



Bank of America Merrill Lynch International Designated Activity Company

PILLAR 3 REMUNERATION DISCLOSURES

Performance Year ended 31 December 2019

Pillar 3 Public Disclosures for Performance Year 2019

Introduction

The following remuneration disclosure sets forth a summary of the remuneration principles and programmes executed by Bank of America Merrill Lynch International Designated Activity Company (“BAMLI DAC”), including its branches, as at 31 December 2019. Additionally, the disclosure sets forth information regarding the remuneration of staff identified as Material Risk Takers (“MRTs”) for BAMLI DAC, taking into account the qualitative and quantitative criteria to identify categories of staff whose professional activities may have a material impact on an institution’s risk profile developed by the European Banking Authority (the “EBA”) contained in Commission Delegated Regulation (EU) No 604/2014.

This document therefore incorporates the qualitative disclosure requirements under paragraphs (a) to (f) of Article 450(1) of the Capital Requirements Regulation (Regulation (EU) No 575/2013 – the “CRR”) and the quantitative disclosure requirements under paragraphs (g) to (i) of Article 450(1) of the CRR, as well as corresponding guidance as set out in the EBA Guidelines on Sound Remuneration Policies (the “EBA Guidelines”).

BAMLI DAC is a wholly owned subsidiary of Bank of America, N.A and their ultimate parent is Bank of America Corporation (the “Company” or “Bank of America”), a corporation organised and existing under the laws of the United States of America. BAMLI DAC therefore falls within Bank of America’s global remuneration governance framework and global remuneration policies, in addition to operating a local remuneration governance framework and the BAMLI DAC Remuneration Policy Statement (“RPS”).

Governance and the Decision-making Process for Determining the Remuneration Policy

As a U.S.-based firm, Bank of America’s primary regulator is the U.S. Board of Governors of the Federal Reserve System (the “Federal Reserve”). Bank of America’s remuneration programmes and practices are consistent with the Federal Reserve’s requirements, in addition to those of other regulators globally, including the Central Bank of Ireland (the “CBI”) and European Central Bank. Additionally, shares of Bank of America’s common stock are traded on the New York Stock Exchange (the “NYSE”) and, as such, Bank of America is subject to requirements imposed by the NYSE, including those specified in the NYSE Listed Company Manual. The NYSE Listed Company Manual provides that the Board of Directors Compensation and Human Capital Committee (“CHCC”) is responsible for recommending to Bank of America’s Board of Directors the approval of incentive and equity-based compensation plans that are subject to Bank of America’s Board approval.

Bank of America therefore designs and governs its remuneration programmes on a global basis so that its programmes are consistent with Bank of America’s Global Compensation Principles as described in Bank of America’s Compensation Governance Policy (“CGP”) and sound risk management practices as well as compliant with applicable laws and regulations. The CHCC has adopted and annually reviews (most recently in September 2019) the CGP to govern incentive remuneration decisions and define the framework for design oversight of incentive remuneration programmes across Bank of America. The CGP is designed to be consistent with global regulatory initiatives so that Bank of America’s incentive remuneration plans do not encourage excessive risk-taking.

In order to provide an appropriate balance of risk and reward, incentive remuneration plans are developed in accordance with Bank of America’s Global Compensation Principles, which are applicable to all entities including BAMLI DAC. These Compensation Principles are referred to within

the BAMLI DAC RPS which governs the remuneration processes and practices of BAMLI DAC:

Principle 1. Compensation should be comprised of an appropriate mix of salary, benefits and incentives paid over time that properly aligns employee and stockholder interests.

Principle 2. Criteria for payment of incentive compensation should take into account Company-wide, business unit and individual factors.

Principle 3. Compensation should be determined on the basis of a combination of financial and non-financial factors that reflect both the current period and a longer period.

Principle 4. Compensation programmes should incorporate appropriate governance processes and procedures.

Bank of America applies prudent risk management practices to its incentive compensation programmes and is committed to a compensation governance structure that effectively contributes to Bank of America's overall risk management policies. BAMLI DAC is part of Bank of America's remuneration governance process and the following bodies are responsible for the governance of BAMLI DAC's remuneration plans:

- the BAMLI DAC Remuneration Committee (the "BAMLI DAC RemCo"), operated in accordance with the CBI's Corporate Governance Requirements for Credit Institutions 2015, whose duties are set out in the BAMLI DAC Remuneration Committee Charter,
- line of business management and independent control functions aligned to the line of business ("LOB Compensation Governance"),
- the Management Compensation Committee ("MCC"),
- the CHCC, which is wholly made up of independent directors and functions as Bank of America's global Remuneration Committee, and
- Bank of America's Board.

The intention of the above governance process is to drive debate, encourage consistency and calibrate across lines of business, countries and legal entities. This allows for a greater focus on the correlation of remuneration recommendation at a local level ensuring consistency with employee remuneration across legal entities within the same country location whilst taking into account conduct and diversity.

BAMLI DAC effectively governs and aligns remuneration with prudent risk taking, considering the business strategy, objectives, values and long term interests of BAMLI DAC, and provides an appropriate local level of responsibility for the preparation of decisions regarding remuneration. The BAMLI DAC RemCo is responsible for local remuneration governance, as necessary, to address local issues.

The role of the BAMLI DAC RemCo aligns with Paragraphs 51 and 52 of the EBA Guidelines on Sound Remuneration Policies and Regulation 83 of S.I. 158/2014, amongst other matters, to assist the Board of BAMLI DAC in fulfilling its oversight responsibility relating to the development and implementation of BAMLI DAC's remuneration policies and practices, in particular the policies and practices which have an impact on the risk profile and risk management of BAMLI DAC. The BAMLI DAC RemCo is responsible for the governance of remuneration decisions for BAMLI DAC employees in accordance with the BAMLI DAC RemCo Charter. The BAMLI DAC RemCo collaborates with

other committees of the Board of BAMLI DAC, as well as the CHCC.

The BAMLI DAC RemCo is charged with oversight of the development and implementation of BAMLI DAC's remuneration policies and practices. BAMLI DAC's RPS sets forth the overall approach to the execution of BAMLI DAC's remuneration philosophy and the operation of its remuneration programmes, including BAMLI DAC's approach to complying with the remuneration requirements applicable to BAMLI DAC and its branches. In accordance with Article 9.2.2(c) of Directive 2013/36/EU, the RPS may be updated periodically and as required to reflect changes with BAMLI DAC's remuneration processes and practices and/or changes with remuneration regulation. The BAMLI DAC RemCo will review and adopt the BAMLI DAC RPS at least annually and may make amendments more frequently as necessary. BAMLI DAC benefits from being part of Bank of America's global remuneration governance framework by aligning its RPS with the CGP, which provides dual oversight of remuneration processes and practices within BAMLI DAC. The BAMLI DAC RemCo has a direct connection and open flow of communication with the CHCC, allowing any escalation of concerns and changes required relating to the operation of Bank of America's remuneration system for BAMLI DAC.

During performance year 2019, the BAMLI DAC RemCo held six (6) meetings.

It is critical to the effective implementation of the CGP and RPS that the independent control functions operate independently from the lines of business they support. To this end, independent control functions operate as separate lines of business, and therefore the remuneration of independent control function employees (including salary levels and incentive awards) is independently determined and are not based on the financial performance of the individual lines of business they support.

As part of its global governance routine, the CHCC meets with the heads of Bank of America's independent control functions (including the Chief Risk Officer ("CRO")) and lines of business to discuss their feedback on the pay-for-performance process, including their experience managing risk and conduct matters. In addition, Bank of America's CRO also certifies all incentive plans across Bank of America as part of the MCC's governance process. The BAMLI DAC RemCo considers risk and conduct matters as relevant and appropriate through the performance year, and interacts with the BAMLI DAC CEO and other local Board committees, including the BAMLI DAC Risk Committee, regarding the operation of Bank of America's remuneration system as applicable to BAMLI DAC. Internal Audit performs an annual review of the remuneration policies and practices applicable to BAMLI DAC, including a review of the MRT identification process and the application of relevant remuneration rules.

As a result of these processes and reviews, and in combination with the risk management and clawback features of Bank of America's remuneration programmes, BAMLI DAC believes that its remuneration policies and practices appropriately consider the balance of risk and reward in a way that does not encourage excessive or imprudent risk-taking or create risks that are reasonably likely to have a material adverse effect on BAMLI DAC or Bank of America. Moreover, oversight by the CHCC, MCC, BAMLI DAC RemCo, independent control functions, and line of business management help Bank of America maintain a remuneration programme that is intended to mitigate the potential for conflicts of interests.

The BAMLI DAC RemCo has the authority to obtain, at its discretion, advice and assistance from internal or external advisors as appropriate and/or necessary. The CHCC's independent remuneration consultant, Farient Advisors, LLC, meets regularly with the CHCC outside the presence of management and alone with the CHCC Chair, and also reviews management's incentive plan certifications with the CHCC.

The Link Between Pay and Performance

The cornerstone of Bank of America's remuneration philosophy across all lines of business is to pay for performance – Bank of America (inclusive of BAMLI DAC), line of business and individual performance. Through Bank of America's Performance Management process, employees understand performance expectations for their role through ongoing dialogue with their manager. The Performance Management process is designed and monitored by the Leadership Development function in Human Resources. This process is reviewed periodically so that it meets the needs of managers to assess and communicate performance expectations. Throughout the year, employees receive coaching on their performance and ultimately receive a rating for their full year of performance based upon their achievement of goals for their job.

BAMLI DAC does not remunerate or assess employees' performance in a way that encourages employees to act in a manner that creates impermissible conflicts of interest. In addition, each employee's performance is assessed on quantitative and qualitative objectives as well as specific behaviours, and performance is factored into each employee's incentive remuneration award. Depending on the employee, quantitative performance objectives may be focused on Bank of America (inclusive of BAMLI DAC), line of business, or product results. Qualitative performance objectives may include quality and sustainability of earnings, successful implementation of strategic initiatives, adoption of risk culture/adherence to the Risk Framework and operating principles, adherence to the Code of Conduct, and other core values of Bank of America and BAMLI DAC.

Employees receive two ratings – a Result rating (based on factors such as business performance) and a Behaviour rating (based on factors such as conduct, broader contributions to Bank of America and/or BAMLI DAC, leadership, teamwork, etc.). The scale for both ratings is Exceeds Expectations, Meets Expectations, and Does Not Meet Expectations. Both the Result and Behaviour ratings are used in determining employees' remuneration. As a result, an employee's remuneration can be influenced not only by what the employee achieves, but how the employee achieves it and the employee may receive no variable award if performance is not sufficiently strong.

The pay-for-performance programme also requires that all employees complete annual mandatory risk and compliance training.

Risk Management and Incentive Plans

Risk is inherent in every material business activity that Bank of America (inclusive of BAMLI DAC) undertakes. BAMLI DAC's business exposes it to strategic, credit, market, liquidity, compliance, operational and reputational risks. BAMLI DAC must manage these risks to maximize its long-term results by ensuring the integrity of its assets and the quality of its earnings. To support BAMLI DAC's corporate goals and objectives, risk appetite, and business and risk strategies, BAMLI DAC maintains a governance structure that delineates the responsibilities for risk management activities, as well as governance and oversight of those activities, by management and the Board.

The BAMLI DAC Board has adopted Bank of America's Risk Framework which defines the accountability of Bank of America, its subsidiaries and its employees in managing risk. BAMLI DAC's Risk Appetite Statement defines the parameters under which BAMLI DAC will take risk and BAMLI DAC's strategic and financial operating plans. Management monitors, and the BAMLI DAC Board oversees directly and through its committees, including the BAMLI DAC RemCo, as applicable, BAMLI DAC's financial performance, execution against the strategic and financial operating plans, compliance with the risk appetite metrics and the adequacy of internal controls.

Bank of America continually evaluates the design of its remuneration programmes in accordance with the risk framework. The CHCC and the BAMLI DAC RemCo are committed to a remuneration governance structure that effectively contributes to Bank of America's broader risk management policies, including those applicable to BAMLI DAC.

Bank of America's incentive plans, as applicable to BAMLI DAC, are designed to compensate employees based on their performance ratings for results against their individual performance plan and behaviours, as well as overall Company and line of business performance.

Annual budgets for incentive pools are established as part of the overall financial planning process so that planned incentives align to the overall anticipated performance of Bank of America. Incentive pools are based on a combination of financial, risk and non-financial measures and performance. The determination of incentive pools is also subject to management discretion, taking into account overall performance, inclusive of risk, of Bank of America (inclusive of BAMLI DAC) and/or specific lines of business and other factors, including the achievement of strategic objectives and a qualitative assessment of the quality and sustainability of earnings over time. Incentive pools may be adjusted to reflect long-term risk arising through line of business and product performance.

Risk is also taken into account and managed in connection with incentive remuneration programmes through arrangements permitting performance adjustment of deferred variable remuneration. Employees in positions where the greatest risk is being taken are generally subject to higher levels of deferral and potential performance adjustments.

Employee Pay

BAMLI DAC compensates its employees using a balanced mix of fixed remuneration, benefits, annual cash incentives and deferred incentives (which are delivered in equity, equity-based instruments or cash). In general, the higher an employee's management level or amount of incentive compensation award, the greater the proportion of incentive compensation should be (i) subject to deferral and (ii) delivered in the form of equity-based compensation.

Fixed remuneration mainly consists of base salary, employer pension and benefits contributions and, for certain employees, fixed role-based allowances. Base salary and fixed role-based allowance levels reflect each employee's scope of responsibility, experience, market pressures and accountability within Bank of America and are intended to be part of a competitive total remuneration package. Employer pension and benefits contributions align to local market practice and legal requirements. The portion of employees' remuneration that is variable, i.e., annual cash incentives and deferred incentives, as a percentage of total remuneration, generally increases for more senior positions. The remuneration mix is reviewed annually so that BAMLI DAC operates a balanced and market-competitive programme whilst in compliance with local regulations.

Bank of America believes equity-based awards are the simplest, most direct way to align employee interests with those of its stockholders. This serves two key objectives, which are to focus employees on long-term sustainable results and to subject remuneration awards to risk over an appropriate time horizon that can be easily communicated and understood. For individuals receiving variable compensation above the value of an internally defined threshold, a portion of incentive awards is provided as a deferred incentive that generally becomes earned and payable over a period of three years after grant, increasing to longer periods for certain MRTs to reflect local regulatory requirements as described below. Deferred incentives will be cancelled in case of detrimental conduct and, where applicable, may also be cancelled if Bank of America, line of business or business unit (as applicable)

fails to remain profitable during the vesting period.

BAMLI DAC offers guaranteed incentive awards only in exceptional circumstances to new hires, limited to the first year of employment. Where required, BAMLI DAC may offer and structure severance payments in accordance with relevant employment law or regulatory requirements.

Material Risk Taker Pay

BAMLI DAC operates an MRT Identification Framework that is compliant with EU and local regulatory requirements and is overseen by the BAMLI DAC RemCo as appropriate. MRTs are employees whose professional activities have a material impact on the risk profile of BAMLI DAC's operations in the EU. BAMLI DAC applies the qualitative and quantitative criteria outlined in the EBA's Regulatory Technical Standards for the identification of MRTs (the "RTS") as well as additional criteria identified by BAMLI DAC through internal governance routines. BAMLI DAC MRTs are determined based on the role and activities of the employee taking into consideration the size, internal organization and nature, scope and complexity of BAMLI DAC's activities.

BAMLI DAC MRTs are subject to the remuneration requirements provided in the Capital Requirements Directive 2013/36/EU ("CRD IV") and related guidance as applicable. In accordance with Article 94(1)(g) of CRD IV, BAMLI DAC has obtained approvals from the relevant shareholder to increase the maximum ratio of variable compensation to fixed compensation to 200% for each individual. This was passed unanimously by the relevant group holding company in December 2019. Equivalent approvals have been obtained for Bank of America subsidiaries in other European jurisdictions as applicable.

Variable remuneration for BAMLI DAC MRTs is structured per the requirements outlined in CRD IV and the EBA Guidelines and generally consists of a mixture of upfront (delivered in cash or restricted stock units ("RSUs")) and deferred payments. The equity-based component is a minimum of 50% of variable remuneration, made up of deferred and immediately vested remuneration. Deferred awards are delivered in the form of equity-based awards, typically in the form of RSUs which become earned and payable over a period of three or five years after grant (as appropriate) and will be at least 40% or 60% of the total incentive award (as required). Variable remuneration delivered in immediately vested or deferred equity-based awards for BAMLI DAC MRTs is subject to an appropriate holding period after vesting, which generally will be one year. Deferred awards do not carry dividends or dividend equivalents during the deferral period, as required under relevant regulations.

BAMLI DAC may apply individual proportionality concessions to MRT deferral, payment in equity and holding period requirements consistent with relevant regulations and regulatory applications where required. The deferral percentages applied to BAMLI DAC MRTs are no less than, and in many cases in excess of, what is required under relevant regulations.

Deferred awards will be cancelled in the case of detrimental conduct and may be cancelled if Bank of America (inclusive of BAMLI DAC), line of business or business unit (as applicable) fails to remain profitable during the vesting period. If risks taken as part of approved business strategies do not result in sustainable profits, or if the employee fails to behave according to Company standards or fails to meet the criteria set out in CRD IV and related guidance, the value of the deferred equity award may be impacted or adjusted downwards, and/or vested amounts may be clawed back. In the case of BAMLI DAC MRTs, 100% of total variable remuneration (whether upfront or deferred) is subject to malus and/or clawback arrangements.

By combining deferred awards with appropriate malus and clawback provisions, including the criteria set out in CRD IV and the EBA Guidelines, BAMLI DAC considers that it places a strong focus on sustainable long-term results and appropriate behaviors.

The recommendations for performance year 2019 incentive awards for MRTs were reviewed by the BAMLI DAC RemCo and the CHCC in January 2020.

Disclosure Tables

This section contains the aggregated quantitative information required under paragraphs (g) to (i) of Article 450(1) of the CRR and related guidance as set out in the EBA Guidelines, in relation to performance year 2019, as applicable to employees and MRTs of BAMLI DAC and its branches which captures employees in Belgium, France, Germany, Ireland, Italy, the Netherlands, Spain, Sweden, Switzerland and the UK¹.

All remuneration data is shown in EUR 000s².

2019 Total Remuneration

	All Employees
Number of staff ³	2,344
Total remuneration	376,020
Fixed remuneration ⁴	268,223
Variable remuneration ⁵	107,797

	Senior Management			Other MRTs		
	Supervisory Function ⁶	Management Function ⁷	Other ⁸	Global Banking & Markets	Independent Control Functions	Corporate Functions
Number of beneficiaries ⁹	7	2	14	113	32	22
Total remuneration ¹⁰	604	13,201	16,384	95,682	14,742	11,077
Fixed remuneration ^{4,10}	604	5,506	9,992	51,685	7,967	5,580
Variable remuneration ^{5,10}	-	7,695	6,392	43,997	6,775	5,497
Upfront cash	-	-	1,003	9,265	1,571	1,474
Upfront equity-based awards	-	778	597	6,507	1,650	1,296
Deferred equity-based awards	-	6,917	4,792	28,225	3,554	2,727

Deferred Remuneration¹¹

	Senior Management			Other MRTs		
	Supervisory Function	Management Function	Other	Global Banking & Markets	Independent Control Functions	Corporate Functions
Outstanding at 1 Jan 2019	-	25,000	18,195	89,327	10,693	10,676
Awarded in 2019	-	14,840	7,373	40,124	7,617	5,509
Vested, paid in 2019	-	16,317	8,148	37,774	4,870	4,668
Performance adjustment reductions in 2019	-	-	-	-	-	-
Outstanding at 31 Dec 2019	-	23,523	17,420	91,677	13,432	11,517
Vested outstanding	-	-	339	5,550	212	1,046
Unvested outstanding	-	23,523	17,081	86,127	13,220	10,471
Awarded in Feb 2020	-	6,323	5,237	31,950	3,745	3,914

Sign On and Severance Payments¹²

	Senior Management			Other MRTs		
	Supervisory Function	Management Function	Other	Global Banking & Markets	Independent Control Functions	Corporate Functions
Total sign on payments	-	-	-	1,425	-	-
Number of beneficiaries	-	-	-	1	-	-
Total severance payments	-	-	426	2,129	-	169
Number of beneficiaries	-	-	1	5	-	1
Awarded and paid in 2019	-	-	426	469	-	169
Awarded and unpaid in 2019	-	-	-	1,660	-	-

2019 Total Remuneration^{4,5,10} **Above EUR 1 million**

Total Remuneration Range	Number of MRTs
EUR 1 million to EUR 1.5 million	13
EUR 1.5 million to EUR 2 million	11
EUR 2 million to EUR 2.5 million	6
EUR 2.5 million to EUR 3 million	3
EUR 3 million to EUR 3.5 million	4
EUR 3.5 million to EUR 4 million	0
EUR 4 million to EUR 4.5 million	0
EUR 4.5 million to EUR 5 million	0
EUR 5 million to EUR 6 million	0
EUR 6 million to EUR 7 million	0
EUR 7 million to EUR 8 million	0
EUR 8 million to EUR 9 million	0
EUR 9 million to EUR 10 million	0
EUR 10 million to EUR 11 million	0
EUR 11 million to EUR 12 million	1

Notes

1. The BAMLI DAC MRT population includes staff of BAMLI DAC (inclusive of its branches) as well as staff of other European entities whose professional activities have been identified as potentially having a material impact on the risk profile of BAMLI DAC's operations. BAMLI DAC MRTs may also be MRTs of other European entities and could therefore additionally be reflected in relevant regulatory reportings for these entities.
2. EUR:USD FX Rate 1.1225936.
3. Comprises permanent and fixed-term employees, as well as Non-Executive Directors, of BAMLI DAC as at 31 December 2019.
4. Comprises base salaries, fixed allowances and estimated pensions, benefits and on-going international mobility-related allowances, as relevant. Separately, incremental tax costs were met on behalf of certain MRTs, reflecting the higher tax rates applicable as a result of these MRTs being on an ex-patriate assignment in a different country - the costs incurred in 2019, based on estimated tax positions (and which may include tax costs relating to remuneration awarded in previous years), were EUR 4.764m in aggregate, and the inclusion of these costs would result in one MRT being in the EUR 1.5m to 2m range (rather than the EUR 1m to 1.5m range) and one MRT being in the EUR 15m to 16m range (rather than the EUR 11m to 12m range). These estimated tax costs will only be fully reconciled once relevant tax returns have been filed. No fixed remuneration is paid as equity-based awards or other instruments.
5. Variable remuneration in respect of performance year 2019. Comprises upfront awards (cash and equity-based awards) and deferred equity-based awards. Remuneration is included on a basis consistent with values used in complying with the maximum permitted ratio of fixed to variable pay, where applicable. Any remuneration in the form of severance awards that fall outside of paragraph 154 (a)-(c) of the EBA Guidelines is counted for the purposes of such ratio, where applicable.
6. Comprises Non-Executive Directors of the BAMLI DAC Board.
7. Comprises Executive Directors of the BAMLI DAC Board.
8. Comprises BAMLI DAC MRTs considered to be senior management, excluding the Supervisory and Management Body.
9. The number of beneficiaries refers to the number of MRTs who received the remuneration reported in the corresponding column.

10. Where applicable, for employees who are BAMLI DAC MRTs for part of the year, the relevant portions of performance year 2019 remuneration within the scope of this disclosure are shown.
11. All amounts of deferred remuneration, including MRT awards and awards granted in prior performance years, are shown in full, including for employees who held a BAMLI DAC MRT role for part of performance year 2019. Stock price for deferred remuneration value calculations: USD 34.85 as at 14 Feb 2020. All deferred remuneration is subject to performance adjustment and detrimental conduct provisions.
12. Awarded during 2019. Sign-on figures comprises guaranteed payments which are only made in exceptional circumstances to new hires and are limited to the first year of employment. Any severance awards that fall outside of paragraph 154 (a)-(c) of the EBA Guidelines are counted for the purposes of the maximum permitted ratio of fixed to variable remuneration. Highest single severance payment of EUR 1.137m.