BANK OF AMERICA CORP /DE/
Form 424B2
February 01, 2016

Subject to Completion
Preliminary Term Sheet dated February 1, 2016
Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-202354
(To Prospectus dated May 1, 2015,
Prospectus Supplement dated January 20, 2016 and
Product Supplement EQUITY INDICES SUN-1 dated January 22, 2016)
Units
$10 principal amount per unit
CUSIP No.
Pricing Date*
Settlement Date*
Maturity Date*
February , 2016
March , 2016
February , 2018
*Subject to change based on the actual date the notes are priced for initial sale to the public (the "pricing date")
Autocallable Market-Linked Step Up Notes Linked to the PHLX Housing SectorSM Index

Maturity of approximately two years, if not called prior to maturity

Automatic call of the notes per unit at $10 plus the Call Premium ($1.00 on the Observation Date) if the Index is flat or increases above 100% of the Starting Value on the Observation Date

The Observation Date will occur approximately one year after the pricing date

If the notes are not called, at maturity:

a return of [18 to 24]% if the Index is flat or increases up to the Step Up Value

a return equal to the percentage increase in the Index if the Index increases above the Step Up Value

1-to-1 downside exposure to decreases in the Index, with up to 100% of your principal at risk

All payments are subject to the credit risk of Bank of America Corporation

No periodic interest payments

Limited secondary market liquidity, with no exchange listing

The notes are being issued by Bank of America Corporation (BAC). There are important differences between the notes and a conventional debt security, including different investment risks and certain additional costs. See Risk Factors and Additional Risk Factors beginning on page TS-7 of this term sheet and Risk Factors beginning on page PS-7 of product supplement EQUITY INDICES SUN-1.
The initial estimated value of the notes as of the pricing date is expected to be between $9.30 and $9.65 per unit, which is less than the public offering price listed below. See Summary on the following page, Risk Factors beginning on page TS-7 of this term sheet and Structuring the Notes on page TS-14 of this term sheet for additional

information. The actual value of your notes at any time will reflect many factors and cannot be predicted with accuracy.

None of the Securities and Exchange Commission (the SEC), any state securities commission, or any other regulatory body has approved or disapproved of these securities or determined if this Note Prospectus (as defined below) is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Unit	Total
Public offering price(1)(2)	$10.00	$
Underwriting discount(1)(2)	$0.20	$
Proceeds, before expenses, to BAC	$9.80	$

(1)
For any purchase of 500,000 units or more in a single transaction by an individual investor or in combined transactions with the investor's household in this offering, the public offering price and the underwriting discount will be $9.95 per unit and $0.15 per unit, respectively. See Supplement to the Plan of Distribution; Conflicts of Interest below.
(2)
For any purchase by certain fee-based trusts and discretionary accounts managed by U.S. Trust operating through Bank of America, N.A., the public offering price and underwriting discount will be $9.80 per unit and $0.00 per unit, respectively.

The notes:
Are Not FDIC Insured
Are Not Bank Guaranteed
May Lose Value

Merrill Lynch & Co.

February , 2016

Autocallable Market-Linked Step Up Notes
Linked to the PHLX Housing SectorSM Index, due February , 2018

Summary

The Autocallable Market-Linked Step Up Notes Linked to the PHLX Housing SectorSM Index, due February , 2018 (the notes) are our senior unsecured debt securities. The notes are not guaranteed or insured by the Federal Deposit Insurance Corporation or secured by collateral. **The notes will rank equally with all of our other unsecured and unsubordinated debt. Any payments due on the notes, including any repayment of principal, will be subject to the credit risk of BAC.** The notes will be automatically called at the Call Amount if the Observation Level of the Market Measure, which is the PHLX Housing SectorSM Index (the Index), is equal to or greater than the Call Level on the Observation Date. If not called, at maturity, the notes provide you with a Step Up Payment if the Ending Value of the Index is equal to or greater than its Starting Value, but is not greater than the Step Up Value. If the Ending Value is greater than the Step Up Value, you will participate on a 1-for-1 basis in the increase in the level of the Index above the Starting Value. If the Ending Value is less than the Starting Value, you will lose all or a portion of the principal amount of your notes. Payments on the notes, including the amount you receive at maturity or upon an automatic call, will be calculated based on the $10 principal amount per unit and will depend on the performance of the Index, subject to our credit risk. See Terms of the Notes below.

The economic terms of the notes (including the Step Up Payment) are based on our internal funding rate, which is the rate we would pay to borrow funds through the issuance of market-linked notes and the economic terms of certain related hedging arrangements. Our internal funding rate is typically lower than the rate we would pay when we issue conventional fixed or floating rate debt securities. This difference in funding rate, as well as the underwriting discount and the hedging related charge described below, will reduce the economic terms of the notes to you and the initial estimated value of the notes on the pricing date. Due to these factors, the public offering price you pay to purchase the notes will be greater than the initial estimated value of the notes.

On the cover page of this term sheet, we have provided the initial estimated value range for the notes. This initial estimated value range was determined based on our and our affiliates' pricing models, which take into consideration our internal funding rate and the market prices for the hedging arrangements related to the notes. The notes are subject to an automatic call, and the initial estimated value is based on an assumed tenor of the notes. The initial estimated value of the notes calculated on the pricing date will be set forth in the final term sheet made available to investors in the notes. For more information about the initial estimated value and the structuring of the notes, see Structuring the Notes on page TS-14.

Terms of the Notes

Issuer:

Bank of America Corporation (BAC)

Call Settlement Date:

Approximately the fifth business day following the Observation Date, subject to postponement if the Observation Date is postponed, as described on page PS-19 of product supplement EQUITY INDICES SUN-1.

Principal Amount:

$10.00 per unit

Call Premium:

$1.00 per unit if called on March , 2017 (which represents a return of 10.00% over the principal amount

Term:

Approximately two years, if not called

Ending Value:

The closing level of the Market Measure on the scheduled calculation day. The calculation day is subject to postponement in the event of Market Disruption Events, as described beginning on page PS-19 of product supplement EQUITY INDICES SUN-1.

Market Measure:

PHLX Housing SectorSM Index (Bloomberg symbol: HGX), a price return index.

Step Up Value:

[118% to 124%] of the Starting Value. The actual Step Up Value will be determined on the pricing date.
Starting Value:
The closing level of the Market Measure on the pricing date
Step Up Payment:
[$1.80 to $2.40] per unit, which represents a return of [18% to 24%] over the principal amount. The actual Step Up Payment will be determined on the pricing date.
Observation Level:
The closing level of the Market Measure on the Observation Date.
Threshold Value:
100% of the Starting Value.
Observation Date:
March , 2017, subject to postponement in the event of Market Disruption Events, as described on page PS-19 of product supplement EQUITY INDICES SUN-1.
Calculation Day:
Approximately the fifth scheduled Market Measure Business Day immediately preceding the maturity date.
Call Level:
100% of the Starting Value
Fees and Charges:
The underwriting discount of $0.20 per unit listed on the cover page and the hedging related charge of $0.075 per unit described in Structuring the Notes on page TS-14.
Call Amount (per Unit):
$11.00 if called on March , 2017
Calculation Agent:
Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S), a subsidiary of BAC.

Autocallable Market-Linked Step Up Notes
Linked to the PHLX Housing SectorSM Index, due February , 2018
Determining Payment on the Notes

Automatic Call Provision

The notes will be called automatically on the Observation Date if the Observation Level on the Observation Date is equal to or greater than the Call Level. If the notes are called, you will receive $10 per unit plus the Call Premium.

Redemption Amount Determination

If the notes are not automatically called, on the maturity date, you will receive a cash payment per unit determined as follows:

Autocallable Market-Linked Step Up Notes
Linked to the PHLX Housing SectorSM Index, due February , 2018
The terms and risks of the notes are contained in this term sheet and in the following:

Product supplement EQUITY INDICES SUN-1 dated January 22, 2016:
http://www.sec.gov/Archives/edgar/data/70858/000119312516435374/d128816d424b5.htm

Series L MTN prospectus supplement dated January 20, 2016 and prospectus dated May 1, 2015:
http://www.sec.gov/Archives/edgar/data/70858/000119312516433708/d122981d424b3.htm
These documents (together, the Note Prospectus) have been filed as part of a registration statement with the SEC, which may, without cost, be accessed on the SEC website as indicated above or obtained from MLPF&S by calling 1-800-294-1322. Before you invest, you should read the Note Prospectus, including this term sheet, for information about us and this offering. Any prior or contemporaneous oral statements and any other written materials you may have received are superseded by the Note Prospectus. Capitalized terms used but not defined in this term sheet have the meanings set forth in product supplement EQUITY INDICES SUN-1. Unless otherwise indicated or unless the context requires otherwise, all references in this document to we, us, our, or similar references are to BAC.
Investor Considerations
You may wish to consider an investment in the notes if:
The notes may not be an appropriate investment for you if:

You are willing to receive a return on your investment capped at the return represented by the Call Premium if the Observation Level is equal to or greater than the Call Level.

You anticipate that the notes will be automatically called or the Index will increase from the Starting Value to the Ending Value.

You are willing to risk a loss of principal and return if the notes are not automatically called and the Index decreases from the Starting Value to the Ending Value.

You are willing to forgo the interest payments that are paid on conventional interest bearing debt securities.

You are willing to forgo dividends or other benefits of owning the stocks included in the Index.

You are willing to accept a limited or no market for sales prior to maturity, and understand that the market prices for the notes, if any, will be affected by various factors, including our actual and perceived creditworthiness, our internal funding rate and fees and charges on the notes.

You are willing to assume our credit risk, as issuer of the notes, for all payments under the notes, including the Redemption Amount.

You want to hold your notes for the full term.

You believe that the notes will not be automatically called and the Index will decrease from the Starting Value to the Ending Value.

You seek principal repayment or preservation of capital.

You seek interest payments or other current income on your investment.

You want to receive dividends or other distributions paid on the stocks included in the Index.

You seek an investment for which there will be a liquid secondary market.

You are unwilling or are unable to take market risk on the notes or to take our credit risk as issuer of the notes.
We urge you to consult your investment, legal, tax, accounting, and other advisors before you invest in the notes.

Autocallable Market-Linked Step Up Notes
Linked to the PHLX Housing SectorSM Index, due February , 2018
Hypothetical Payout Profile and Examples of Payments at Maturity

The below graph is based on **hypothetical** numbers and values. **These hypothetical values show a payout profile at maturity, which would only apply if the notes are not called on the Observation Date.**

Market-Linked Step Up Notes

This graph reflects the returns on the notes based on a Threshold Value of 100% of the Starting Value, a Step Up Payment of $2.10 per unit (the midpoint of the Step Up Payment range of [$1.80 to $2.40]) and a Step Up Value of 121% of the Starting Value (the midpoint of the Step Up Value range of [118% to 124%]). The green line reflects the returns on the notes, while the dotted gray line reflects the returns of a direct investment in the stocks included in the Index, excluding dividends.

This graph has been prepared for purposes of illustration only.

The following table and examples are for purposes of illustration only. They are based on hypothetical values and show hypothetical returns on the notes, assuming the notes are not called on the Observation Date. They illustrate the calculation of the Redemption Amount and total rate of return based on a hypothetical Starting Value of 100, a Threshold Value of 100, a Step Up Value of 121, a Step Up Payment of $2.10 per unit and a range of hypothetical Ending Values. **The actual amount you receive and the resulting total rate of return will depend on the actual Starting Value, Threshold Value, Ending Value, Step Up Value, Step Up Payment, whether the notes are called on the Observation Date, and whether you hold the notes until maturity.** The following examples do not take into account any tax consequences from investing in the notes.

For recent actual levels of the Market Measure, see The Index section below. The Index is a price return index and as such the Ending Value will not include any income generated by dividends paid on the stocks included in the Index, which you would otherwise be entitled to receive if you invested in those stocks directly. In addition, all payments on the notes are subject to issuer credit risk.

Ending Value	**Percentage Change from the Starting Value to the Ending Value**	**Redemption Amount per Unit**	**Total Rate of Return on the Notes**
0.00	-100.00%	$0.00	-100.00%
50.00	-50.00%	$5.00	-50.00%
80.00	-20.00%	$8.00	-20.00%
90.00	-10.00%	$9.00	-10.00%
94.00	-6.00%	$9.40	-6.00%
97.00			

	-3.00%	$9.70	-3.00%
100.00(1)(2)	0.00%	$12.10(3)	21.00%
102.00	2.00%	$12.10	21.00%
105.00	5.00%	$12.10	21.00%
110.00	10.00%	$12.10	21.00%
120.00	20.00%	$12.10	21.00%
121.00(4)	21.00%	$12.10	21.00%
130.00	30.00%	$13.00	30.00%
140.00	40.00%	$14.00	40.00%
143.00	43.00%	$14.30	43.00%
150.00	50.00%	$15.00	50.00%
160.00	60.00%	$16.00	60.00%

(1) The **hypothetical** Starting Value of 100 used in these examples has been chosen for illustrative purposes only, and does not represent a likely actual Starting Value for the Market Measure.

(2) This is the **hypothetical** Threshold Value.

(3) This amount represents the sum of the principal amount and the **hypothetical** Step Up Payment of $2.10.

(4) This is the **hypothetical** Step Up Value.

Autocallable Market-Linked Step Up Notes
Linked to the PHLX Housing SectorSM Index, due February , 2018

Redemption Amount Calculation Examples

Example 1

The Ending Value is 90.00, or 90.00% of the Starting Value:
Starting Value: 100.00
Threshold Value: 100.00
Ending Value: 90.00
Redemption Amount per unit

Example 2

The Ending Value is 110.00, or 110.00% of the Starting Value:
Starting Value: 100.00
Step Up Value: 121.00
Ending Value: 110.00
Redemption Amount per unit, *the principal amount plus the Step Up Payment, since the Ending Value is equal to or greater than the Starting Value, but less than the Step Up Value.*

Example 3

The Ending Value is 143.00, or 143.00% of the Starting Value:
Starting Value: 100.00
Step Up Value: 121.00
Ending Value:&nompany level. In order to be included in a market investable equity universe, a company must have the required minimum full market capitalization.

- Equity Universe Minimum Free Float–Adjusted Market Capitalization Requirement: this investability screen is applied at the individual security level. To be eligible for inclusion in a market investable equity universe, a security must have a free float–adjusted market capitalization equal to or higher than 50% of the equity universe minimum size requirement.
- DM and EM Minimum Liquidity Requirement: This investability screen is applied at the individual security level. To be eligible for inclusion in a market investable equity universe, a security must have adequate liquidity. The twelve-month and three-month Annual Traded Value Ratio ("ATVR"), a measure that screens out extreme daily trading volumes and takes into account the free float–adjusted market capitalization size of securities, together with the three-month frequency of trading are used to measure liquidity. A minimum liquidity level of 20% of three- and twelve-month ATVR and 90% of three-month frequency of trading over the last four consecutive quarters are required for inclusion of a security in a market investable equity universe of a DM, and a minimum liquidity level of 15% of three- and twelve-month ATVR and 80% of three-month frequency of trading over the last four consecutive quarters are required for inclusion of a security in a market investable equity universe of an EM.
- Global Minimum Foreign Inclusion Factor Requirement: this investability screen is applied at the individual security level. To be eligible for inclusion in a market investable equity universe, a security's Foreign Inclusion Factor ("FIF") must reach a certain threshold. The FIF of a security is defined as the proportion of shares outstanding that is available for purchase in the public equity markets by international investors. This proportion accounts for the available free float of and/or the foreign ownership limits applicable to a specific security (or company). In general, a security must have an FIF equal to or larger than 0.15 to be eligible for inclusion in a market investable equity universe.
- Minimum Length of Trading Requirement: this investability screen is applied at the individual security level. For an initial public offering ("IPO") to be eligible for inclusion in a market investable equity universe, the new issue must have started trading at least three months before the implementation of a semi–annual index review (as described below). This requirement is applicable to small new issues in all markets. Large IPOs are not subject to the minimum length of trading requirement and may be included in a market investable equity universe and the Standard Index outside of a Quarterly or Semi–Annual Index Review.
- Minimum Foreign Room Requirement: this investability screen is applied at the individual security level.

For a security that is subject to a foreign ownership limit to be eligible for inclusion in a market investable equity universe, the proportion of shares still available to foreign investors relative to the maximum allowed (referred to as “foreign room”) must be at least 15%.

Defining Market Capitalization Size Segments for Each Market. Once a market investable equity universe is defined, it is segmented into the following size–based indices:

- Investable Market Index (Large + Mid + Small);
- Standard Index (Large + Mid);
- Large Cap Index;
- Mid Cap Index; or
- Small Cap Index.

Creating the size segment indices in each market involves the following steps:

- defining the market coverage target range for each size segment;

- determining the global minimum size range for each size segment;
- determining the market size segment cutoffs and associated segment number of companies;
- assigning companies to the size segments; and
- applying final size−segment investability requirements.

Index Continuity Rules for the Standard Indices. In order to achieve index continuity, as well as to provide some basic level of diversification within a market index, and notwithstanding the effect of other index construction rules described in this section, a minimum number of five constituents will be maintained for a DM Standard Index and a minimum number of three constituents will be maintained for an EM Standard Index.

Creating Style Indices within Each Size Segment. All securities in the investable equity universe are classified into value or growth segments using the MSCI Global Value and Growth methodology.

Classifying Securities under the Global Industry Classification Standard. All securities in the global investable equity universe are assigned to the industry that best describes their business activities. To this end, MSCI has designed, in conjunction with S&P Dow Jones Indexes, the GICS. Under the GICS, each company is assigned to one sub−industry according to its principal business activity. Therefore, a company can belong to only one industry grouping at each of the four levels of the GICS.

Index Maintenance

The MSCI Global Investable Market Indices are maintained with the objective of reflecting the evolution of the underlying equity markets and segments on a timely basis, while seeking to achieve index continuity, continuous investability of constituents and replicability of the indices, index stability and low index turnover. In particular, index maintenance involves:

(i) Semi−Annual Index Reviews (“SAIRs”) in May and November of the Size Segment and Global Value and Growth Indices which include:

- updating the indices on the basis of a fully refreshed equity universe;
- taking buffer rules into consideration for migration of securities across size and style segments; and
- updating FIFs and Number of Shares (“NOS”).

(ii) Quarterly Index Reviews in February and August of the Size Segment Indices aimed at:

- including significant new eligible securities (such as IPOs that were not eligible for earlier inclusion) in the index;
- allowing for significant moves of companies within the Size Segment Indices, using wider buffers than in the SAIR; and
- reflecting the impact of significant market events on FIFs and updating NOS.

(iii) Ongoing Event−Related Changes: changes of this type are generally implemented in the indices as they occur. Significantly large IPOs are included in the indices after the close of the company’s tenth day of trading.

None of us, the dealer or any of our other affiliates accepts any responsibility for the calculation, maintenance, or publication of, or for any error, omission, or disruption in, the index or any successor to the index.

Buffer Absolute Return Notes
Linked to the iShares® MSCI EAFE
ETF, Due April 18, 2023

Historical Information

The graph below sets forth the information relating to the historical performance of the Reference Asset. In addition, below the graph is a table setting forth the intra-day high, intra-day low and period-end closing share prices of the Reference Asset. The information provided in this table is for the four calendar quarters of 2012, 2013, 2014, 2015 and 2016, and for the period from January 1, 2017 through March 31, 2017.

We obtained the information regarding the historical performance of the Reference Asset in the chart below from Bloomberg Financial Markets.

We have not independently verified the accuracy or completeness of the information obtained from Bloomberg Financial Markets. The historical performance of the Reference Asset should not be taken as an indication of its future performance, and no assurance can be given as to the Final Level of the Reference Asset. We cannot give you assurance that the performance of the Reference Asset will result in any positive return on your initial investment.

iShares® MSCI EAFE ETF (“EFA”)

Period-Start Date	Period-End Date	High Intra-Day Share Price of the Reference Asset	Low Intra-Day Share Price of the Reference Asset	Period-End Closing Share Price of the Reference Asset
1/1/2012	3/31/2012	$55.91	$48.99	$54.90
4/1/2012	6/30/2012	$55.68	$46.55	$49.96
7/1/2012	9/30/2012	$55.57	$47.30	$53.00
10/1/2012	12/31/2012	$56.88	$51.63	$56.82
1/1/2013	3/31/2013	$59.99	$56.69	$58.98
4/1/2013	6/30/2013	$64.13	$56.45	$57.38
7/1/2013	9/30/2013	$65.11	$57.02	$63.79
10/1/2013	12/31/2013	$67.36	$62.54	$67.06
1/1/2014	3/31/2014	$68.19	$62.28	$67.17
4/1/2014	6/30/2014	$70.78	$65.69	$68.37
7/1/2014	9/30/2014	$69.29	$63.85	$64.12
10/1/2014	12/31/2014	$64.54	$58.64	$60.84
1/1/2015	3/31/2015	$66.20	$58.29	$64.17
4/1/2015	6/30/2015	$68.52	$63.27	$63.49
7/1/2015	9/30/2015	$65.60	$55.89	$57.32
10/1/2015	12/31/2015	$62.18	$56.99	$58.75
1/1/2016	3/31/2016	$58.06	$50.94	$57.13
4/1/2016	6/30/2016	$60.16	$51.94	$55.81
7/1/2016	9/30/2016	$60.15	$53.77	$59.13
10/1/2016	12/31/2016	$59.35	$56.11	$57.73
1/1/2017	3/31/2017	$62.65	$57.85	$62.29

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

SUPPLEMENTAL DISCUSSION OF U.S. FEDERAL INCOME TAX CONSEQUENCES

The following disclosure supplements, and to the extent inconsistent supersedes, the discussion in the product prospectus supplement dated January 11, 2016 under “Supplemental Discussion of U.S. Federal Income Tax Consequences.”

A “dividend equivalent” payment is treated as a dividend from sources within the United States and such payments generally would be subject to a 30% U.S. withholding tax if paid to a non-U.S. holder. Under U.S. Treasury Department regulations, payments (including deemed payments) with respect to equity-linked instruments (“ELIs”) that are “specified ELIs” may be treated as dividend equivalents if such specified ELIs reference an interest in an “underlying security,” which is generally any interest in an entity taxable as a corporation for U.S. federal income tax purposes if a payment with respect to such interest could give rise to a U.S. source dividend. However, U.S. Treasury Department regulations provide that withholding on dividend equivalent payments will not apply to specified ELIs that are not delta-one instruments and that are issued before January 1, 2018. Based on our determination that the Notes are not delta-one instruments, non-U.S. holders should not be subject to withholding on dividend equivalent payments, if any, under the Notes. However, it is possible that the Notes could be treated as deemed reissued for U.S. federal income tax purposes upon the occurrence of certain events affecting the Reference Asset or the Notes, and following such occurrence the Notes could be treated as subject to withholding on dividend equivalent payments. Non-U.S. holders that enter, or have entered, into other transactions in respect of the Reference Asset or the Notes should consult their tax advisors as to the application of the dividend equivalent withholding tax in the context of the Notes and their other transactions. If any payments are treated as dividend equivalents subject to withholding, we (or the applicable paying agent) would be entitled to withhold taxes without being required to pay any additional amounts with respect to amounts so withheld.

SUPPLEMENTAL PLAN OF DISTRIBUTION (CONFLICTS OF INTEREST)

We expect that delivery of the Notes will be made against payment for the Notes on or about April 19, 2017, which is the third (3rd) business day following the Pricing Date (this settlement cycle being referred to as “T+3”). See “Plan of Distribution” in the prospectus dated January 8, 2016. For additional information as to the relationship between us and RBCCM, please see the section “Plan of Distribution—Conflicts of Interest” in the prospectus dated January 8, 2016. In the initial offering of the notes, they will be offered to investors at a purchase price equal to par, except with respect to certain accounts as indicated on the cover page of this document.

The value of the Notes shown on your account statement may be based on RBCCM’s estimate of the value of the Notes if RBCCM or another of our affiliates were to make a market in the Notes (which it is not obligated to do). That estimate will be based upon the price that RBCCM may pay for the Notes in light of then prevailing market conditions, our creditworthiness and transaction costs. For a period of approximately 12 months after the issue date of the Notes, the value of the Notes that may be shown on your account statement may be higher than RBCCM’s estimated value of the Notes at that time. This is because the estimated value of the Notes will not include the underwriting discount and our hedging costs and profits; however, the value of the Notes shown on your account statement during that period may be a higher amount, reflecting the addition of the underwriting discount and our estimated costs and profits from hedging the Notes. This excess is expected to decrease over time until the end of this period. After this period, if RBCCM repurchases your Notes, it expects to do so at prices that reflect their estimated value.

STRUCTURING THE NOTES

The Notes are our debt securities, the return on which is linked to the performance of the Reference Asset. As is the case for all of our debt securities, including our structured notes, the economic terms of the Notes reflect our actual or perceived creditworthiness at the time of pricing. In addition, because structured notes result in increased operational, funding and liability management costs to us, we typically borrow the funds under these Notes at a rate that is more favorable to us than the rate that we might pay for a conventional fixed or floating rate debt security of comparable maturity. Using this relatively lower implied borrowing rate rather than the secondary market rate, is a factor that is likely to reduce the initial estimated value of the Notes at the time their terms are set. Unlike the estimated value included in this terms supplement or in the final pricing supplement, any value of the Notes determined for purposes of a secondary market transaction may be based on a different funding rate, which may result in a lower value for the Notes than if our initial internal funding rate were used.

In order to satisfy our payment obligations under the Notes, we may choose to enter into certain hedging arrangements (which may include call options, put options or other derivatives) on the issue date with RBCCM or one of our other subsidiaries. The terms of these hedging arrangements take into account a number of factors, including our creditworthiness, interest rate movements, the volatility of the Reference Asset, and the tenor of the Notes. The economic terms of the Notes and their initial estimated value depend in part on the terms of these hedging arrangements.

The lower implied borrowing rate is a factor that reduces the economic terms of the Notes to you. The initial offering price of the Notes also reflects the underwriting commission and our estimated hedging costs. These factors result in the initial estimated value for the Notes on the Pricing Date being less than their public offering price. See "Selected Risk Considerations—The Initial Estimated Value of the Notes Will Be Less than the Price to the Public" above.

Buffer Absolute Return Notes
Linked to the iShares® MSCI EAFE
ETF, Due April 18, 2023

EQUITY LINKED NOTE I RBC STRUCTURED NOTES GROUP Buffer Absolute Return Notes Linked to the iShares® MSCI EAFE ETF, Due April 18, 2023 INVESTMENT THESIS · Receive a [113% - 121%] (to be determined on the Pricing Date) leveraged return if the Percentage Change of the Reference Asset is positive. · Receive a one-for-one positive return equal to the absolute value of the Percentage Change if the Percentage Change is less than or equal to 0% but greater than or equal to -20%. · The Notes do not pay interest, and investors are subject to one-for-one loss of the principal amount for any decrease in the level of the Reference Asset by more than 20% if the Percentage Change is less than -20%. PRELIMINARY KEY TERMS · Reference Asset: iShares® MSCI EAFE ETF (EFA) · Leverage Factor: [113.00% - 121.00%] (to be determined on the Pricing Date) · Buffer Level: 80.00% of the Initial Level · Buffer Amount: 20.00% · Percentage Change: Initial Level Final Level - Initial Level KEY RISK FACTORS · The notes are subject to Royal Bank of Canada's credit risk. · The notes are not principal protected. · Your notes are likely to have limited liquidity. TAX · Each investor will agree to treat the notes as a pre-paid cashsettled derivative contract for U.S. federal income tax purposes, as described in more detail in the product prospectus supplement. ORDER DEADLINE · RBCCM will accept orders to purchase the notes until April 13, 2017 DETERMINING PAYMENT AT MATURITY Return on the Notes Return on the Reference Asset Determine the Percentage Change Is the Percentage Change positive? Yes You will receive at maturity, per $1,000 in principal amount per Note: $1,000 + ($1,000 x Percentage Change x Leverage Factor) No Is the Final Level less than or equal to 0% but greater than or equal to the Buffer Level? Yes You will receive at maturity, per $1,000 principal amount per Note equal to: $1,000 + [-1 x ($1,000 x Percentage Change)] No If the Final Level is less than the Buffer Level (that is, the Percentage Change is less than -20.00%), then the investor will lose up to 80% of the principal amount, and will receive per $1,000 in principal amount per Note an amount equal to: $1,000 + [$1,000 x (Percentage Change + Buffer Amount)] CUSIP: 78012KJ40 I PRICING DATE: April 13, 2017 I ISSUE DATE: April 19, 2017