

Bank of America Corporation

Overview of Responsible Growth, Corporate Governance and Executive Compensation Practices, and Environmental and Social Initiatives

March 2018

At Bank of America,

we live our **values**, deliver our **purpose** and drive **responsible growth** through our **eight lines of business**

Our values

- Deliver together
- Act responsibly
- Realize the power of our people
- Trust the team

Our purpose

To help make financial lives better, through the power of every connection

Responsible growth

- We must grow and win in the market – no excuses
- We must grow with our customer-focused strategy
- We must grow within our risk framework
- We must grow in a sustainable manner

Eight lines of business

Serving the core financial needs of people, companies and institutional investors through eight lines of business

We're better when we're connected®

Executive Summary

- **Strong execution and sustained investment** has enabled us to establish and maintain **industry-leading positions** across our businesses and **meaningfully increase capital return to shareholders**
- We remain focused on **responsible growth**, with a **straightforward business model** underpinned by a **sound capital structure and reduced risk**
- Our Board is comprised of **highly-engaged members whose independence, expertise, and experience are directly relevant to the needs of our business, long-term strategy, and evolving industry**
- **Robust Board evaluation process allows for effective Board oversight**, and drives regular, **thoughtful Board refreshment**
- Our **rigorous compensation program and performance assessment process** align pay with performance and encourage long-term focus
- Our **environmental, social, and related governance (ESG) initiatives** are integrated into our eight lines of business so that **we are growing the right way**
- As part of our focus on being the best place to work for our employees, in early 2018 **we provided additional disclosure regarding our commitment to equal pay for equal work** and implemented a new policy that restricts how we solicit compensation information from candidates during the hiring process

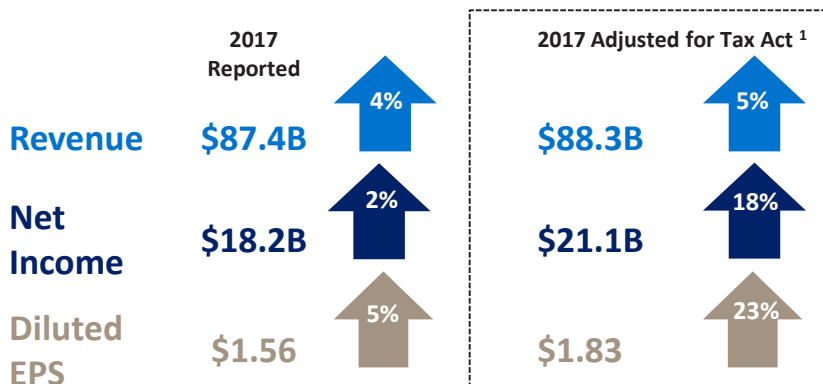
Our Board recommends voting **for all management proposals and against the stockholder proposal**



Strong Execution Across Our Business in 2017

2017 Financial Highlights

(Comparisons to 2016, except per share data)



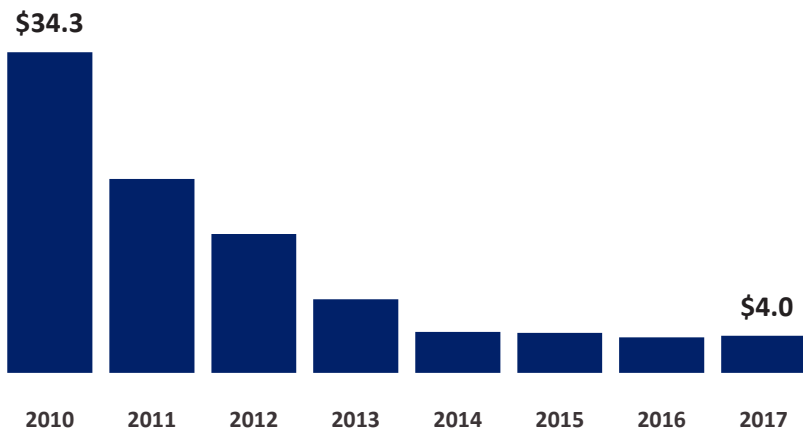
2017 Business Highlights

(Comparisons to 2016)

- ✓ We delivered positive operating leverage for 12 consecutive quarters
- ✓ We grew average deposits by 3% and loans in business segments by 6%
- ✓ We originated \$51 billion in mortgages and \$17 billion in home equity loans
- ✓ We increased Merrill Edge brokerage assets 22% to a record \$177 billion
- ✓ We increased assets under management 22% to a record \$1.1 trillion
- ✓ We maintained our #3 global investment banking fee ranking and recorded our best year for advisory fees since the Merrill Lynch merger
- ✓ We raised \$864 billion in capital on behalf of clients
- ✓ We recorded positive trading revenue every day in 2017

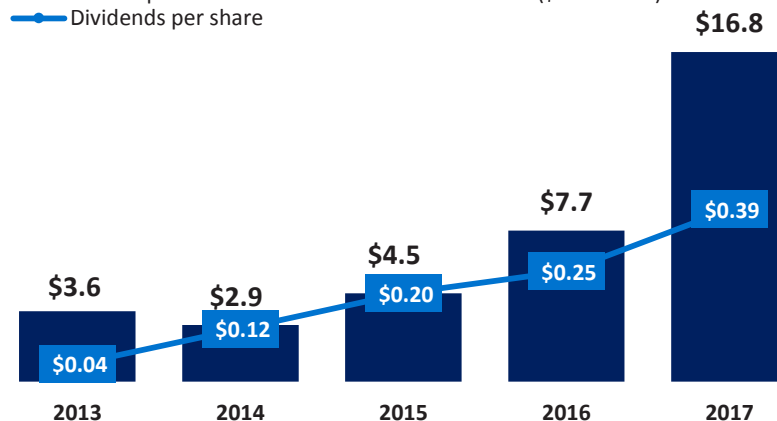
Managed Credit Exposures in Line with Responsible Growth

Total net charge-offs (\$ in billions)



Increase in Capital Returned to Common Shareholders

■ Total capital returned to common shareholders (\$ in billions)
 ● Dividends per share



¹ Represents a non-GAAP financial measure. Adjusted to exclude a one-time charge resulting from the Tax Cuts and Jobs Act (the "Tax Act").

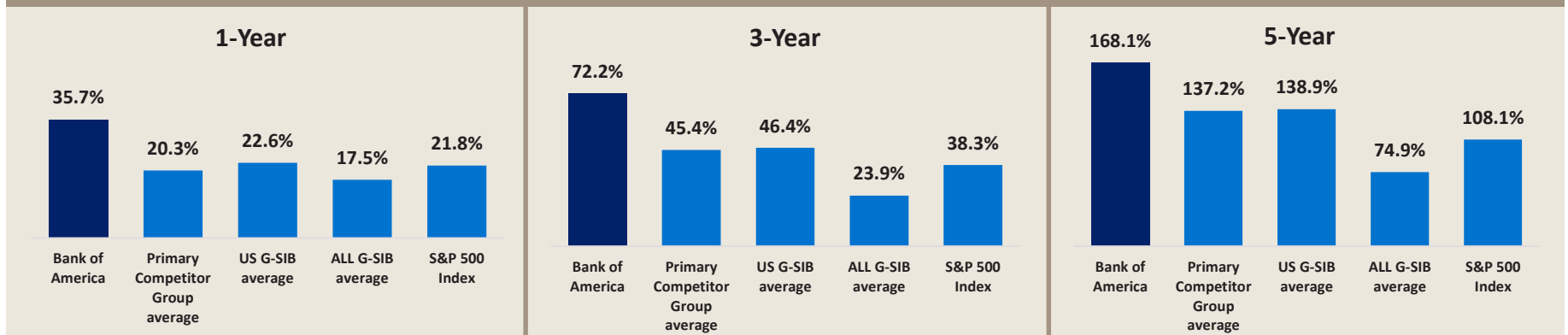
Annual Business Results

Net Income (Loss) (\$B)



FY 2017	Consumer Banking	GWIM	Global Banking	Global Markets
Return on Avg. Allocated Capital	22%	22%	17%	9%
Efficiency Ratio ²	52%	73%	43%	67%

Total Stockholder Return (TSR)



¹ Reported on a GAAP basis. On a fully taxable-equivalent basis (FTE), net loss for 2017 was (\$.4B).

² FTE basis.

Board Composition Provides the Right Skills and Experience to Oversee Our Business and Strategy

The Corporate Governance Committee regularly assesses Board composition and utilizes a robust, proactive refreshment process so that Board skill sets and expertise closely align with the needs of the business

Valuable Range of Expertise, Diversity & Perspectives

Audit/Financial Reporting	Cybersecurity, Technology and Information Security	Government, Public Policy, and Regulatory Affairs	Public Company Board Service
Business Development	Environmental, Social, and Governance (ESG)	Leadership of Complex, Highly Regulated Businesses	Risk Management, including Credit, Operational and Reputational Risk
Consumer, Corporate, and Investment Banking	Financial Services Experience	Marketing and Retail Distribution	Strategic Planning
Corporate Governance	Global Perspective	Human Capital Management	Succession Planning

Key Board Statistics ¹

10



New independent directors joined Board since 2012 Annual Meeting

14



Of 15 directors are **independent**

9



Directors with **CEO experience**

6.1



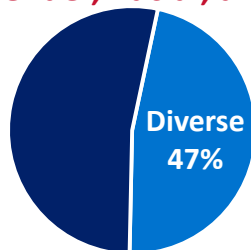
Year **average director tenure** ², well below the 8.7 year S&P 500 average ³

33%



Of directors have **served as senior executives at financial institutions**

Gender, Racial, and Ethnic Diversity



5 are women

2 are African-American

1 is Hispanic

¹ As of March 2018, except as otherwise noted.

² Calculated by full years of completed service based on date of initial election as of our 2018 annual meeting date.

³ 2017 Spencer Stuart Board Index.

Interconnected Governance Practices Continue to Strengthen Our Board's Effectiveness

Independent Oversight

- **Lead Independent Director responsibilities extend beyond those of a traditional lead director**
- Independent directors meet privately in **executive session at each regularly scheduled Board meeting** (16 executive sessions in 2017)
- **Board formally reviews CEO and senior management succession** and development plans at least annually, and **assesses candidates during Board and committee meetings** and in less formal settings

Director Recruitment

- **Board is committed to regular refreshment** in alignment with our long-term strategy
- Board has continuously enhanced the director recruitment and selection process, resulting in an **experienced, diverse group of nominees**
- **Utilize a formalized process to assess candidates**, including reviewing existing time commitments, any potential conflicts of interest, and independence
- **Rigorous director on-boarding and education processes** complement this enhanced recruitment process

Self-Evaluations

- **Board and committees conduct intensive and thoughtful annual self-evaluations** – directors provide feedback on Board effectiveness, with emphasis on areas including Board composition, focus, culture, and process
- **Confirm the appropriate mix of Board skills** to oversee the execution of our strategy through self-evaluations
- **Regular Board assessment of optimal leadership structure**
- **Gain stockholder feedback on our governance practices** through robust outreach

Lead Independent Director with Robust and Well-defined Responsibilities

The authority, duties and responsibilities of Jack Bovender, our Lead Independent Director, provide robust independent Board leadership and oversight

Board Leadership

- Presides at all meetings when Chairman is not present
- Calls meetings of independent directors
- Provides leadership if CEO/Chairman's role may be in conflict

Board Focus

- Helps provide that our Board focuses on key issues facing Bank of America
- Assists in promoting corporate governance best practices
- Contributes to annual performance review of CEO and participates in CEO succession planning

Board Performance & Development

- Promotes efficient and effective Board performance and functioning
- Consults with Corporate Governance Committee on annual Board self evaluation
- Provides guidance on ongoing director development
- Consults in identification and evaluation of director candidates, committee members and committee chairs

Board Culture

- Serves as a liaison between CEO and independent directors
- Establishes relationship with CEO, providing support, advice and feedback
- Acts as a "sounding board" and advisor to CEO

Board Meetings

- Plans, reviews and approves Board meeting agendas and schedules in coordination with CEO
- Advises CEO of Board information needs, and approves information sent to Board
- Develops discussion topics for Board executive sessions

Stockholders & Other Stakeholders

- Is available for consultation and direct communication, to the extent requested by major stockholders
- Regularly communicates with primary bank regulators to discuss appropriateness of Board's oversight of management and company

Active, Highly Engaged Lead Independent Director



- **Regularly speaks with our CEO and holds bi-weekly calls** to discuss Board meeting agendas and discussion topics, schedules, and other Board governance matters
- **Speaks with each Board member at least quarterly** to receive input on Board agendas, Board planning matters, and related topics of management oversight
- **Holds monthly calls with our primary bank regulators**
- **Meets at least quarterly with management members**
- **Plays a leading role in our stockholder engagement process**; in 2017 and in early 2018, personally met with investors who own more than 36% of our outstanding shares

Disciplined Performance Evaluation and Incentive Compensation

Decision Processes

Pay-for-Performance Philosophy and Compensation Risk Management Drive Evaluation Process and Compensation Structure



Comprehensive Performance Evaluation

Full year assessment of financial results and executive contributions to performance

- Company, line of business, and individual performance (financial and non-financial measures)
- Manner in which results are achieved, adherence to risk and compliance policies, and quality of earnings driving culture of responsible growth
- Accountability in driving a strong risk management culture
- Company performance relative to established risk metrics
- Company performance relative to primary competitor group

Scorecard assessment of performance against the pillars of responsible growth

- | | |
|---|----------------------------------|
| • Grow and Win in the Market | • Grow within our Risk Framework |
| • Grow with our Customer-Focused Strategy | • Grow in a Sustainable Manner |

Independent Review and Approval

- The Compensation and Benefits Committee’s decisions are determined on a year-over-year basis after taking into account numerous factors identified in our 2018 Proxy Statement
- Based on multi-faceted performance assessment, including feedback from independent control functions, the Committee provides a compensation recommendation to independent directors ¹
- Independent Board members evaluate the Committee’s recommendation
- If recommendation appropriately aligns pay to performance, independent directors provide approval
- Independent compensation consultant informs deliberations

Variable Pay is Subject to Ongoing Performance Measurement

Annual Incentives

Cash-Settled Restricted Stock Units (CRSUs) ²

Value subject to **one-year stock price performance**

Deferred Incentive

Performance Restricted Stock Units (PRSUs)

Re-earn subject to **three-year performance of average return on assets and average growth of adjusted tangible book value**; value subject to **three-year stock price performance**; awards are **stock-settled and subject to holding**

Time-Based Restricted Stock Units (TRSUs)

Value subject to **three-year stock price performance**; awards are **stock-settled and subject to holding**

¹ Only CEO compensation requires approval from all independent directors; compensation for named executive officers (NEOs) is approved by the Committee only.

² Only CEO receives CRSUs; other NEOs receive an annual cash incentive.

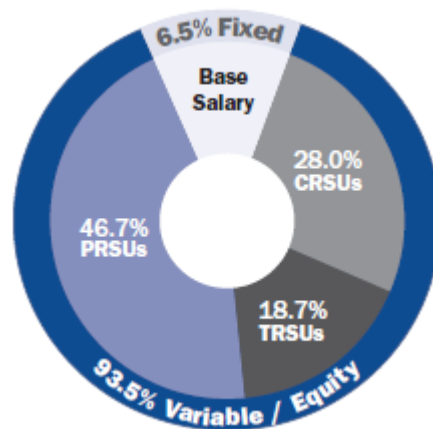
Executive Compensation Program Aligns Pay and Performance

As supported by 95.6% Say on Pay vote for our 2016 executive compensation program and input from our stockholder engagement

2017 Compensation Elements

Base Salary	<ul style="list-style-type: none"> Reflects job scope, experience, and market comparable positions 				
Annual Incentive	<table border="1"> <tr> <td style="background-color: #cccccc;">For CEO</td> <td> CRSUs <ul style="list-style-type: none"> Stock price performance measured over 1-year vesting period </td> </tr> <tr> <td style="background-color: #cccccc;">For all other NEOs</td> <td> Annual Cash Incentive <ul style="list-style-type: none"> Company and individual performance measured over applicable performance year </td> </tr> </table>	For CEO	CRSUs <ul style="list-style-type: none"> Stock price performance measured over 1-year vesting period 	For all other NEOs	Annual Cash Incentive <ul style="list-style-type: none"> Company and individual performance measured over applicable performance year
	For CEO	CRSUs <ul style="list-style-type: none"> Stock price performance measured over 1-year vesting period 			
For all other NEOs	Annual Cash Incentive <ul style="list-style-type: none"> Company and individual performance measured over applicable performance year 				
Deferred Incentive	TRSUs <ul style="list-style-type: none"> Aligned with sustained longer-term stock price performance; vest ratably over 3 years 50% of net after tax shares must be held until retirement (+1 year for CEO) 				
	PRSUs <ul style="list-style-type: none"> PRSUs are “re-earned” by achieving future performance goals and are forfeited if results are below minimum goals at the end of the performance period Performance metrics (50/50 weighting): average <u>Return on Assets</u> (ROA) and average <u>Growth in Adjusted Tangible Book Value</u> (TBV) 3-year performance period Metrics support responsible growth and shareholder value growth 50% of net after tax shares earned must be held until retirement (+1 year for CEO) 				

2017 CEO Pay Mix



93.5%
variable pay
directly links to company performance

46.7%
linked to 3-yr performance against key metrics
(TBV and ROA)

50%
of shares earned must be held through 1-yr post-retirement
(net of taxes)

- PRSU goals are meaningful and aligned with strong company results
- In 2017, the Committee increased the three-year average ROA goals by 10 bps at each level in consideration of strong company performance
- PRSU results are not adjusted for the impact of legacy litigation, fines, penalties; 2017 results not adjusted for \$2.9B Tax Act charge
- 3 of the 5 PRSUs that have completed their performance periods since the awards were introduced in 2011 earned below target, illustrating that pay is aligned with performance

Governance & Compensation Practices Informed by Stockholder Feedback

Governance and compensation practices reflect ongoing Board review of best practices and stockholder input

What We Do / What We Don't Do

- | | |
|--|---|
| ✓ Right to proxy access at a 3%/3 year ownership threshold | ✗ Supermajority provisions |
| ✓ Incentive Compensation Forfeiture & Recoupment Disclosure Policy | ✗ Severance or change-in-control agreements for executive officers |
| ✓ Strong, well-defined Lead Independent Director Role | ✗ Multi-year guaranteed incentive awards |
| ✓ Right to call special meeting at 10% ownership threshold | ✗ Severance benefits to our executive officers exceeding two times base salary and bonus without stockholder approval |
| ✓ Annual election of directors with a majority vote standard | ✗ Accrual of additional retirement benefits under any supplemental executive retirement plans |
| ✓ Robust stock ownership and retention requirements | ✗ Excise tax gross-ups or single-trigger vesting of equity-based awards upon change-in-control |
| ✓ Review feedback from independent control functions in performance evaluation and compensation decisions | ✗ Adjust PRSU results for the impact of legacy litigation, fines, and penalties |
| ✓ Prohibition on hedging and speculative trading of company securities by directors and executive officers | |

Our Corporate Governance Committee regularly evaluates potential updates to our Corporate Governance Guidelines; for 2017 this included:

Increasing director retirement age from 72 to 75 to expand the pool of potential director candidates

As part of overall Board leadership succession planning, adopting a formal Lead Independent Director and Chairman emergency succession policy

Our people are the foundation for responsible growth

We give our employees the support they need so they are able to make a genuine impact and contribute to sustainable growth of our business and the communities we serve

We deliver on our promise of being a great place to work by:

Being an inclusive workplace for our diverse employees around the world



Creating opportunities for employees to develop and grow



Recognizing and rewarding performance



Supporting employees' financial, physical and emotional wellness



More than **50%** of our global workforce are women and more than **45%** of our U.S.-based workforce is racially and ethnically diverse

Kept medical premiums flat for six years for employees earning <\$50,000 per year

Bank of America employees gave nearly **2 million** volunteer hours and donated nearly **\$30M** to help improve communities in 2017

Helped more than **16,000** employees find new roles within the company in 2017. More than **17K** managers engaged in manager development training in 2017

Since 2010, average annual compensation increases for U.S.-based workforce have out-paced average U.S. national wage growth; all but highest-paid 10% grown at least **twice the rate** of U.S. national average

To **share our success**, at the end of 2017, U.S. employees making \$150,000 or less per year in total compensation—**about 145,000 employees**—received a **one-time bonus of \$1,000**. In early 2018, we also extended a cash bonus to non-U.S. employees and a special, long-term restricted stock award to employees with total compensation greater than \$150,000 to \$250,000. Together, **over 90% of employees received special awards**

Equal Pay for Equal Work

- In our most recent review of total compensation for U.S. and UK employees (~80% of our global workforce), results showed that **compensation received by women is equal to on average 99% of that received by men**
- Also showed that **compensation received by minority teammates is equal to on average 99% of non-minority teammates**
- These results continue to inform our pay-for-performance practices, including how we **continue to bridge gaps** that exist or may exist, and our overall efforts to **continue to attract, develop and advance women and racially or ethnically diverse employees**
- Implemented a **policy restricting how we solicit compensation information from candidates during the hiring process**, to help ensure we consider new hires' qualifications, roles and performance, rather than past compensation

Named number 26 on Fortune magazine's **100 Best Workplaces for Diversity**

Named number 46 on Fortune magazine's **50 Best Workplaces for Parents**



Included as a leader for the third year in a row in the **Bloomberg Financial Services Gender-Equality Index**

Awarded the **2017 "Outie" Award for Workplace Excellence** from Out & Equal

Company goals are aspirational and not guarantees or promises that all goals will be met. Certain statistics and metrics included in this document are estimates and may be based on assumptions or developing standards.

Driving responsible growth for long-term sustainability

Integrated across our eight lines of business – our ESG focus reflects our values, presents tremendous business opportunity and allows us to create shared success with our clients and communities

	FOCUS AREAS	PROGRESS / KEY INITIATIVES
 <p>Environment</p>	<p><i>Investing in the transition to a low carbon economy</i></p> <hr/> <p><i>Financing sustainable projects, energy efficiency, greenhouse gas emissions</i></p> <hr/> <p><i>Reducing our environmental footprint</i></p>	<ul style="list-style-type: none"> Nearly \$66 billion delivered towards our goal of investing \$125 billion by 2025 for low-carbon and sustainable businesses Leading underwriter of green bonds in the industry since 2007 and the leading provider of tax-equity investment in solar and wind power since 2015 Our 2020 environmental goals: 100% carbon neutral; 100% renewable electricity; 50% reduction in greenhouse gas emissions
 <p>Social</p>	<p><i>Advancing economic and social progress</i></p> <hr/> <p><i>Offering responsible products and services</i></p> <hr/> <p><i>Creating a supportive and inclusive workplace</i></p>	<ul style="list-style-type: none"> More than \$4 billion in loans, tax credit equity investments and other real estate development solutions to create housing in low- and moderate-income communities Provided more than \$1.5 billion in 260 community development financial institutions in all 50 states, Puerto Rico, and the District of Columbia Delivered nearly \$200 million in philanthropic investments in 2017
 <p>Governance</p>	<p><i>Holding ourselves accountable</i></p> <hr/> <p><i>Managing risk well</i></p> <hr/> <p><i>Providing transparency</i></p>	<ul style="list-style-type: none"> Hold quarterly management ESG Committee meetings to discuss issues central to our ESG approach with regular updates to our Board Convened the National Community Advisory Council twice in 2017 to receive input on business practices, products and risks Conducted stakeholder review of our Environmental and Social Risk Policy Framework which provides a view of how our company manages environmental and social risks most relevant to our business



Euromoney's World's Best Bank for Corporate Social Responsibility and for Advisory services



CDP Climate A List for leadership in greenhouse gas emissions management and reporting



Industry leader in the "Banks" category of *Just Capital's America's Most JUST Companies*



Best Environmental, Social and Governance (ESG) Bank in Asia by *The Asset* magazine



#2 on *Fortune's* 50 Best Workplaces for Giving Back in 2018 list

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Our Board recommends voting **FOR** each of the management proposals:

✓ No. 1 – Election of 15 Directors

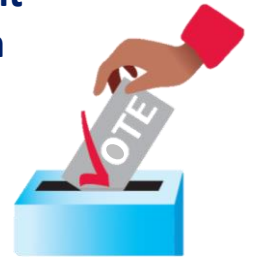
- Our Board is committed to regular renewal and refreshment; our Board has continuously enhanced the director recruitment and selection process, giving us an experienced and diverse group of nominees
- Our Board is committed to objective, independent leadership for our Board and each of its committees
- Our Board views the objective, independent oversight of management as central to effective Board governance, to serving the best interests of our company and our stockholders, and to executing our strategic objectives and creating long-term value

✓ No. 2 – Advisory “Say on Pay” Vote

- Our compensation philosophy ties our executive officers’ pay to company, line of business, and individual performance over the short and long term
- Our executive compensation program provides a mix of salary, incentives, and benefits paid over time that we believe aligns executive officer and stockholder interests
- A majority of total variable compensation granted to named executive officers is deferred equity-based awards, further encouraging long-term focus on generating sustainable results for our stockholders

✓ No. 3 – Ratification of Independent Registered Public Accounting Firm

- The Audit Committee has appointed PwC as our independent registered public accounting firm for 2018
- Our Board is seeking stockholders’ ratification of PwC’s appointment



Our Board recommends voting **AGAINST** the stockholder proposal:

✗ No. 4 – Independent Board Chairman

- The Board should retain the flexibility affirmed by the stockholder votes in 2015 and 2017 to determine the most effective leadership structure based on applicable circumstances and needs
- Our Board leadership structure and governance practices already provide strong independent Board oversight
- The Board regularly evaluates and reviews the Board’s leadership structure and seeks and considers feedback from stockholders
- No conclusive evidence demonstrating that an independent Chairman ensures superior governance or performance
- Board flexibility to determine the optimal leadership structure is the norm at other large companies