyers such as insurance companies. The following is a description of select resolution regimes currently in existence.

### **FDIC Authority Under Sections 11 and 13 of the Federal Deposit Insurance Act**

FDIC insured depository institutions entering resolution, such as BANA and FIA, would be resolved under the Federal Deposit Insurance Act ("FDIA"). The resolution of a U.S. insured depository institution is initiated by its state or federal chartering authority and by the FDIC if they find that one or more of the statutory grounds for appointing the FDIC as receiver or conservator exist. For a national bank, the grounds for appointing the FDIC as receiver or conservator of an insured institution are listed in Section 11(c)(5) of the FDIA and include the following: (1) the institution is insolvent; critically undercapitalized;



operating in an unsafe or unsound condition; or likely to be unable to pay its obligations in the normal course of business; (2) the institution is engaging in an unsafe or unsound practice likely to result in a substantial dissipation of its assets or earnings; or (3) the board of directors or shareholders of the institution consent to such appointment.

If the FDIC is to be appointed as receiver of the insured institution, the institution's state or federal chartering authority would issue an order closing the institution (i.e., revoking its charter or license to operate as a depository institution) and appoint the FDIC as the institution's receiver. If the FDIC is to be appointed as conservator of the insured institution, the institution is not closed, but instead the FDIC would be simply appointed as the institution's conservator.

If the FDIC is appointed as an insured institution's receiver or conservator, it succeeds, by operation of law, to all of the rights, titles, powers, and privileges of the insured institution and its stockholders, members, directors, officers, account holders, and depositors, subject to the provisions of the FDIA.

### **Bankruptcy Under Chapter 11 of the Bankruptcy Code**

The resolution of material non-bank, non-broker-dealer domestic entities, such as Bank of America Corporation and MLCO, would be through bankruptcy proceedings. A bankruptcy proceeding begins with the filing of a voluntary or involuntary Chapter 11 bankruptcy petition with the clerk of an appropriate bankruptcy court with an ultimate goal to liquidate or reorganize the enterprise.

Under the provisions of the Bankruptcy Code and upon the filing of a petition for Chapter 11 relief, a company as the debtor, generally becomes the debtor-in-possession (the "DIP"). The DIP is automatically authorized to operate its business "in the ordinary course" without the necessity of obtaining bankruptcy court approval. Subject to court approval, the DIP would promptly retain and employ attorneys, accountants, investment bankers, and other professionals to advise the debtors in the bankruptcy process. The DIP has an exclusive right to file a plan of reorganization that may be extended up to 18 months after commencement of the Chapter 11 Proceedings, after which a plan may be filed by other parties in interest.

The plan of reorganization, which may provide for the reorganization or liquidation of the debtor, must be approved by a requisite majority of each impaired class of creditors or must satisfy the requirements of the "fair and equitable" test with respect to any class that rejects the plan. It must also be found by the bankruptcy court to be "feasible" and to provide all impaired creditors with at least what such creditors would have received in a Chapter 7 liquidation of the debtor.

### **Liquidation Pursuant to the Securities Investor Protection Act**

If the statutory preconditions were met, the liquidation of material domestic broker-dealer entities, such as MLPFS, would be conducted pursuant to the Securities Investor Protection Act ("SIPA"). The commencement of a SIPA proceeding for a broker-dealer would be initiated by the Securities Investor Protection Corporation ("SIPC") through an application to the district court for a protective decree based on a determination by the SIPC that the broker-dealer was in danger of failing to meet its obligations to customers and was either insolvent, was not in compliance with certain regulatory requirements or was unable to perform the calculations necessary to meet such requirements, or that certain other conditions exist.

Upon issuance of a protective decree, the district court would appoint a SIPC trustee selected by the SIPC to manage and oversee the liquidation of the broker-dealer. SIPA proceedings would then be removed to the bankruptcy court and administered under the provisions of the SIPA, as supplemented by the Bankruptcy Code to the extent not inconsistent with the SIPA.

Upon appointment, the SIPC trustee would take control of all property, premises, bank accounts, records, systems and other assets of the broker-dealer. From that point forward, the liquidation of the business would be under the control of the SIPC trustee, and the broker-dealer's existing management would be

displaced. The SIPC trustee's primary duties would be to marshal assets, recover and return customer property and liquidate the broker-dealer.

### **U.K. Special Administration Regime**

In the United Kingdom, there is a special administration regime available to investment banks, such as MLI. The main features are that an investment bank enters the proceeding by court order and the order appoints an administrator. The administrator is to pursue the special administration objectives, which are (1) to ensure the return of client assets as soon as is reasonably practicable, (2) to ensure timely engagement with market infrastructure bodies and the authorities, and (3) either to rescue the investment bank as a going concern or to wind it up in the best interests of the creditors.

Once a special administration order has been made, there is an automatic moratorium on a winding up of the company and no enforcement of security or other legal process may be taken against the company without the consent of the administrator or permission of the court. Enforcement of security under financial collateral arrangements covered by the Financial Collateral Regulations is, however, unaffected by the moratorium. An interim moratorium with similar effect would apply from the date of making the application, save that the permission of the court is not required for the presentation of a winding up petition on certain grounds or the appointment of an administrator or administrative receiver.

The administrator is an officer of the court and has the general power to do anything necessary or expedient for the pursuit of the special administration objectives. This includes the power to set a bar date for the submission of claims in relation to client assets if the administrator thinks it necessary in order to expedite the return of client assets. The administrator also has certain powers usually available to liquidators appointed under the Insolvency Act of 1986, including the power to disclaim onerous property and rescind contracts. The administrator also has the power to make distributions to creditors.

### **Irish Special Resolution Regime**

In Ireland, there is a Special Resolution Regime that would be applicable to credit institutions, such as MLIB. The Central Bank and Credit Institutions (Resolution) Act of 2011 ("Resolution Act") contains a set of stabilization tools for the Central Bank of Ireland. Part VI of the Resolution Act would allow MLIB to be wound-down by the appointment of a Special Manager pursuant to a Special Management Order. A Special Manager would take over the management of the business with a view to (1) preserve or restore the financial position of the credit institution, (2) wind down the business or (3) otherwise manage the business in accordance with the terms of a Special Management Order. The Special Manager would have all the powers to acquire or dispose of any or all assets and liabilities of the credit institution.

### **German Special Resolution Regime**

With respect to BANA-Frankfurt, only the German Financial Supervisory Authority, not the German branch itself or its creditors, would be entitled to file for the opening of insolvency proceedings. Notwithstanding the strength of BANA-Frankfurt's balance sheet (in which third-party assets exceed third-party liabilities) and the strength of the FDIC-backed bridge bank, the Resolution Plan conservatively assumes that the German Financial Supervisory Authority would exercise its authority under the Insolvency Code on the grounds that BANA entering a bridge bank amounted to an impending threat of illiquidity to BANA-Frankfurt and local creditors.

### **Japanese Special Resolution Regime**

The Financial Services Agency has supervisory and regulatory authority over MLJS. In resolution Japanese broker-dealers are eligible for one of three resolution regimes, which are (1) Civil Rehabilitation under the Act on Special Provisions, (2) Corporate Reorganization under the Act on Special Provisions, or (3) Special Bankruptcy under the Act on Special Provisions. The resolution strategy for the businesses in Japan is an orderly wind-down; therefore, the appropriate resolution strategy for MLJS would be a wind-down under the Special Bankruptcy regime.

**Singapore Resolution Regime**

The Monetary Authority of Singapore has indirect powers over MLGS through BAC's other regulated entities in Singapore. Given the resolution strategy for MLGS, as a service company, is that it would not enter resolution proceedings, the only likely regime applicable is a voluntary winding up, which would be initiated by the Company or its Creditors.

**India Resolution Regime**

BACI is not regulated as a financial or banking entity by the central bank in India. Given the resolution strategy for BACI, as a service company, is that it would not enter resolution proceedings, the applicable regime would be a voluntary winding up initiated by the shareholders.