Bank of America
Dodd-Frank Act Mid-Cycle Stress Test Results
BHC Severely Adverse Scenario
September 15, 2013



Important Presentation Information

The 2013 Dodd-Frank Act Mid-Cycle Stress Test Results Disclosure (the "Stress Test Results") included herein has not been prepared under generally accepted accounting principles ("GAAP"). The Stress Test Results present certain projected financial measures for Bank of America Corporation ("Bank of America" or "BAC") under the hypothetical economic and market scenario and assumptions described herein. The Stress Test Results are not forecasts of actual financial results for Bank of America. Investors in securities issued by Bank of America should not rely on the Stress Test Results as being indicative of expected future results.

Bank of America's financial information, prepared under GAAP, is available in reports filed with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2012 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013 and June 30, 2013.

Amounts presented are rounded to the nearest significant digit, as indicated or stated. Immaterial differences arising from the effect of rounding are not adjusted.

Assumptions

- This document provides internal projections for Bank of America under the stressed macroeconomic and market conditions in the BHC Severely Adverse scenario described in detail on the following pages. Bank of America's internal stress testing process contains certain methodologies that are different than those incorporated in the Supervisory Severely Adverse scenario (as prescribed by the Board of Governors of the Federal Reserve System ("FRB") for the Comprehensive Capital Analysis and Review 2013). Those methodology differences include:
 - Rebalancing of certain liquid trading portfolios during the hypothetical market disruption, and
 - Reductions in variable expenses to reflect the hypothetical market disruption losses.
- Results presented herein include those capital actions as specified under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("DFA") stress testing rules. Specified capital actions are itemized on page 14.
- Results comply with methodologies and instructions provided by the FRB in May 2013 (Dodd-Frank Act Mid-Cycle Stress Tests 2013: Summary Instructions), and by the associated Frequently Asked Questions.
- Results presented are estimates and may not reflect the actual impacts to Bank of America if such a hypothetical scenario were to occur.
- The stress test was applied to trading and non-trading on- and off-balance sheet exposures as of March 31, 2013.
- Risk-weighted assets and capital ratios are calculated on a Basel 1 basis and incorporate the impacts of the Market Risk Final Rule.
- Income statement categories in this document conform to the FRB's definition of Pre-Provision Net Revenue ("PPNR") and classifications of revenue and expense items may differ from BAC's reporting under GAAP and its public financial disclosures.

Scenario Description

The BHC Severely Adverse scenario primarily uses a quantitative, model-based approach grounded in historical data and relationships, with the intent to produce a forecast around an external consensus using the most recent Blue Chip Economic Indicators survey. The scenario and associated variable development process also incorporate qualitative adjustments generally to apply an increased level of stress correlated to the specific risks of BAC. BHC Severely Adverse was selected to test key BAC vulnerabilities and to reflect severity similar to the 2013 CCAR Supervisory Severely Adverse scenario.

The BHC Severely Adverse scenario features the U.S. economy falling into a deep six-quarter recession followed by a sluggish recovery and accompanied by a global recession. The scenario embodies labor market dysfunction and financial crisis as key elements. The extreme declines in employment and accompanying surge in the unemployment rate capture the panic and extreme business reaction that occurred in the 2008-09 financial crisis. Paralleling that episode, it is also assumed that the financial crisis includes a housing crisis wherein rapid declines in housing prices moderate slowly in the forecast horizon as unemployment remains very elevated.

In the U.S., the BHC Severely Adverse scenario is characterized by real GDP falling 4% over six quarters and the unemployment rate rising to 11.7%, increasing four full percentage points over eight quarters. In addition, house prices decline 21% from first quarter 2013 levels without any appreciable recovery. The international component of the severely adverse scenario includes a 5% decline in Eurozone real GDP and an almost 11% decline in Japan's real GDP. A severe slowdown in China and a surge in Canadian unemployment of over 5 percentage points are additional international characteristics of the scenario. Other accompanying severe economic disruptions that are incorporated in the scenario are sharply elevated equity market volatility and an equity market decline of almost 60%. Libor spreads to fed funds widen to historically remote levels, and corporate bond and mortgage spreads reflect historically high levels of credit market disruption and default risk. Treasury yields decline sharply, with the 10-year yield falling 82 basis points, to 1.13% from 1.95%, reflecting the extreme U.S. economic weakness and substantial decline in core inflation that occurs over 2013-2014.

The scenario also includes a six-month market disruption based on the events of the recent financial crisis assuming this stress occurs in a single day applied to the current portfolio. It leverages representative, actual historical stresses between June 30, 2008 and December 31, 2008 (a period of severe and prolonged market stress, including the Lehman bankruptcy). See "Market and Counterparty Risk Methodologies" on page 11.

Macroeconomic Variables

	BHC Severely Adverse Scenario ¹								
	Date	Real GDP Growth ²	Nominal GDP Growth ²	U.S. Unemployment ³	Home Price Index ⁴	S&P 500	U.S. Treasury 10-year yield	Core CPI	Baa - Aaa Corp. Bond Spread
	Q1 2009	-5.3%	-4.4%	8.3%	138.7	797.9	2.7%	1.8%	2.9%
	Q2 2009	-0.3%	-1.1%	9.3%	136.5	919.3	3.3%	1.8%	2.5%
	Q3 2009	1.5%	1.9%	9.6%	138.9	1057.1	3.5%	1.5%	1.4%
	Q4 2009	4.0%	5.3%	9.9%	141.0	1115.1	3.4%	1.7%	1.1%
	Q1 2010	2.3%	3.9%	9.8%	141.4	1169.4	3.7%	1.3%	1.0%
	Q2 2010	2.2%	4.1%	9.6%	141.7	1030.7	3.5%	1.0%	1.1%
	Q3 2010	2.6%	4.6%	9.5%	139.1	1141.2	2.8%	0.9%	1.2%
<u>s</u>	Q4 2010	2.4%	4.5%	9.5%	137.2	1257.6	2.8%	0.6%	1.1%
Actuals	Q1 2011	0.1%	2.2%	9.0%	135.7	1325.8	3.5%	1.1%	1.0%
¥	Q2 2011	2.5%	5.2%	9.0%	134.4	1320.6	3.2%	1.5%	0.8%
	Q3 2011	1.3%	4.3%	9.0%	133.4	1131.4	2.5%	1.9%	1.0%
	Q4 2011	4.1%	4.2%	8.7%	132.0	1257.6	2.1%	2.2%	1.3%
	Q1 2012	2.0%	4.2%	8.3%	133.7	1408.5	2.0%	2.2%	1.3%
	Q2 2012	1.3%	2.8%	8.2%	136.7	1362.2	1.9%	2.3%	1.3%
	Q3 2012	3.1%	5.9%	8.0%	139.2	1440.7	1.6%	2.0%	1.4%
	Q4 2012	0.4%	1.4%	7.8%	142.7	1426.2	1.7%	1.9%	1.0%
	Q1 2013	2.9%	4.5%	7.7%	144.4	1569.2	1.9%	2.0%	0.9%
	Q2 2013	-6.7%	-6.5%	9.0%	140.7	1213.0	1.7%	1.6%	2.1%
	Q3 2013	-3.6%	-3.8%	9.9%	137.1	974.2	1.5%	1.4%	2.9%
	Q4 2013	-2.5%	-3.2%	10.5%	133.6	839.0	1.3%	1.0%	3.3%
	Q1 2014	-1.7%	-2.4%	10.9%	130.2	756.6	1.1%	0.5%	3.3%
	Q2 2014	-1.0%	-1.7%	11.3%	126.9	708.0	1.1%	0.3%	3.2%
Hypothetical	Q3 2014	-0.5%	-1.2%	11.5%	123.6	677.8	1.2%	0.2%	3.1%
het	Q4 2014	0.1%	-0.5%	11.6%	120.5	660.3	1.4%	0.2%	2.9%
l od/	Q1 2015	1.0%	0.8%	11.7%	117.4	654.2	1.5%	0.2%	2.6%
Í	Q2 2015	0.8%	1.0%	11.7%	114.4	653.6	1.6%	0.3%	2.5%
	Q3 2015	1.4%	1.8%	11.6%	114.0	663.9	1.8%	0.4%	2.3%
	Q4 2015	1.4%	2.1%	11.5%	114.4	685.0	2.0%	0.6%	2.2%
	Q1 2016	2.2%	2.8%	11.3%	115.2	721.5	2.2%	0.7%	2.0%
	Q2 2016	2.4%	3.3%	11.1%	116.3	768.6	2.3%	0.9%	1.9%

 $^{^{1}}$ Due to the cycle timeline and data publication dates, certain variables labeled as actual do not reflect realized values. 2 Expressed as quarterly annualized growth rates.

⁴ Internally-derived index.



³ Quarterly average levels.

BAC Net Income Before Taxes and Loan Losses

Net Income Before Taxes \$ in billions	Cumulative Hypothetical Results Over 9 Quarters	% of Average Assets ⁵
Pre-Provision Net Revenue ¹	\$45.9	2.3%
Other Revenue ²	2.2	
Provision for Loan and Lease Losses	48.2	
Realized Losses on Securities (AFS/HTM)	0.1	
Trading and Counterparty Losses ³	13.9	
Goodwill Impairment	6.0	
Other Losses ⁴	6.1	
Net Income (Loss) Before Taxes	(\$26.1)	-1.3%

Loan Losses \$ in billions	Cumulative Hypothetical Results Over 9 Quarters	Portfolio Loss Rates (%) ⁷
Estimated Loan Losses ⁶	\$36.8	4.4%
First Lien Mortgages, Domestic	7.1	2.8%
Junior Liens and HELOCs, Domestic	7.0	7.9%
Commercial and Industrial	3.9	2.2%
Commercial Real Estate	1.9	3.5%
Credit Cards	14.2	15.7%
Other Consumer	1.9	2.6%
Other Loans	0.8	0.8%

Note: Hypothetical stressed results presented are BAC's internal projections for the BHC Severely Adverse scenario using the rules and conditions set forth by the FRB.

¹Pre-provision net revenue includes losses from operational risk events, mortgage put-back expenses, legal expenses and OREO costs.

² Other revenue includes one-time income and (expense) items not included in pre-provision net revenue.

³ Trading and counterparty includes mark-to-market losses, changes in credit valuation adjustments (CVA) and incremental default losses.

⁴ Other losses include projected change in the fair value of loans held for sale and loans held for investment measured under the fair-value option.

⁵ Calculated by dividing nine-quarter cumulative revenue or earnings by the average of the quarter ending balances over the specified nine-quarter horizon.

⁶ Commercial and industrial loans include small and medium enterprise loans and corporate cards. Other loans include international real estate loans. Average loan balances used to calculate portfolio loss rates exclude loans held for sale and loans held for investment under the fair-value option.

⁷ Calculated by dividing the nine-quarter cumulative loan losses by the average of the accrual loan balances for each portfolio over the same time period.

BAC Capital, Risk-Weighted Assets, and Balance Sheet

- The Tier 1 Common Capital ratio declined from 10.5% at March 31, 2013 to an estimate in the BHC Severely Adverse scenario of 8.4% at its lowest point and 9.2% at June 30, 2015.
- The estimated lowest stress ratios for Tier 1 Capital, Total Capital and Tier 1 Leverage were 9.7%, 12.8% and 6.3%, respectively, exceeding the comparable regulatory minimums of 4%, 8% and 3%, respectively.
- Balance sheet levels throughout the forecast horizon decline primarily due to scenario-driven reduced market activity and loan demand by borrowers.

Pro Forma Capital Ratios	Actual Ratios at 3/31/13	Hypothetical Stressed Ratios at 6/30/15	Hypothetical Stressed Minimum Ratios ¹
Tier 1 Common Capital Ratio	10.5%	9.2%	8.4%
Tier 1 Capital Ratio	12.2%	10.6%	9.7%
Total Capital Ratio	15.5%	13.2%	12.8%
Tier 1 Leverage Ratio	7.5%	6.9%	6.3%

Capital/Risk-Weighted Assets \$ in billions	Actual Balances at 3/31/13	Balances at 6/30/15	Balances at Tier 1 Common Capital Ratio Minimum ¹
Tier 1 Common Capital	\$136.1	\$108.9	\$111.8
Risk-Weighted Assets	1,298.2	1,180.1	1,325.0

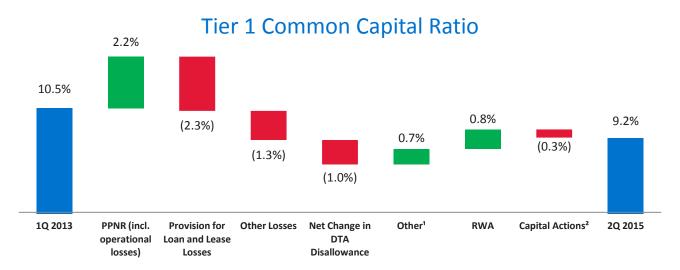
Balance Sheet \$ in billions	Actual Balances at 3/31/13	Balances at 6/30/15	Balances at Tier 1 Common Capital Ratio Minimum ¹
Total Assets	2,176.6	1,891.1	2,099.2
Deposits	1,097.3	1,093.7	1,076.7

Note: Hypothetical stressed results presented are BAC's internal projections for the BHC Severely Adverse scenario using the rules and conditions set forth by the FRB. See "Assumptions" on page 3.

¹ Minimum hypothetical ratio during the specified nine-quarter horizon.



Significant Regulatory Capital Ratio Drivers



- A (\$26.1B) cumulative pre-tax loss was projected over the specified nine-quarter horizon under the BHC Severely Adverse scenario.
 - Material impacts to earnings included loan losses (\$36.8B), incremental build in Allowance for Loan and Lease Losses (\$11.4B), trading and counterparty losses (\$13.9B), goodwill impairments (\$6.0B excluded from Tier 1 Common Capital) and other losses (\$6.1B), partially offset by \$45.9B of pre-provision net revenue and other revenues of \$2.2B.
- Due to the impact of the hypothetical pre-tax losses, the deferred tax asset increased resulting in a higher disallowed deferred tax asset which reduced capital and capital ratios.
- Risk-weighted assets declined primarily driven by a reduction in credit risk-weighted assets resulting from reduced loan demand consistent with the severely adverse macroeconomic conditions of the scenario, partially offset by an increase in market risk-weighted assets resulting from the stressed market and economic conditions.

¹ Other includes adjustments for: (i) MSR (ii) goodwill, (iii) intangibles, (iv) FVO and (v) stock-based compensation.

² Capital Actions include \$2.6B of preferred dividends, \$1.0B of common dividends, and \$1.0B of common share repurchases (executed during the 2nd quarter 2013). See Page 14 for itemization of included capital actions.

Stress Test Methodologies

Credit Risk Methodologies

Credit Risk

The risk of loss arising from a borrowers inability to meet its obligations for funded and committed exposures is analyzed by product in the stress testing process. Each product is assessed for charge-offs and allowance using the relevant loan product loss forecasting tools over the specified horizon. Credit risk and losses related to borrower default are projected in the income statement through the provision for loan and lease losses.

Commercial Asset Quality

- The commercial portfolio includes commercial credit exposure across products including Commercial and Industrial and Commercial Real Estate.
- Stress testing uses the same general approach and inputs as the baseline forecast. Additional portfolio losses are
 captured by stressing transaction risk ratings, resulting in higher probabilities of default and losses. The level of stress is
 determined by incorporating macroeconomic variables, including GDP, Corporate Bond Spreads, and the S&P 500.
 Quantitatively driven results are analyzed and qualitative adjustments are made related to historical experience, portfolio
 characteristics, forward views on business initiatives, origination/underwriting strategies, etc.

Consumer Asset Quality

- The main consumer portfolios include Card Services (U.S. Card, U.K. Card, and Consumer Lending) and Home Loans (First Mortgage, Home Equity).
- The loan loss forecasting process for Card Services uses models that forecast delinquency performance and probabilities of default to determine additional charge-offs. Key model drivers include unemployment rates and bankruptcies.
- The loss forecasting process for Home Loans is a two part process in which loan level statistical models are utilized to estimate probability of default and loss given default. Severities of losses are based on credit factors, loan terms, and macroeconomic variables such as the Home Price Index and Unemployment. Adjustments may be incorporated to account for short term trends and other management judgments not captured by the statistical models.

Market and Counterparty Risk Methodologies

Market and Counterparty Risk

The risk of adverse impacts to the values of assets and counterparty receivables associated with those assets is incorporated through the application of market disruption assumptions applied to marked positions across the Global Markets platforms as well as other lines of business. Hypothetical trading and counterparty losses are calculated by applying the internally developed market shock variables to the relevant on- and off-balance sheet trading positions.

Instantaneous Shocks / Trading and Counterparty Losses

- Our process incorporates hypothetical shocks across selected risk factors (including interest rates, equities, commodities, and credit spreads) to address ongoing market volatility and concentrations in our portfolio.
- Market risk stress testing is performed to estimate and report the impact to earnings under abnormal market conditions applied as instantaneous market disruption shocks.
- Stress testing of the counterparty risk exposure is designed to assess the counterparty portfolio impact of changes in both market and credit risk conditions. The impact is measured by the change in mark to market value of credit valuation adjustment calculated by complete full revaluation using the stressed risk factors for each stress scenario.
- Additional default risk beyond the market risk shocks in the trading portfolios is considered through an incremental default risk (IDR) calculation, applicable for both issuer and counterparty exposure.

Interest Rate Risk

- Interest rate risk represents exposures to instruments whose values vary with the level or volatility of rates, and is analyzed in the stress test as it relates to loans, debt securities, trading assets and liabilities, deposits, borrowing, derivatives and related revenues.
- The BHC Severely Adverse Scenario also captures potential interest rate stresses to the balance sheet, net interest income and other activities that are sensitive to changes in interest rate levels and yield curves. For example, the BHC Severely Adverse scenario incorporates changes to interest rates that are applied across exposures and business activities, resulting in impacts to prepayment on mortgage-related assets and net interest income, among other items.

Operational Risk Methodologies

Operational Risk

The risk of loss resulting from inadequate or failed internal processes, people, systems, events and external fraud is covered and analyzed in each stress test. These risks are independently assessed across our lines of business and operational loss event categories as it relates to both legal (e.g. litigation) and non-legal operational risks.

Non-legal Operational Loss

- Non-legal losses are included in the revenue and expense projections for each line of business and result in a
 reduction in PPNR. Historical losses are analyzed to estimate frequency and severity for purposes of the
 projections. The analysis is performed by assessing historical data by units of measure by line of business and
 operational loss event categories.
- Non-legal losses are expected to increase across all lines of business in stress scenarios given pressure on
 execution and potential business disruption. Fraud is also expected to increase in the consumer lines of
 business. The frequency and amount is therefore adjusted to increase the losses based on qualitative
 assumptions around the scenario.

Litigation Expense

 Incremental litigation expense is analyzed across the company in aggregate and on a case-by-case basis for significant matters. It is included as an increase to projected operational risk losses in the stress scenario, reflected as a reduction in PPNR.

Other Methodologies

Pre-Provision Net Revenue

- Net interest income was determined by forecasting asset and liability balances and the related interest income and expense over the specified nine-quarter horizon using the macroeconomic variables.
- Noninterest income and noninterest expense were determined on a business by business basis over the specified nine-quarter horizon using the macroeconomic variables that are relevant to each business. Stress losses related to operational risk events, including mortgage representation and warranties and legal costs, are included within pre-provision net revenue.
- Personnel expense calculations consider the earnings impacts of the assumed market disruption. This internal methodology differs from the FRB-prescribed methodology for the Supervisory Severely Adverse scenario in CCAR 2013, which did not incorporate personnel expense reductions in conjunction with the market disruption.

Provision for Loan and Lease Losses

- Commercial and consumer charge-off projections were developed using probability of default and loss given default models that are calibrated and back-tested to reflect historical performance of Bank of America's portfolios, including experience during the 2008 recession. The models utilize the macroeconomic variables that are relevant to each portfolio (including Unemployment, Gross Domestic Product, and the Home Price Index).
- The allowance for loan and lease losses ("ALLL"), and related reserve build or release, was projected for each quarter over the specified nine-quarter horizon by assessing the adequacy of the reserve under the macroeconomic conditions in the BHC Severely Adverse scenario.
- Stress test projections for charge-offs and ALLL incorporate the same forecasting models and processes that BAC utilizes for ongoing risk management and financial forecasting.

Other Methodologies (continued)

Losses

- Realized losses on securities available for sale ("AFS") and held to maturity ("HTM") were assessed for other than temporary impairment ("OTTI") each quarter over the specified nine-quarter horizon by assessing the securities under the macroeconomic assumptions in the BHC Severely Adverse scenario.
- Trading and counterparty losses were calculated by applying the internally developed global market shock variables to the relevant on- and off-balance sheet trading positions as of March 31, 2013 and allows for the potential to rebalance certain liquid portfolios during the hypothetical market disruption.
- Goodwill impairment was assessed by reporting unit using the hypothetical stressed income statement results.
- Other losses excluding goodwill are primarily related to loans held under fair value accounting where the prescribed market shock was applied.

Capital

- Capital actions are consistent with the required assumptions defined by the DFA stress testing rules, and include but are not limited to, the following:
 - Inclusion of actual capital actions as of the end of the first forecasted quarter (2nd quarter 2013).
 - Common stock dividends equal to the quarterly average dollar amount of common stock dividends paid in the previous year.
 - No redemption or repurchase of any capital instrument that is eligible for inclusion in the numerator of a regulatory ratio, subsequent to the first forecasted quarter.

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