BANK OF AMERICA

Merrill Lynch International

Pillar 3 Disclosure

As at 31 December 2023

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Glossary

ABS	Asset-Backed Securities
AIRB	Advanced IRB Approach
ALM	Assets and Liabilities Management
AT1	Additional Tier 1 Capital
BAC / the Enterprise	Bank of America Corporation
BOE	Bank of England
Brexit	U.K. Exit from the European Union
Capital Resources	Available Capital Resources
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CCYB	Countercyclical Capital Buffer
CDO	Collateralised Debt Obligation
CDS	Credit Default Swap
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CFs	Control Functions
CMR	Contingent Market Risk
COVID-19	Coronavirus
CQS	Credit Quality Step
CRD	Capital Requirements Directive
CRD IV	Capital Requirements Directive IV
CRM	Comprehensive Risk Measure
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CSA	Credit Support Annex
CVA	Credit Valuation Adjustment
DVA	Debit Valuation Adjustment
EaR	Earnings at Risk
EBA	European Banking Authority
ECAIs	External Credit Assessment Institutions
ECAs	Export Credit Agencies
ECL	Expected Credit Losses
ECR	Enterprise Credit Risk
EEA	European Economic Area
ELD	External Operational Loss Event Data
EMEA	Europe, Middle East and Africa
ESG	Environmental, Social and Governance
EU	European Union
EVE	Economic Value of Equity
FCA	Financial Conduct Authority
FDIC	Federal Deposit Insurance Corporation
FIRB	Foundation IRB Approach
Fitch	Fitch Ratings, Inc.
FLUs	Front Line Units
FPC	Financial Policy Committee
FRS 101	Financial Reporting Standard 101 'Reduced Disclosure Framework'
FX	Foreign Exchange
G-SII	Global Systemically Important Institutions
GCOR	Global Compliance and Operational Risk
GDP	Gross Domestic Product
GMR	Global Markets Risk
GMRAs	Global Master Repurchase Agreements

GRM	Global Risk Management
HQLA	High Quality Liquid Assets
IAA	Internal Assessment Approach
IAS 39	International Accounting Standard 39
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
ILD	Internal Operational Loss Event Data
ILST	Internal Liquidity Stress Test
IM	Initial Margin
IMA	Internal Models Approach
IMM	Internal Model Method
IMMC	Identify, Measure, Monitor, and Control
IRB	Internal Ratings Based
IRC	Incremental Risk Charge
IRRBB	Interest Rate Risk in the Banking Book
ISDA	International Swaps Dealers Association
KRI	Key Risk Indicator
LCR	Liquidity Coverage Ratio
LEI	Legal Entity Identifier
LOBs	Lines of Business
LRP	Liquidity Risk Policy
Minimum Capital Requirement	Pillar 1 Capital Requirement
MLI / the Company / the Group	Merrill Lynch International
MLI Board	MLI Board of Directors
MLI BRC	MLI Board Risk Committee
MLI MRC	MLI Management Risk Committee
MLUKCH	ML UK Capital Holdings Limited
MLUKCH Board	MLUKCH Board of Directors
Moody’s	Moody’s Investors Service, Inc.
MREL	Minimum Requirements for Own Funds and Eligible Liabilities
MRM	Model Risk Management
MTM	Mark-to-Market
NII	Net Interest Income
O-SII	Other Systemically Important Institutions
OTC	Over-the-Counter
P&L	Profit and Loss
PRA	Prudential Regulation Authority
QA	Quality Assurance
RAS	Risk Appetite Statement
RCSA	Risk and Control Self-Assessment
Regulatory VaR	Value at Risk for regulatory capital calculations
Reputational Risk Committee	EMEA Reputational Risk Committee
RNiV	Risk Not in VaR
RTO	Return-to-office
RWAs	Risk Weighted Assets
S&P	Standard & Poor’s Global Ratings, Inc.
SA-CCR	Standardised Approach for Counterparty Credit Risk
SFA	Supervisory Formula Approach
SFT	Secured Financing Transaction
SPE	Special Purpose Entities
SREP	Supervisory Review and Evaluation Process
SS	Supervisory Statement
TCR	Total Capital Requirement
TLAC	Total Loss Absorbing Capacity

Trading VaR	Value at Risk for management reporting purposes
U.K. & CEEMEA	United Kingdom & Central and Eastern Europe, Middle East and Africa
U.S.	United States of America
UMR	Uncleared Margin Rules
VaR	Value at Risk
VM	Variation Margin
YoY	Year-on-Year

BANK OF AMERICA

Merrill Lynch International
Pillar 3 Disclosure

1. Introduction
As at 31 December 2023

1.1. Overview and Purpose of Document

This document contains the Pillar 3 disclosure as at 31 December 2023 in respect of the capital and risk management of Merrill Lynch International ("MLI" or the "Company"), and its subsidiaries (together the "Group" or the "MLI Group").

This document provides details on the Group's available capital resources ("Capital Resources"), regulatory defined Pillar 1 Capital Requirement ("Minimum Capital Requirement"), and Total Capital Requirement ("TCR") as prescribed by the Prudential Regulation Authority ("PRA"). It demonstrates that the Group has Capital Resources in excess of this requirement and maintains robust risk management and controls.

To further increase transparency, this document also includes information on the Group's liquidity position and capital requirements in respect of the Countercyclical Capital Buffer ("CCYB"), and the minimum requirement for own funds and eligible liabilities ("MREL"). MLI has not omitted any information on the basis that it is proprietary or confidential, and where information is omitted on the basis that it is not regarded as material, this is noted within this document.

1.1.1. MLI

On 1st November 2023, the Company's immediate parent, ML UK Capital Holdings Limited ("MLUKCH"), distributed all of its holdings in the Company to MLUKCH's shareholders, Bank of America Europe, Middle East, and Africa ("EMEA") Holdings 2 Limited and Bank of America Jersey Holdings Limited (together, the Jersey Intermediate Holding Companies, or "Jersey IHCs"), and the Jersey IHCs became the shareholders of MLI. At the same time, the Jersey IHCs contributed MLUKCH to become a fully owned subsidiary of MLI.

As a result, MLI's immediate parents are the Jersey IHCs. The ultimate parent of MLI is Bank of America Corporation ("BAC" or "Enterprise"). MLI is BAC's largest entity outside the United States of America ("U.S.") and helps serve the core financial needs of global corporations and institutional investors.

The Company's head office is in the U.K. with branches in Dubai and Qatar along with a representative office in Zurich, and is authorised and regulated by the PRA and regulated by the Financial Conduct Authority ("FCA"). MLI's LEI is GGDZP1UYGU9STUHRDP48.

As at 31 December 2023, MLI was rated by Fitch Ratings, Inc. ("Fitch") (AA / F1+) and S&P Global Ratings, Inc. ("S&P") (A+ / A-1).

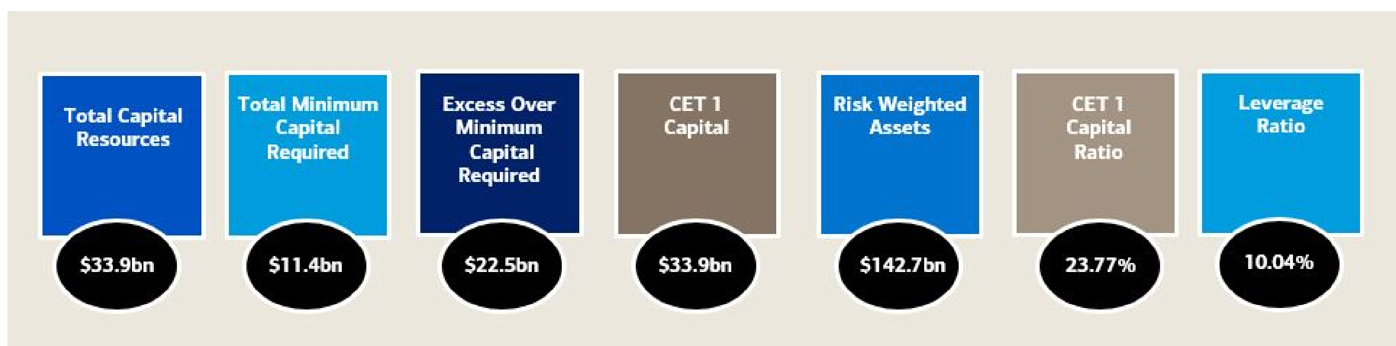
1.1.2. Other Entities

MLI is also the Parent Company to a small number of non-operating subsidiaries. Although consolidated into the Group, they are not separately disclosed in this document on the grounds of materiality.

1.1.3. Capital Position at 31 December 2023

The Group's Capital Resources consist entirely of Common Equity Tier 1 ("CET1") capital. As at 31 December 2023, the Group's CET1 ratio was 23.77% which significantly exceeds the Pillar 1 CET1 minimum requirement of 4.5%, and the reported Leverage ratio of 10.04% is in excess of the minimum regulatory requirement of 3.25%, which the Group is subject to effective from 1 January 2023.

Figure 1.1.3.F1. – Summary of Key Metrics as at 31 December 2023



Note: All of the Group's Tier 1 capital is CET1, therefore, the CET1 Capital Ratio and Tier 1 Capital Ratio are the same.

1.2. Basis of Preparation

The Basel Capital Accords provide a series of international standards for bank regulation commonly known as Basel I, Basel II and, most recently, Basel III. Basel III was originally implemented in the European Union ("EU") via the Capital Requirements Directive ("CRD") and the Capital Requirements Regulation ("CRR"). This legislation consists of three pillars. Pillar 1 is defined as 'Minimum Capital Requirement,' Pillar 2 'Supervisory Review Process,' and Pillar 3 'Market Discipline.' The aim of Pillar 3 is to encourage market discipline by allowing market participants to access key pieces of information regarding the capital adequacy of institutions through a prescribed set of disclosure requirements.

MLI's disclosures have been prepared to comply with the requirements of the UK CRR and the associated onshored binding technical standards that were created by the European Union (Withdrawal) Act 2018. The onshored CRR has subsequently been amended by a number of statutory instruments and is split across primary legislation and the PRA rulebook. Any reference to an EU regulation, including to Binding Technical Standards and Guidelines, is a reference to the U.K. on-shored version of that regulation, unless otherwise stated. This includes the Capital Requirements Directive V ("CRD V"), published in the EU in June 2019, which was transposed in the UK on 28 December 2020 on publication of the PRA policy statement *PS29/20 Capital Requirements Directive V (CRD V).*

The information contained in these Pillar 3 disclosures is presented in accordance with the Disclosure (CRR) part of the PRA rulebook, which became effective from 1 January 2022. It therefore does not constitute any form of financial statement of MLI or its subsidiaries, or of the wider Enterprise, and as such, is not prepared in accordance with International Financial Reporting Standards ("IFRS") or Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

Therefore the information contained in these disclosures may not be directly comparable with the Annual Report and Financial Statements, and the disclosure is not required to be audited by external auditors. In addition, certain components of the disclosure contain forward looking assumptions. Forward looking assumptions represent beliefs and expectations regarding future events and are not guarantees of future results and involve certain known and unknown risks and uncertainties that are difficult to predict and are often beyond the Group's control. Actual outcomes and results may differ materially from those expressed in, or implied by, any forward looking assumptions. Undue reliance should not be placed on any forward looking assumptions and consideration should be given to the uncertainties and risks discussed in other publicly available disclosures of BAC.

Although the Pillar 3 disclosure is intended to provide transparent information on a common basis, the information contained in this document may not be directly comparable with the information provided by other banks.

The basis of consolidation of the Group used for prudential purposes is the same as the consolidation used for accounting purposes. Figures for the Group are presented on a consolidated basis.

These Pillar 3 disclosures are published on the Investor Relations section of BAC's corporate website: http://investor.bankofamerica.com.

Transitional Impact of IFRS 9

IFRS 9 addresses the classification, measurement, and recognition of financial assets and financial liabilities. It replaces the guidance in International Accounting Standard 39 ("IAS 39") - Financial Instruments: Recognition and Measurement that relates to the classification and measurement of financial instruments.

Based on materiality, no further disclosures for the transitional impact of IFRS 9 are made in this document.

1.2.1. Reconciliation of Accounting Balance Sheet to Regulatory Exposure Amounts

1.2.1.1. Mapping of Financial Statement Categories with Regulatory Risk Categories

Table 1.2.1.1.T1. shows the accounting balance sheet and breaks down the carrying values of each line item between the relevant regulatory risk framework(s) to which they are allocated.

There are no differences between the accounting balance sheet and the carrying values included under the scope of the regulatory consolidation of the Group.

Table 1.2.1.1.T1. – UK LI1 Differences Between Accounting and Regulatory Scopes of Consolidation and Mapping of Financial Statement Categories with Regulatory Risk Categories ($ millions)

	2023					
	b	c	d	e	f	g
	Carrying Values under Scope of Regulatory Consolidation	Subject to the Credit Risk Framework	Subject to the CCR Framework	Subject to the Securitisation Framework	Subject to the Market Risk Framework	Not Subject to Capital Requirements or Subject to Deduction from Capital
Assets						
Investments	$ 476	$ 476	$ —	$ —	$ —	$ —
Debtors: Amounts owed from affiliated companies	3,014	3,014	—	—	—	—
Deferred tax	572	—	—	—	—	572
Pension	132	—	—	—	—	132
Trading assets	193,863	1,263	141,020	474	192,126	—
Debt securities at FVOCI	1,746	1,746	—	—	—	—
Resale agreements and securities borrowed	98,057	—	98,057	—	98,057	—
Debtors	51,986	3,824	40,214	—	30	7,919
Cash at bank and in hand	3,139	3,139	—	—	—	—
Total assets	**$ 352,984**	**$ 13,461**	**$ 279,290**	**$ 474**	**$ 290,213**	**$ 8,623**
Liabilities						
Bank loans and overdrafts	$ 5	$ —	$ —	$ —	$ —	$ 5
Trading liabilities	165,245	—	140,830	—	165,245	—
Repurchase agreements and securities loaned	60,755	—	60,755	—	60,755	—
Creditors	63,598	3,023	39,722	—	9,220	11,543
Repurchase agreements and securities loaned: Amounts falling due after more than one year	2,183	—	2,183	—	2,183	—
Creditors: Amounts falling due after more than one year	24,283	—	—	—	—	24,283
Total liabilities	**$ 316,070**	**$ 3,023**	**$ 243,489**	**$ 0**	**$ 237,403**	**$ 35,831**

The sum of amounts disclosed in columns (c) to (g) may not equal the amounts disclosed in column (b), as some items are subject to capital requirements for more than one risk framework listed in Part Three of CRR.

1.2.2.2. Differences between the Financial Statements' Carrying Value Amounts and the Exposure Amounts used for Regulatory Purposes (UK LIA)

UK LI2 discloses differences between the financial statements' carrying value amounts under the regulatory scope of consolidation and the exposure amounts used for regulatory purposes.

The purpose of the following table is to provide information on the main sources of difference between the financial statements' carrying value amounts and the exposure amounts used for regulatory purposes.

Table 1.2.2.2.T1. – UK LI2 Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Financial Statements ($ millions)

		a	b	c	d	e
		Total	Items subject to			
			Credit Risk Framework	Securitisation Framework	CCR Framework	Market Risk Framework
1	Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)	$ 344,361	$ 13,461	$ 474	$ 279,290	$ 290,213
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)	280,239	3,023	—	243,489	237,403
3	Total net amount under the regulatory scope of consolidation	64,123	10,438	474	35,800	52,809
4	Off-balance-sheet amounts	381,634	9,941	236	371,457	
5	Differences in valuations	(1,076)	—	—	(1,076)	
6	Differences due to different netting rules, other than those already included in row 2	326,278	147	—	326,131	
7	Differences due to consideration of provisions	—	—	—	—	
8	Differences due to the use of credit risk mitigation techniques (CRMs)	(668,768)	(15)	(33)	(668,719)	
9	Differences due to credit conversion factors	(9,187)	(9,187)	—	—	
10	Differences due to Securitisation with risk transfer	—	—	—	—	
11	Other differences	56,352	(157)	0	56,509	
12	Exposure amounts considered for regulatory purposes	149,356	11,167	677	120,101	52,809

Explanations of Differences between Accounting and Regulatory Exposure Amounts

Included below is a summary of the key types of difference between the accounting and regulatory exposure amounts as shown in the reconciliation above.

Off-Balance Sheet Amounts

- Instruments not on the balance sheet, such as guarantees and commitments, are considered as exposures for the calculation of regulatory capital requirements

- Collateral provided in the form of securities (debt and equity instruments) are not shown on the balance sheet, but are used in the calculation of regulatory exposure amounts

Differences Due to Netting Rules

- Under the FRS 101 accounting framework, financial assets and liabilities are offset, and the net amount is reported on the balance sheet where the Company currently has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously

- Under the regulatory framework, netting is applied for the calculation of exposures where it is legally effective and enforceable. This typically means that more netting is recognised under the regulatory framework than under the accounting framework

Differences Due to the Use of Credit Risk Mitigation Techniques

- In counterparty credit risk (“CCR”), differences arise between accounting carrying values and regulatory exposure as a result of the application of credit risk mitigation, relating to financial collateral received in derivative and securities financing transactions (“SFTs”)

Differences Due to Credit Conversion Factors

- Off-balance sheet exposures are multiplied by a credit conversion factor as defined in the PRA Rulebook, in order to determine the regulatory exposure value

Other Differences

- Under the standardised approach for counterparty credit risk applies an add-on for potential future credit exposure (“PFE”) is applied for derivative exposures, and an additional alpha factor of 1.4 is applied in determining the regulatory exposure value

1.2.2.2.1. Prudential Valuation Adjustment

Prudential Valuation Adjustment

Prudential valuation adjustment is deducted from MLI and the Group’s Tier 1 Capital Resources. There is an established valuation control policy and prudent valuation guidelines which set out the policies and procedures for the determination of price verification and prudent valuation in accordance with the requirements of the on-shored UK CRR, and CRD V as applicable under the PRA Rulebook, and related interpretive guidance.

Table 1.2.2.2.1.T1. – UK PV1 Prudent Valuation Adjustments ("PVA") ($ millions)

		a	b	c	d	e	UK e1	UK e2	f	g	h
		Risk Category					Category lLvel AVA - Valuation Uncertainty		Total Category Level Post-diversification		
	Category Level AVA	Equity	Interest Rates	Foreign Exchange	Credit	Commodities	Unearned Credit Spreads AVA	Investment and Funding Costs AVA		Of Which: Total Core Approach in the Trading Book	Of Which: Total Core Approach in the Banking Book
1	Market price uncertainty	240	391	29	290	12	30	32	512	377	135
2	Set not applicable in the UK										
3	Close-out cost	106	144	11	41	29	4	3	169	167	3
4	Concentrated positions	65	154	2	19	0			241	216	25
5	Early termination										
6	Model risk	31	36	0			18		43	34	9
7	Operational risk	17	28	2	18	2			68	54	14
8	Set not applicable in the UK										
9	Set not applicable in the UK										
10	Future administrative costs	13	18	2	10	1			44		44
11	Set not applicable in the UK										
12	Total Additional Valuation Adjustments (AVAs)								1076	848	228

1.3. Disclosure Policy

MLI have adopted a formal policy to comply with the requirements included in the Disclosure (CRR) part of the PRA rulebook, in accordance with Article 431(3). The Merrill Lynch International Pillar 3 Disclosure Policy sets out the internal processes, systems and controls used to verify that the disclosures are appropriate and in compliance with regulatory requirements, and that the disclosures convey MLI's risk profile comprehensively to market participants.

Article 431(3) also requires that at least one member of the management body or senior management shall attest in writing that the disclosures required under the Pillar 3 framework within PRA Rulebook have been made in accordance with the policy and associated internal processes, systems and controls. The written attestation is included below:

Senior Management Attestation

"I attest that the disclosures provided in the MLI year-end Pillar 3 disclosure have been prepared in accordance with the internal processes, systems and controls detailed in the MLI Pillar 3 Disclosure Policy, which has been approved by the MLI Board."

The MLI Pillar 3 Disclosures have been attested by:

UK / CEEMEA Chief Financial Officer

Charles Peters

UK / CEEMEA Chief Risk Officer

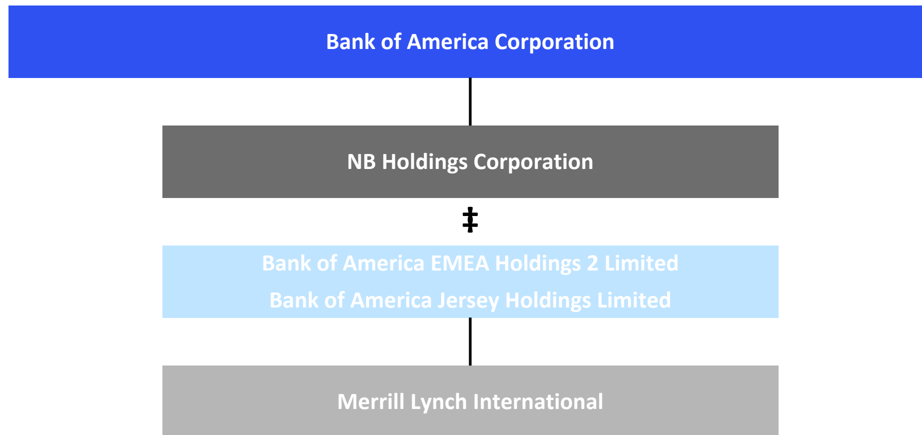
Peter O'Flynn

1.4. Operation, Structure, and Organisation

MLI is BAC's largest entity outside the U.S. and helps serve the core financial needs of global corporations and institutional investors.

Pursuant to the disclosure requirements under the PRA's Group Financial Support Instrument, and in accordance with the general principles set out in Articles 431-434 of the Disclosure (CRR) part of the PRA rulebook, MLI has not entered into any financial support agreements with any European Economic Area ("EEA") group entities.

Figure 1.4.F1. – High Level Ownership Chart



‡ represents indirect ownership relationship

Merrill Lynch International
Pillar 3 Disclosure

2. Capital Resources and Minimum Capital Requirement
As at 31 December 2023

2.1. Capital Resources

2.1.1. Summary of 2023 Capital Resources

Capital Resources represent the amount of regulatory capital available to an entity in order to cover all risks. Defined within the PRA Rulebook, capital resources are designated into two tiers, Tier 1 and Tier 2. Tier 1 capital consists of CET1 and Additional Tier 1 ("AT1"). CET1 is the highest quality of capital and typically represents equity and audited reserves. AT1 usually represents contingent convertible bonds. Tier 2 capital typically consists of subordinated debt and hybrid debt capital instruments.

The capital resources of the Group are set out in Table 2.1.2.T1. – UK KM1 - Key Metrics Template.

The Group's Capital Resources of $33.9 billion (2022: $33.6 billion) consist entirely of Tier 1 capital. All of the Group's Tier 1 capital is made up of CET1.

2.1.2. Key Movements in 2023

The following table shows a summary of the Group's key capital, leverage and liquidity metrics as at 31 December 2023.

The Group's capital resources remained broadly flat in 4th Quarter 2023 compared to 2nd Quarter 2023. The Group's total risk-weighted exposure amount increased by $1.1 billion in 4th Quarter 2023 compared to 2nd Quarter 2023. This was mainly due to an increase in risk-weighted exposure amounts for market risk in the period.

Table 2.1.2.T1. – UK KM1 - Key Metrics Template ($ millions)

		MLI Group			
		Q4 2023	Q2 2023	Q4 2022	Q2 2022
	Available own Funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	$33,917	$33,699	$33,595	$33,444
2	Tier 1 capital	33,917	33,699	33,595	33,444
3	Total capital	33,917	33,699	33,595	33,444
	Risk-weighted exposure amounts				
4	Total risk-weighted exposure amount	142,691	141,611	143,228	149,452
	Capital Ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	23.77 %	23.80 %	23.46 %	22.38 %
6	Tier 1 ratio (%)	23.77	23.80	23.46	22.38
7	Total capital ratio (%)	23.77	23.80	23.46	22.38
	Additional own Funds Requirements based on SREP (as a percentage of risk-weighted exposure amount)				
UK 7a	Additional CET1 SREP requirements (%)	1.83 %	1.83 %	1.83 %	1.83 %
UK 7b	Additional AT1 SREP requirements (%)	0.61 %	0.61 %	0.61 %	0.61 %
UK 7c	Additional T2 SREP requirements (%)	0.81 %	0.81 %	0.81 %	0.81 %
UK 7d	Total SREP own funds requirements (%)	11.25 %	11.25 %	11.25 %	11.25 %
	Combined Buffer Requirement (as a percentage of risk-weighted exposure amount)				
8	Capital conservation buffer (%)	2.50 %	2.50 %	2.50 %	2.50 %
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a	—	—	—	—
9	Institution specific countercyclical capital buffer (%)	0.53 %	0.37 %	0.22 %	0.05 %
UK 9a	Systemic risk buffer (%)	—	—	—	—
10	Global Systemically Important Institution buffer (%)	—	—	—	—
UK 10a	Other Systemically Important Institution buffer	—	—	—	—
11	Combined buffer requirement (%)	3.03 %	2.87 %	2.72 %	2.55 %
UK 11a	Overall capital requirements (%)	14.28 %	14.12 %	13.97 %	13.80 %
12	CET1 available after meeting the total SREP own funds requirements (%)	12.52 %	12.54 %	12.21 %	11.13 %
	Leverage Ratio				
13	Total exposure measure excluding claims on central banks	$337,890	$374,400	$366,865	$362,483
14	Leverage ratio excluding claims on central banks (%)	10.04 %	9.00 %	9.16 %	9.23 %
	Additional Leverage Ratio Disclosure Requirements				
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	10.04 %	9.00 %		
14b	Leverage ratio including claims on central banks (%)	10.00 %	9.00 %		
14c	Average leverage ratio excluding claims on central banks (%)	9.49 %	9.09 %		
14d	Average leverage ratio including claims on central banks (%)	9.45 %	9.09 %		
14e	Countercyclical leverage ratio buffer (%)	0.18 %	0.13 %		
	Liquidity Coverage Ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	$32,097	$32,339	$31,451	$30,873
UK 16a	Cash outflows - Total weighted value	49,613	48,407	48,657	47,028
UK 16b	Cash inflows - Total weighted value	35,743	33,644	34,496	33,604
16	Total net cash outflows (adjusted value)	14,007	14,763	14,355	13,618
17	Liquidity coverage ratio (%)	230.63 %	221.41 %	221.56 %	228.24 %
	Net Stable Funding Ratio				
18	Total available stable funding	$68,069	$63,747	$63,963	
19	Total required stable funding	61,654	57,696	56,830	
20	NSFR ratio (%)	110.44 %	110.85 %	112.80 %	

2.1.3. Minimum Requirements for Own Funds and Eligible Liabilities

MLI is subject to parallel eligible liabilities regimes. The requirements are designed to enhance the resilience of the financial system by ensuring firms have sufficient capital to absorb losses and recapitalise under resolution.

MLI is required to meet a requirement for own funds and eligible liabilities equal to 90% of the higher of 16% Risk Weighted Assets (“RWA”) or 6% of the total exposure measure set out in CRR Article 429(4) from 27 June 2019, as amended and implemented in the UK. These requirements for own funds and eligible liabilities apply in parallel with a firm specific MREL set by the Bank of England (“BOE”). MLI is required to comply with the highest applicable requirement. MLI meets its eligible liability requirements.

The Group has Resolution Capital Resources of $33.9 billion consisting of $33.9 billion of CET1 capital.

BAC’s preferred resolution strategy is a Single Point of Entry strategy. Further information on the resolution strategy can be found in the 165(d) BAC Resolution Plan Public Executive Summary, as submitted to and published by the Federal Deposit Insurance Corporation.

2.1.4. Transferability of Capital within the BAC Group (UK LIB)

Capital Resources are satisfied by sourcing capital either directly from BAC or from other affiliates. There are no material, current or foreseen, practical, or legal impediments to the prompt transfer of capital resources or repayment of liabilities, subject to applicable regulatory requirements.

2.2. Capital Requirements and RWAs

2.2.1. Summary of 2023 Capital Requirement

RWAs reflect both on- and off-balance sheet risk, as well as capital charges attributable to the risk of loss arising from the following.

Credit and counterparty credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations. Credit and Counterparty Credit capital requirements are derived from RWAs, determined using the Standardised Approach for exposures.

Credit Valuation Adjustment (“CVA”) is the capital requirement that covers the risk of mark-to-market losses on the counterparty risk of Over-the-Counter (“OTC”) derivatives. It is calculated using standardised approaches.

Settlement risk refers to the capital requirement that covers the risk due to the possibility that a counterparty will fail to deliver on the terms of a contract at the agreed-upon time.

Securitisations exposures are a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranched. Payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures and the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme.

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices, implied volatilities (the price volatility of the underlying instrument imputed from option prices), correlations or other market factors, such as market liquidity, will result in losses for a position or portfolio. The Market Risk capital requirements comprise of capital associated with the Internal Modelling Approaches (“IMA”) approved by the PRA and those associated with the Standardised Approach.

Large exposures refer to the capital requirement that covers the risk due to concentrated exposures to a single counterparty or group of connected counterparties.

Operational risk refers to the risk of loss, or of damage to reputation, resulting from inadequate or failed processes, people and systems or from external events (e.g., fraud, theft, legal and compliance risks, cyber-attacks or damage to physical assets). Capital requirements for operational risk are calculated under the Standardised Approach.

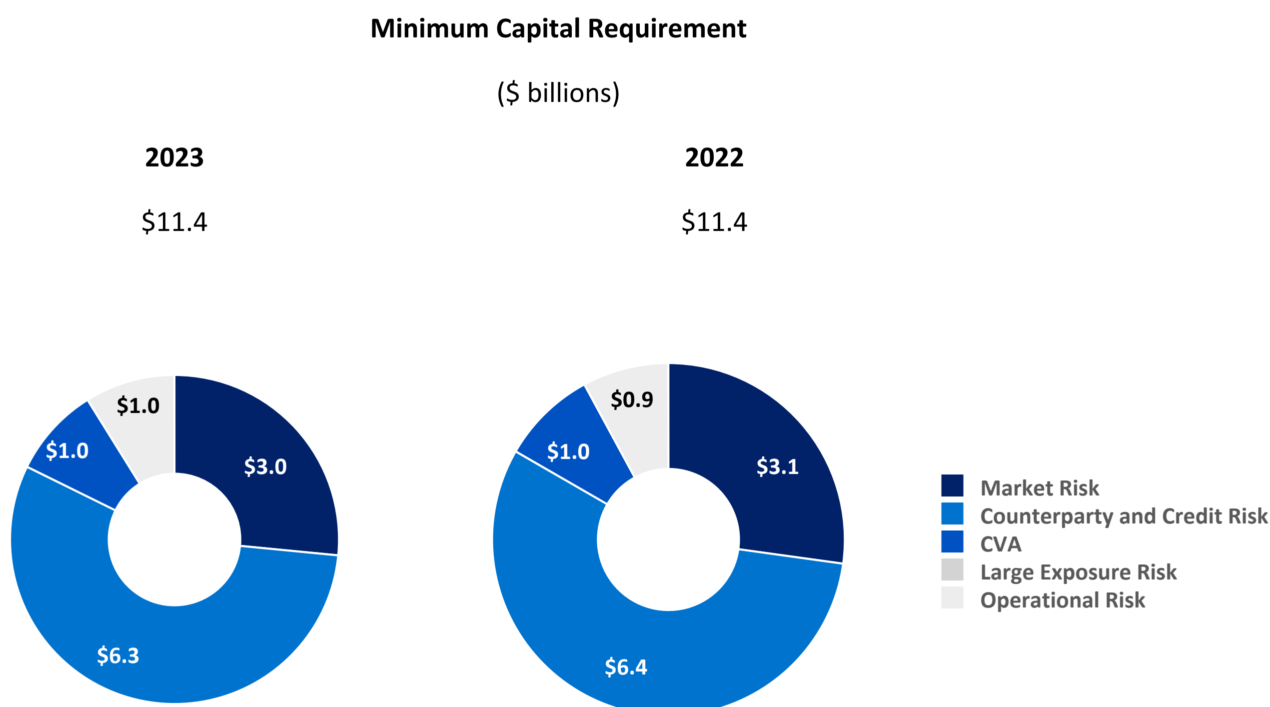
Amounts below the thresholds for deduction correspond to items not deducted from Own Funds, in accordance with the PRA Rulebook Definition of Capital chapter.

Table 2.2.2.T1. – UK OV1 - Overview of Risk-weighted Exposure Amounts summarises RWAs and Minimum Capital Requirements for the Group by risk type. The Group is subject to and calculate Minimum Capital Requirements as 8% of RWAs in accordance with article 92 of the CRR, applicable as per on-shored UK CRR.

The Group is also required to hold capital in addition to the Minimum Capital Requirement to meet PRA obligations and CRD buffers.

The Minimum Capital Requirement principally comprises of Credit Risk, Market Risk, and Operational Risk requirements. The Group has a Minimum Capital Requirement of $11.4 billion (2022: $11.4 billion) comprising of the risk requirements outlined in Figure 2.2.1.F1. – Summary of MLI's Minimum Capital Requirement.

Figure 2.2.1.F1. – Summary of MLI's Minimum Capital Requirement



2.2.1.1. Use of Standardised Approach (UK CRD)

In order to adhere to the standardised approaches laid out in the on-shored UK CRR and where relevant the PRA Rulebook, MLI uses external ratings from External Credit Assessment Institutions ("ECAIs") based on a combination of Moody's Investors Service, Inc. ("Moody's"), S&P, and Fitch.

MLI complies with the standard association for mapping of external ratings of each nominated ECAI with the credit quality steps, as published by the European Banking Authority ("EBA") and onshored to UK regulation, and processes are in place to comply with future PRA and FCA technical standards on ECAI mapping.

ECAI ratings are used for all relevant exposure classes. MLI does not use Export Credit Agencies (“ECAs”). There have been no changes relating to the use of ECAIs or ECAs during the reporting period. MLI does not transfer issuer and issue credit assessments onto items not included in the trading book.

2.2.2. Key Movements in 2023

The Group's Minimum Capital Requirement remained flat at $11.4 billion in the year ended 2023.

Table 2.2.2.T1. – UK OV1 - Overview of Risk-weighted Exposure Amounts ($ millions)

		MLI Group		
		Risk-weighted Exposure Amounts ("RWEAs")		Total own Funds Requirements
		Q4 2023	Q4 2022	Q4 2023
1	Credit risk (excluding CCR)	$ 5,944	$ 5,998	$ 476
2	Of which the standardised approach	5,944	5,998	476
3	Of which the foundation IRB (FIRB) approach			
4	Of which slotting approach			
UK 4a	Of which equities under the simple risk-weighted approach			
5	Of which the advanced IRB (AIRB) approach			
6	Counterparty credit risk - CCR	81,671	81,841	6,534
7	Of which the standardised approach	30,234	32,655	2,419
8	Of which internal model method (IMM)			
UK 8a	Of which exposures to a CCP	439	514	35
UK 8b	Of which credit valuation adjustment - CVA	12,950	12,898	1,036
9	Of which other CCR	38,047	35,775	3,044
10	Empty set in the UK			
11	Empty set in the UK			
12	Empty set in the UK			
13	Empty set in the UK			
14	Empty set in the UK			
15	Settlement risk	405	570	32
16	Securitisation exposures in the non-trading book (after the cap)	4,012	4,127	321
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)	2,081	2,082	166
19	Of which SEC-SA approach	1,217	1,529	97
UK 19a	Of which 1250% / deduction	714	516	57
20	Position, foreign exchange and commodities risks (Market risk)	37,893	39,398	3,031
21	Of which the standardised approach	18,756	14,375	1,500
22	Of which IMA	19,136	25,023	1,531
UK 22a	Large exposures			
23	Operational risk	12,768	11,294	1,021
UK 23a	Of which basic indicator approach			
UK 23b	Of which standardised approach	12,768	11,294	1,021
UK 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)			
25	Empty set in the UK			
26	Empty set in the UK			
27	Empty set in the UK			
28	Empty set in the UK			
29	**Total**	**$ 142,691**	**$ 143,228**	**$ 11,415**

Table 2.2.2.T1. – UK OV1 - Overview of Risk-weighted Exposure Amounts shows a breakdown of the RWAs and Minimum Capital Requirement of the Group.

The decrease in RWAs from $143.2 billion in 2022 to $142.7 billion in 2023 is mainly driven by a decrease in market risk RWA in the year.

2.3. Capital Summary

2.3.1. Capital Position and Capital Ratio

The Group's capital resources in excess of its Minimum Capital Requirements were $22.5 billion as at 31 December 2023.

Table 2.3.1.T1. – Capital Surplus over Minimum Capital Requirement and Tier 1 Ratio shows a summary of the Group's Total Capital position, the Group is adequately capitalised with capital resources significantly in excess of the Minimum Capital Requirement.

MLI's capital position is monitored and analysed on a daily basis. Both MLI and the Group maintained capital surplus over the Minimum Capital Requirement.

An entity's Tier 1 ratio is the ratio of Tier 1 Capital to RWAs. RWAs have decreased in 2023, primarily driven by a decrease in the market risk RWA in the year.

The change outlined above, and also in Section 2.1.2., resulted in the Group's Tier 1 ratio increasing year-on-year from 23.46% to 23.77% .

Table 2.3.1.T1. – Capital Surplus over Minimum Capital Requirement and Tier 1 Ratio ($ millions)

	MLI Group	
	2023	2022
Total Capital Resources	$ 33,917	$ 33,595
Total Pillar 1 Minimum Capital Requirement	11,415	11,458
Surplus over Requirement	**$ 22,502**	**$ 22,137**
Tier 1 Capital Resources	33,917	33,595
Risk Weighted Assets	142,691	143,228
Tier 1 Capital Ratio	**23.77 %**	**23.46 %**

2.4. Capital Management (UK OVC)

MLI views capital as an important source of financial strength, and is committed to managing its capital in a manner consistent with applicable laws, rules and regulations. MLI manages and monitors capital in line with established policies and procedures and in compliance with local regulatory requirements and considers the changing needs of its businesses. The appropriate level and quality of capital is set so that MLI meets all regulatory capital requirements, and so that MLI is able to continue as a going concern. Key components of the capital management framework include:

- A strategic capital planning process aligned to risk appetite
- A robust capital stress testing framework
- Regular monitoring against capital and leverage risk appetite limits
- Regular leverage and capital reporting to management

MLI also conducts an Internal Capital Adequacy Assessment Process ("ICAAP") at least annually. The ICAAP is a key tool used to inform the MLI Board of Directors ("MLI Board") and the executive management on MLI's risk profile and capital adequacy. The MLI ICAAP:

- Is designed to ensure the risks to which MLI is exposed are appropriately capitalised and risk managed

- Assesses capital adequacy under normal and stressed operating environments over the capital planning horizon to ensure MLI maintains a capital position in line with pre and post stress goals
- Uses stress testing to ensure capital levels are adequate to withstand the impact of a suitably severe stress

The ICAAP is also aligned to the recovery plan that prepares MLI to restore its financial strength and viability during an extreme stress situation, laying out a set of defined actions aimed to protect the entity, its customers, the market and prevent a potential resolution event. The recovery plan includes a wide range of countermeasures that are designed to mitigate various stress scenarios that could threaten MLI's capital position. In addition, the recovery plan outlines clear predefined governance and processes set up to support timely, efficient, and effective monitoring, escalation, decision-making, and implementation of recovery options if a crisis event were to occur.

MLI’s ICAAP also assesses Pillar 2A at least annually. Pillar 2A is an additional amount of capital that MLI and the Group are required to hold in order to cover risks that are not covered (or not entirely covered) by the Minimum Capital Requirement. The PRA reviews the ICAAP as part of the Supervisory Review and Evaluation Process (“SREP”) and sets a TCR. The TCR is the sum of the Minimum Capital Requirement (8% of RWAs) and the Pillar 2A capital requirement (3.25% of RWAs).

As at 31 December 2023, MLI and the Group’s TCR was set at 11.25% of RWAs.

2.5. Leverage Ratio

2.5.1. Summary

MLI has a minimum leverage ratio capital requirement of 3.25%, which applies to MLI and the Group from 1 January 2023.

MLI manages its risk of excessive leverage through leverage ratio early warning trigger levels. Limits are calibrated in line with legal entity capacity and ensure that leverage exposure remains within MLI’s risk appetite.

The Group’s leverage ratio is 10.04%.

Table 2.5.1.T1. – Leverage Ratio

	MLI Group	
	2023	2022
Leverage Ratio	10.04 %	9.16 %

2.5.2. Key Movements in 2023 (UK LRA)

The Group’s leverage ratio increased from 9.16% at 31 December 2022 to 10.04% at 31 December 2023. This was mainly driven by a reduction in on balance sheet exposures and derivative exposures in the year.

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3. Encumbered and Unencumbered Assets
As at 31 December 2023

3.1. Encumbered and Unencumbered Assets (UK AE4)

Asset encumbrance occurs when an asset is pledged as collateral or used to secure a transaction from which it cannot be freely withdrawn.

Encumbered on-balance sheet assets in the MLI Group consist primarily of debt and equity trading securities which are delivered as collateral into secured funding transactions such as repurchase agreements, stock lending and collateral swaps, or as margin under derivatives agreements. The MLI Group also holds encumbered cash, reported within 'Other Assets', which is pledged as margin under derivatives agreements.

The majority of the MLI Group's assets in this disclosure relate to derivatives and reverse repo transactions, shown as 'Other Assets', which are reported as cash and are therefore not subject to encumbrance. In most instances, the group has rehypothecation rights over the securities received in these transactions and therefore this collateral is generally onwards encumbered in secured funding transactions or pledged as margin under derivatives agreements. These securities form the majority of 'Collateral received by the reporting institution' within Table 3.1.T2. – UK AE2 Collateral Received and Own Debt Securities Issued and are shown as encumbered, demonstrating that asset encumbrance is an integral part of the MLI Group's business model. As a result, there are robust collateral management strategies and systems in place to manage asset encumbrance on a business-as-usual and stress basis and the profile is controlled through its risk limits and metrics framework.

The values contained within this disclosure represent the median of the MLI Group's quarterly regulatory Asset Encumbrance submissions over 2023. The disclosure is prepared in accordance with the requirements of Article 443 of the PRA Rulebook and is based on accounting information produced in line with international accounting standards.

Table 3.1.T1. – UK AE1 Encumbered and Unencumbered Assets outlines the carrying and fair value of certain assets of the Company and the Group split between those encumbered and unencumbered.

Table 3.1.T1. – UK AE1 Encumbered and Unencumbered Assets ($ millions)

		2023							
		Carrying Amount of Encumbered Assets		Fair Value of Encumbered Assets		Carrying Amount of Unencumbered Assets		Fair Value of Unencumbered Assets	
			of which notionally eligible EHQLA and HQLA [3]		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution [1]**	**$ 65,257**	**$ 17,672**			**$ 319,081**	**$ 3,903**		
030	Equity Instruments	23,687	6,840	23,687	6,840	15,188	437	15,188	437
040	Debt Securities	19,357	9,963	19,357	9,963	4,144	2,793	4,144	2,793
050	of which: covered bonds	847	—	847	—	—	—	—	—
060	of which: securitisations	805	—	805	—	34	—	34	—
070	of which: issued by general governments	8,593	6,916	8,593	6,916	3,142	2,654	3,142	2,654
080	of which: issued by financial corporations	4,887	1,600	4,887	1,600	596	99	596	99
090	of which: issued by non-financial corporations	4,154	1,446	4,154	1,446	314	26	314	26
120	Other assets [2]	23,126	—			299,239	1,163		

		2022							
		Carrying Amount of Encumbered Assets		Fair Value of Encumbered Assets		Carrying Amount of Unencumbered Assets		Fair Value of Unencumbered Assets	
			of which notionally eligible EHQLA and HQLA [3]		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution [1]**	**$ 66,093**	**$ 19,009**			**$ 351,119**	**$ 4,864**		
030	Equity Instruments	21,083	5,414	21,083	5,414	11,090	270	11,090	270
040	Debt Securities	21,051	13,686	21,051	13,686	5,692	4,600	5,692	4,600
050	of which: covered bonds	1	—	1	—	—	—	—	—
060	of which: securitisations	695	—	695	—	47	—	47	—
070	of which: issued by general governments	12,309	10,913	12,309	10,913	4,608	4,211	4,608	4,211
080	of which: issued by financial corporations	3,696	1,036	3,696	1,036	835	256	835	256
090	of which: issued by non-financial corporations	4,002	1,420	4,002	1,420	409	16	409	16
120	Other assets [2]	24,772	—			333,944	—		

[1] Figures represent median values calculated as the median of the end-of-period values for each of the four quarters in the year. Totals in the table are calculated as the median of the sums for each quarter-end and as such will not be equal to the sum of the individual line items in each table.

[2] The majority of unencumbered Other Assets relates to derivative assets not available for encumbrance.

[3] HQLA = High-Quality Liquid Assets; EHQLA = Extremely High-Quality Liquid Assets

Table 3.1.T2. – UK AE2 Collateral Received and Own Debt Securities Issued provides detail on both the fair value of encumbered collateral received and collateral received that is available for encumbrance.

Table 3.1.T2. – UK AE2 Collateral Received and Own Debt Securities Issued ($ millions)

		MLI Group							
		2023				2022			
		Fair Value of Encumbered Collateral Received or own Debt Securities Issued		Unencumbered Fair Value of Collateral Received or own Debt Securities Issued Available for Encumbrance		Fair Value of Encumbered Collateral Received or own Debt Securities Issued		Unencumbered Fair Value of Collateral Received or own Debt Securities Issued Available for Encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060	010	030	040	060
130	**Collateral received by the reporting institution**	**$ 286,072**	**$ 228,109**	**$ 56,086**	**$ 31,644**	**$ 277,813**	**$ 217,813**	**$ 63,416**	**$ 28,539**
140	Loans on demand	—	—	—	—	—	—	—	—
150	Equity instruments	69,294	22,855	9,649	2,512	62,703	19,897	9,536	2,364
160	Debt securities	216,778	203,836	29,821	29,181	208,581	196,654	27,102	25,934
170	of which: covered bonds	731	—	1	—	111	—	—	—
180	of which: securitisations	929	—	9,774	9,747	414	—	6,787	6,779
190	of which: issued by general governments	204,122	199,737	18,541	18,383	195,654	191,572	20,826	20,664
200	of which: issued by financial corporations	6,561	2,838	314	39	6,748	3,039	466	100
210	of which: issued by non-financial corporations	5,199	1,595	334	33	4,481	1,213	588	40
220	Loans and advances other than loans on demand	—	—	17,601	—	—	—	24,795	—
230	Other collateral received	—	—	—	—	—	—	—	—
240	Own debt securities issued other than own covered bonds or securitisations	—	—	—	—	—	—	—	—
241	Own covered bonds and asset-backed securities issued and not yet pledged			—	—			—	—
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	**$ 351,720**	**$ 246,148**			**$ 348,086**	**$ 238,360**		

[(1)] Figures represent median values calculated as the median of the end-of-period values for each of the four quarters in the year. Totals in the tables are calculated as the median of the sums for each quarter-end and as such will not be equal to the sum of the individual line items in each table.

Table 3.1.T3. – UK AE3 Sources of Encumbrance outlines the value of liabilities against which assets have been encumbered and the respective asset values.

Table 3.1.T3. – UK AE3 Sources of Encumbrance ($ millions)

		MLI Group			
		2022		2022	
		Matching Liabilities, Contingent Liabilities or Securities Lent	Assets, Collateral Received and own Debt Securities Issued other than Covered Bonds and Securitisations Encumbered	Matching Liabilities, Contingent Liabilities or Securities Lent	Assets, Collateral Received and own Debt Securities Issued other than Covered Bonds and Securitisations Encumbered
		010	030	010	030
010	Carrying amount of selected financial liabilities	$ 195,943	$ 201,000	$ 181,263	$ 185,444

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4. Risk Management, Objectives, and Policy
As at 31 December 2023

4.1. Disclosure of Risk Management Objectives and Policies (UK OVA, OVB)

UK OVA – Risk Management Approach

BAC has established a risk governance framework (the "Risk Framework") which serves as the foundation for consistent and effective management of risks facing BAC and its subsidiaries. BAC adopted the 2024 Risk Framework in December 2023.

MLI adheres to the global management structure including risk management and oversight, as adapted to reflect local business, legal, and regulatory requirements. The MLI Board adopted the BAC 2024 Risk Framework in March 2024.

The following section lays out the risk management approach and key risk types for the MLI.

A culture of managing risk well is fundamental to the Group's core values and its purpose, and how it drives responsible growth. It requires focus on risk in all activities and encourages the necessary mindset and behaviour to enable effective risk management and promote sound risk-taking within the Group's risk appetite. Sustaining a culture of managing risk well throughout the organisation is critical to the success of the Group and is a clear expectation of the Group's Executive Management team and its Board of Directors.

The following principles form the foundation of the Group's culture of managing risk well:

1. Managing risk well protects the Group and its reputation and enables the Group to deliver on its purpose and strategy

2. The Group treats clients fairly and acts with integrity to support the long-term interests of its employees, customers, and shareholders. The Group understands that improper conduct, behaviour, or practices by the Group, its employees, or representatives could harm the Group, shareholders, or clients, or damage the integrity of the financial markets

3. As the Group helps its clients improve their financial lives, it must always conduct itself with honesty, integrity, and fairness

4. All employees are responsible for proactively managing risk as part of their day-to-day activities through prompt identification, escalation, and debate of risks

5. While the Group employs models and methods to assess risk and better inform the Group's decisions, proactive debate and a thorough challenge process lead to the best outcomes

6. Lines of business ("LOBs") and other Front Line Units ("FLUs") are first and foremost responsible for managing all aspects of their businesses, including all types of risk

7. Global Rick Management ("GRM") provides independent oversight and effective challenge, while Corporate Audit provides independent assessment and validation

8. The Group strives to be best-in-class by continually working to improve risk management practices and capabilities

a) Risk statement approved by the management body (point (f) of Article 435 (1) CRR

Risk Statement

Below is the concise risk statement, approved by the MLI Board, which succinctly describes MLI's overall risk profile associated with the business strategy.

MLI is BAC’s largest operating subsidiary outside the U.S. and serves the core financial needs of global corporations and institutional investors.

The risk profile reflects the principal activities of MLI and it’s subsidiaries which provide a wide range of financial services globally for business originated in EMEA, Asia Pacific, and the Americas; to act as a broker and dealer in financial instruments; and to provide corporate finance advisory services. The Company also provides a number of post trade related services including settlement and clearing services to third-party clients.

As at 31 December 2023, the Group’s total assets prepared in accordance with FRS 101 totalled $349.8 billion, and comprised principally of derivative assets, equities, fixed income securities, and sale and repurchase transaction positions. The Group had $33.9 billion of regulatory Capital Resources, consisting entirely of CET1 capital of $33.9 billion. The Group had a Tier 1 capital ratio of 23.77%, and the Group’s leverage ratio is 10.04%. The Group’s twelve-month average Liquidity Coverage Ratio (“LCR”) was 230.63%.

MLI has transactions with affiliated companies in the BAC Group, primarily as a result of utilising affiliate counterparties to gain access to certain markets and products, both on behalf of clients in order to provide efficient market access and for its own risk management purposes. MLI also typically deposits cash with affiliates and provides / receives intercompany loans for general liquidity management purposes. At 31 December 2023, MLI had balances with affiliates within customer receivables of $5.7 billion , balances with affiliates within repurchase agreements and securities loaned transactions of $20.9 billion, and balances with affiliates within customer payables of $7.1 billion.

Market risk for the Group is generated by the activities in the interest rate, foreign exchange (“FX”), credit, equity, and commodities markets. In addition, the values of asset and liabilities could change due to market liquidity, correlations across markets, and expectations of market volatility. Average VaR for regulatory capital calculations (“Regulatory VaR”) for MLI during 2023 was $59 million.

MLI maintains excess liquidity in order to meet day-to-day funding requirements, withstand a range of liquidity shocks, safeguard against potential stress events, and meet internal and regulatory requirements.

The Risk Appetite Statement (“RAS”), established for MLI, indicates the amount of capital, earnings, and liquidity MLI is willing to put at risk to achieve its strategic objectives and business plans, consistent with applicable regulatory requirements. Further detail on this is provided in the section below.

Risk Appetite

The RAS ensures that MLI maintains an acceptable risk profile that is in alignment with its strategic and capital plans. It is designed with the objective of ensuring that it is comprehensive for all key risks, relevant to the MLI business, and aligned with the risk management practices of BAC. The RAS is reviewed and approved by the MLI Board at least annually.

MLI's risk appetite is designed to be consistent with the aggregate risk appetite at the BAC level and is based on several principles:

- Overall risk capacity: MLI’s overall capacity to take risk is limited; therefore MLI prioritises the risks it takes. Risk capacity informs risk appetite, which is the level and types of risk MLI is willing to take to achieve its business objectives

- Financial strength to absorb adverse outcomes: MLI must maintain a strong and flexible financial position so it can weather challenging economic times and take advantage of organic growth opportunities. Therefore, MLI sets objectives and targets for capital and liquidity that permit MLI to continue to operate in a safe and sound manner at all times, including during periods of stress

- Risk-reward evaluation: MLI considers all types of risk including those that are difficult to quantify. Risks taken must fit MLI's risk appetite and offer acceptable risk-adjusted returns for shareholders

- Skills and capabilities: MLI seeks to assume only those risks which it has the skills and capabilities to Identify, Measure, Monitor, and Control (“IMMC”)

Risk appetite is aligned with MLI’s strategic, capital, and financial operating plans to ensure consistency with its strategy and financial resources. Line of business strategies and risk appetite are also aligned. Ongoing reporting shows performance against the Strategic Plan, as well as risk appetite breaches for each of the LOBs, as appropriate. Risk appetite is also considered within the Recovery Plan, New Product Review and Approval Policy and Processes, and within decisions around the business model and strategic plan. Managing risk well and embracing the Risk Framework are considered as part of compensation and performance management decisions.

The quantitative and qualitative elements of MLI’s RAS provide clear, actionable information for taking and managing risk. Training and communication reinforce the importance of aligning risk-taking decisions to applicable aspects of the RAS.

Risk Appetite Metrics

MLI’s RAS quantitative framework consists of MLI Board and MLI Management Risk Committee (“MLI MRC”) approved metrics which are designed to manage the amount of risk MLI is willing to take to meet its strategic objectives. The calibration of the metrics reflect the level of MLI’s financial resources and risk profile.

Risk appetite metrics are expressed on an in-year and forward-looking basis, as appropriate, under expected and stressed macroeconomic conditions. In addition, risk appetite metrics and limits related to material concentrations are maintained to ensure appropriate visibility into risks that may manifest themselves across LOBs or risk types as part of ongoing efforts to ensure concentrations are effectively identified, measured, monitored and controlled.

The RAS provides qualitative statements for all seven risk types (strategic, credit, market, liquidity, operational, compliance, and reputational) defined in the Risk Framework. In addition, quantitative metrics exist for the following risk types:

- Strategic Risk: Metrics relating to Capital and Leverage and are provided in addition to stress loss limits

- Credit Risk: Forward-looking baseline metrics, in addition to concentration limits aligned to credit quality using internal risk rating, geography, and industry

- Market Risk: Metrics relating to trading VaR, stress loss and Interest Rate Risk in the Banking Book (“IRRBB”) from an economic value and earnings approach

- Liquidity Risk: Metrics relating to key liquidity coverage ratios

- Compliance and Operational Risk: Metrics relating to non-legal operational losses, residual risk level and direction, past due issues, performance of outsourced services, operations, systems and applications performance, information security, change management and financial crimes

Risk Appetite Monitoring, Reporting, and Escalation

Robust monitoring and reporting processes for MLI Board-owned and MLI MRC-owned metrics are in place, with breaches resulting in appropriate notification and escalation based on the severity of the breach. Breach resolution plans include a written description of the root causes and how a breach will be resolved, as appropriate.

The performance against the MLI risk appetite is reviewed on a regular basis by the MLI MRC and on a quarterly basis by the MLI Board Risk Committee (“MLI BRC”). Limits and tripwires are monitored by FLUs and risk management on a

more frequent basis. MLI Management, MLI MRC, MLI BRC and the MLI Board take action as necessary to proactively and effectively manage risk.

The MLI Chief Risk Officer ("CRO") is the executive sponsor of the RAS and oversees the risk appetite exception management process in order to ensure that excesses are properly escalated, effectively managed and that any required remediation actions are governed and implemented appropriately. This process outlines the escalation and management of exposures that are in excess of the tripwire or limit levels. When exposures breach tripwire and limit levels, they are escalated as appropriate to management bodies including MLI MRC, MLI BRC, and the MLI Board.

MLI is committed to communicating a clear, consistent position on risk taking to internal and external stakeholders, as appropriate.

b) The risk governance structure for each type of risk (Point (b) of Article 435(1) CRR)

The Enterprise's risk governance principles serve as the cornerstone of the risk governance framework. The Code of Conduct, Risk Framework, the RAS, and strategic plans are overarching documents that firmly embed the Company's culture of managing risk well in everything it does. The Code of Conduct provides basic guidelines for business practices and professional and personal conduct that all employees are expected to follow. The Risk Framework articulates how the Company defines and manages risk. The RAS clearly indicates the risks MLI is willing to accept. The strategic plans, for both BAC and MLI, document strategies for the next three-year period.

Three Lines of Defence

MLI has clear ownership and accountability for managing risk across three lines of defence: FLUs, GRM, and Corporate Audit. The Company also has control functions ("CFs") outside of FLUs and GRM (e.g., Legal and Global Human Resources) that provide guidance and subject matter expertise in support of managing risks facing the Company.

FLUs	Own and proactively manage all risks in business activities
GRM	Oversee risk-taking activities within the FLUs and across the enterprise, and provide independent assessment of effective challenge of risks
Corporate Audit	Provide independent validation through testing of key processes and controls

Corporate Audit

Corporate Audit supports the Company's risk governance framework by assessing whether controlling processes and controls over strategic, credit, market, liquidity, operational, compliance, and reputational risks are adequately designed and functioning effectively.

This is done by conducting independent assessments and validation through testing of key processes and controls across the Company.

Corporate Audit team resources are used to execute work across all EMEA locations. Team deployments are assessed based on the scale, complexity, and nature of the business and CFs in each location. Corporate Audit prepares an annual audit plan with consideration to external and internal risk factors, risk assessment of business, and legislative and regulatory requirements. The annual planning process directs timely and flexible testing of the Company's highest risks and risk management processes (inclusive of risk appetite).

Corporate Audit is not responsible for setting or approving of limits for risks which the Company is exposed to. However, Corporate Audit conducts Risk reviews, as appropriate, of the controls and monitoring of such limits.

Corporate Audit maintains independence from the Company's Businesses and Governance and CFs by reporting directly to the Audit Committee of the MLI Board.

c) Declaration on the adequacy of the Group's risk management arrangements (Point (e) of Article 435(1) CRR)

Risk is inherent in all business activities. Managing risk well is the responsibility of every employee. Sound risk management enables the Group to serve its customers and deliver for BAC shareholders. If not managed well, risks can result in financial loss, regulatory sanctions and penalties, and damage to the Group's reputation, each of which may adversely impact the Group's ability to execute its business strategies. Managing risk well is fundamental to delivering on the Enterprise's responsible growth approach to business.

The Risk Framework applies to all employees. It explains the Group's approach to risk management and each employee's responsibilities for managing risk. All employees must take ownership for managing risk well and are accountable for identifying, escalating, and debating risks facing the Group. The Risk Framework sets forth roles and responsibilities for the management of risk by FLUs, GRM, other CFs, and Corporate Audit.

The following are the five components of the Group's risk management approach:

- Culture of managing risk well
- Risk appetite
- Risk management processes
- Risk data management, aggregation, and reporting
- Risk governance

Focusing on these five components allows effective management of risks across the seven key risk types faced by the Group's businesses, namely: strategic, credit, market, liquidity, operational, compliance, and reputational risks.

The MLI Board has reviewed the effectiveness of the risk management arrangements of the Group and confirms that the measures outlined are adequate to facilitate the management of risk in the context of the Group's profile and strategy.

d) Scope and nature of risk disclosure and / or measurement systems (Point (c) of Article 435(1) CRR) and (e) Main features of risk disclosure and measurement systems (Point (c) of Article 435(1) CRR)

Effective risk data management, aggregation, and reporting is critical to provide a clear understanding of current and emerging risks and enables the Group to proactively and effectively manage risk.

Risk Data Management, Aggregation, and Reporting Principles:

- Complete, accurate, reliable, and timely data
- Clear and uniform language to articulate risks consistently across the Group
- Robust risk quantification methods and clear approaches to aggregate exposures for risk measures
- Timely, accurate, and comprehensive view of all material risks, including appropriate levels of granularity

Functional risk managers arrange risk reporting to address the requirements of MLI Management bodies as appropriate.

f) Strategies and processes to manage risks for each category of risk (Point (a) of Article 435(1) CRR)

The risk management processes outlined above allow the Group, through the sole operating entity, MLI, to manage risks across the seven key risk types: strategic, credit, market, liquidity, operational, compliance, and reputational. Details of how risk is managed within MLI are given below.

g) Strategies and processes to manage, hedge and mitigate risks, as well as monitoring the effectiveness of hedges and mitigants (Points (a) and (d) of Article 435(1) CRR)

The Risk Framework requires that strong risk management practices are integrated in key strategic, capital, and financial planning processes and day-to-day business processes across the Group, thereby ensuring risks are appropriately considered, evaluated, and responded to in a timely manner.

The Group's approach to Risk Management Processes:

- All employees are responsible for proactively managing risk
- Risk considerations are part of all daily activities and decision-making
- The Group encourages a thorough challenge process and maintains processes to identify, escalate, and debate risks
- The Group utilises timely and effective escalation mechanisms for risk limit breaches

The FLUs have primary responsibility for managing risks inherent in their businesses. The Group employs an effective risk management process, referred to as IMMC as part of its daily activities.

The risk management processes outlined above allow the Group, through the sole operating entity, MLI, to manage risks across the seven key risk types: strategic, credit, market, liquidity, operational, compliance, and reputational. Details of how risk is managed within MLI are given below.

UK OVB – Governance arrangements

(a) The number of directorships held by members of the management body (Point (a) of Article 435(2) CRR) and (b) The recruitment policy for members of the management body and their actual knowledge, skills and expertise (Point (b) of Article 435(2) CRR)

MLI Directors Board Membership and Experience (UK OVB)

Table 4.1.T1. – MLI Directors Board Membership and Experience

		No. Of Directorships	
		Total	Excluding non-commercial and counting group appointments as one
Pierre de Weck Chair / Non Executive Director	Independent director of Bank of America Corporation; Bank of America California, National Association; Bank of America, National Association; and Chair of the Board of Directors of Merrill Lynch International and BofA Securities Europe SA. Mr. de Weck served as the Chair and Global Head of Private Wealth Management and as a member of the Group Executive Committee of Deutsche Bank AG from 2002 to May 2012. Prior to joining Deutsche Bank, Mr. de Weck served on the Management Board of UBS AG from 1994 to 2001, as Head of Institutional Banking from 1994 to 1997, as Chief Credit Officer and Head of Private Equity from 1998 to 1999, and as Head of Private Equity from 2000 to 2001. Previously held various senior management positions at Union Bank of Switzerland, a predecessor firm of UBS, from 1985 to 1994.	12	4

		No. Of Directorships	
		Total	Excluding non-commercial and counting group appointments as one
Richard Keys Non Executive Director	A chartered accountant with international experience and over 40 years of senior management experience. Non-Executive director, Chair of the Governance Committee and member of the Audit and Risk Committees of Merrill Lynch International; Non-Executive director and Chair of the Group Audit and Risk Committee at the Department for Transport; and Non-Executive director, Chair of the Audit and Risk Committee and member of the Infrastructure and Remuneration Committees of AWE plc. Formerly a Non-Executive director, Chair of the Audit and Risk Committees and member of the Nominations and Transformation Review Committees of NATS Holdings Limited; Non-Executive director of NATS (EnRoute) Plc; Non-Executive Chair and member of the Audit Committee of Glaziers Hall Limited; Non-Executive director and member of the Audit, Remuneration and Nominations Committees of Wessex Water Services Limited; Non-Executive director, Chair of the Audit Committee and member of Risk Committee at Sainsbury's Bank plc; Non-Executive director and Chair of the Audit and Risk Committee of the Department for International Development; and Council member and Chair of the Audit Committee of the University of Birmingham.	3	2
Rosemary Thorne Non Executive Director	Non-Executive director, Chair of the Audit Committee and member of the Governance Committee of Merrill Lynch International. Non-Executive director and Chair of the Board of Syensqo SA / NV. Previously non-executive directorship positions include Non-Executive director and Chair of the Audit Committee of Solvay SA, Non-Executive director and Chair of Audit and Risk Committees of Santander UK plc, Non-Executive director and Chair of the Audit Committee of Smurfit Kappa Group plc, Senior Independent Director and Chair of the Audit Committee for Virgin Radio Holdings Limited, Non-Executive director of Cadbury Schweppes plc, and Non-Executive director and Chair of the Audit Committee for Royal Mail plc and for the Department for Education and Employment. Formerly executive director and CFO of J Sainsbury plc, Bradford & Bingley plc and Ladbrokes Coral Group plc and a member of the Financial Reporting Council.	2	2
Thomas Woods Non Executive Director	Independent director of Bank of America Corporation; Bank of America California, National Association; Bank of America, National Association; and is the Chair of the Risk Committee and a member of the Governance Committee of Merrill Lynch International. Non-Executive director and Chair of the Audit Committee of Alberta Investment Management Corporation; Non-Executive member of Cordiant Capital Advisory Board; Non-Executive director of St. Michael's Hospital Foundation, Toronto; Non-Executive member of the Finance Council of the Toronto Catholic Church Diocese; Non-Executive Director of Catholic Health Sponsors of Ontario; and Non-Executive director of the Institute of Corporate Directors (Canada). Member of the University of Toronto College of Electors. Previously held various leadership positions including Chair of the Board of directors of Hydro One Limited; Non-Executive director of CIBC Children's Foundation; and Board of directors of DBRS Limited, DBRS, Inc., TMX Group Inc., Jarislowsky Fraser Limited, and served on the Advisory Board of the University of Toronto's Department of Mechanical and Industrial Engineering. Mr. Woods served in various senior leadership positions at CIBC, as Vice Chairman, Senior Executive Vice President, Chief Financial Officer and Chief Risk Officer, and previously as Controller and Chief Financial Officer of CIBC World Markets (CIBC's investment banking division), and as the Head of CIBC's Canadian Corporate Banking division.	9	2
Bernard Mensah President of International	President of International for Bank of America and a member of BAC's Executive Management Team. Chief Executive Officer of Merrill Lynch International, Bank of America's largest subsidiary outside the U.S., a director of BofA Securities Europe SA and of Bank of America Europe Designated Activity Company, and BANA London Branch Head. Joined BAC in 2010 from Goldman Sachs in London, where he was a Partner and global head of Bank Loan and Distressed Trading, and prior to that ran the Asia Credit and Convertibles business, based in Hong Kong and Tokyo.	8	1
Martina Slowey Head of EMEA Equities	Martina is the Head of Equities for Europe, Middle East and Africa (EMEA) at Bank of America. She assumed this role in July 2020. Martina joined BAC in 2013 as head of Prime Brokerage for the UK and EMEA and later assumed responsibility for EMEA Asset Management Services and International Prime Brokerage, before becoming head of Global Asset Management Services in early 2016. Prior to joining BAC, Martina was a founding partner of Edoma Partners, an event-driven hedge fund, where she oversaw all aspects of the business, risk management, and investor relations, and she was with UBS for 14 years as head of Prime Brokerage EMEA and COO for Repo, Equity Finance & Money Markets.	1	1

		No. Of Directorships	
		Total	Excluding non-commercial and counting group appointments as one
James O'Neil Head of EMEA Corporate and Investment Banking	Jim has nearly 30 years' experience of both the capital markets and the financial services industry and has worked on many of the highest profile transactions for European financial institutions during his career. Jim began his career at BAC in 1993 in New York. He re-joined the firm in 2013, after spending three years at the UK Financial Investments (UKFI), including as Chief Executive. As part of his role at UKFI, he was a Board member of UKFI, UK Asset Resolution, Bradford & Bingley and Northern Rock Asset Management. Jim is a Non-Executive director of Carlyle Mansions (Tenants) Limited. Prior to assuming his current role at the firm in 2017, Jim ran the firm's Global Financial Institutions Group for four years, three of which he served as sole head. His previous roles at the firm included Head of European Corporate Finance in 2002 and Head of International Corporate Finance and Restructuring in 2008.	2	2

Note: The table outlines the directors that served at 31 December 2023.

c) The diversity policy for members of the management body (Point (c) of Article 435(2) CRR)

MLI Director Selection and Diversity Policy

The MLI Governance Committee, in consultation with the ultimate shareholder, the Company's CEO and Chair, identifies and evaluates individual candidates for their qualifications to become directors and recommends qualified candidates to the MLI Board to fill vacancies as the need arises. Before any appointment is made by the MLI Board, the MLI Governance Committee is responsible for evaluating the balance of skills, knowledge, experience, and diversity on the MLI Board, and, in light of this evaluation, preparing a description of the role and capabilities required for a particular appointment. Pursuant to the terms of the charter for the MLI Governance Committee, in identifying suitable candidates the MLI Governance Committee shall consider the overall knowledge, skills, experience, and expertise represented on the MLI Board, as well as the qualifications and suitability of each candidate, taking care that appointees have sufficient time available to devote to the position. Furthermore, the MLI Governance Committee shall consider candidates from a wide range of backgrounds and consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the MLI Board.

In addition, pursuant to the terms of its charter, the MLI Governance Committee is responsible for deciding on a target for the representation of the underrepresented gender on the MLI Board and how to meet it (as required).

General

All appointments to the MLI Board are made in compliance with Bank of America's Global Background Check - Enterprise Policy and are subject to successful completion of numerous background checks, as required: Identification, Credit, Criminal, Global Sanctions, Media, Directorship, Professional Qualification, Employment, and Education checks. In addition, executive directors and board and committee chairs appointed to the MLI Board require regulatory pre-approval in line with the PRA's and FCA's requirements under the Senior Managers Regime.

MLI Board member experience is detailed within individual director biographies (Table 4.1.T1. – MLI Directors Board Membership and Experience).

The independent risk management functions led by the MLI CRO have operational responsibility for risk management of MLI and ensuring appropriate reporting and escalation to the MLI Board.

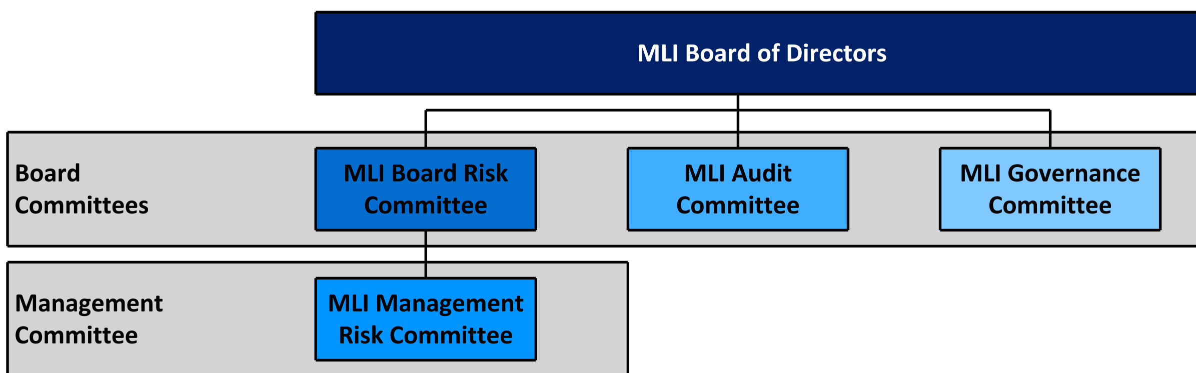
In 2023, there were no changes to the Head of Corporate Audit or Chief Risk Officer roles during the year. A new Head of Compliance and Operational Risk was appointed in October 2023. Any new appointments are made in compliance with stated selection and diversity policies.

d) Detail on the Group's risk committee and frequency of meetings (Point (d) of Article 435(2) CRR) and (e) The information flow on risk to the management body (Point (e) Article 435(2) CRR)

Risk Governance Structure

The MLI Board ensures suitable risk management and controls through the MLI BRC, the MLI Audit Committee, the MLI Governance Committee, and the MLI MRC. The MLI MRC also conducts periodic reviews of reporting, including regulatory reporting and remediation plans; escalates reporting to the MLI BRC, the MLI Board, or other committees, as appropriate; and reviews risk management strategies to assess their continuing effectiveness. The MLI Board met five times during 2023.

Figure 4.1.F1. – MLI Risk Governance Structure



The MLI BRC assists the MLI Board in fulfilling its oversight responsibility relating to senior management's responsibilities regarding the identification of, management of, and planning for, the following key risks of the Company: strategic risk, market risk, credit risk, liquidity risk, operational risk, compliance risk, and reputational risk. The MLI BRC met four times during 2023.

The MLI MRC reports to the MLI BRC and is responsible for providing management oversight and approval of (or reviewing and recommending to the MLI BRC) strategic risk, market risk, credit risk, liquidity risk, operational risk, compliance risk, reputational risk, balance sheet, capital, liquidity management and stress testing activities. The MLI MRC met eleven times during 2023.

The MLI Audit Committee assists the MLI Board in fulfilling its oversight responsibility relating to MLI's internal financial controls; the preparation and integrity of MLI's financial statements, compliance statement and oversight of related disclosure matters; qualifications, independence and performance of, and MLI's relationship with, the external auditor and reviewing the scope and engagement terms of the external auditor; and performance and independence of MLI's Audit and Compliance function. The MLI Audit Committee met five times during 2023.

The MLI Governance Committee assists the MLI Board in fulfilling its oversight responsibility relating to the governance of the Board of Directors of MLI, including nominations to the MLI Board, reviewing and reporting to the MLI Board on matters of corporate governance principles applicable to MLI, reviewing and reporting to the MLI Board on senior management talent planning and succession and leading the MLI Board and its committees in their assessments of their performance. The MLI Governance Committee is also charged with oversight of the development of, and implementation of the group's remuneration policies and practices. The MLI Governance Committee acts as the Nomination Committee and the Remuneration Committee of MLI. The MLI Governance Committee met five times during 2023.

4.2. Disclosure of Liquidity Requirements (UK LIQA, UK LIQB)

4.2.1. UK LIQA – Liquidity Risk Management in Accordance with Article 451a(4) CRR

Liquidity risk is the inability to meet expected or unexpected cash flow and collateral needs while continuing to support the businesses and customers, under a range of economic conditions.

The MLI Consolidated Group as well as MLI solo entity is subject to CRD, CRR, and PRA liquidity requirements through which it must demonstrate self-sufficiency for liquidity purposes.

The MLI consolidated Group does not issue debt to parties external to BAC and is not licensed to take deposits. The Group primarily funds its balance sheet through wholesale secured funding, equity, subordinated debt, and intercompany unsecured debt.

These funding sources are used to support the Group's trading and capital market activities and maintain sufficient excess liquidity.

a) Strategies and processes in the management of the liquidity risk, including policies on diversification in the sources and tenor of planned funding

The MLI Liquidity Risk Policy ("LRP"), which is approved by the MLI Board, and defines the approach to monitoring and managing and mitigating MLI's liquidity risk, aligned to group processes and tailored to meet MLI's business mix, strategy, activity profile, risk appetite, and regulatory requirements. The MLI RAS clearly defines the amount of liquidity or funding MLI is willing to put at risk, consistent with applicable regulatory requirements. The MLI MRC reviews and recommends Risk Appetite limits to MLI BRC, which in turn reviews and recommends to the MLI Board for approval.

The primary objective of liquidity risk management is to ensure that MLI can meet expected or unexpected cash flow and collateral needs while continuing to support its businesses and customers under a range of economic conditions. Consistent with the Risk Framework, the main components to achieve MLI's liquidity risk management objectives include:

- Clear accountability residing with FLUs for the liquidity risk inherent in their activities
- Management of MLI's liquidity and funding activities by Treasury
- Independent oversight of front line unit activities by Global Risk Management
- Maintaining sufficient liquidity buffers which are readily convertible to cash for use by MLI if necessary during periods of significant liquidity stress
- Ensuring appropriate diversification of funding tenors and sources considering MLI's asset profile and legal entity structure
- Transferring the economic costs and benefits of liquidity risk to the appropriate LOBs through the Funds Transfer Pricing ("FTP") process
- Maintaining a contingent funding plan that allows MLI to react across all market and economic conditions

b) Structure and organisation of the liquidity risk management function

The MLI MRC reviews and recommends Risk Appetite limits to MLI BRC, which in turn reviews and recommends to the MLI Board for approval.

Limits and metrics are monitored and reported daily, weekly, and monthly as appropriate, and a clear escalation path to Senior Management, the MLI MRC and the MLI Board by limit category and breach type exists.

c) A description of the degree of centralisation of liquidity management and interaction between the Group's units

Each of the FLUs are accountable for managing liquidity risk within the MLI Liquidity Risk Appetite by establishing appropriate processes to identify, measure, monitor, and control the risks associated with their activities. GRM provides independent oversight and supervision of FLU activities, an independent view of the liquidity risk of FLU activities and assesses the effectiveness of MLI's liquidity risk management processes.

The MLI Liquidity Board Level Risk Appetite is defined by the following:

- Internal Liquidity Stress Test ("ILST") - 30-day = Prepositioned liquidity sources divided by the net peak outflows over a 30-day combined stress period
- ILST - 90-day = Available liquidity sources (including committed line with NB Holdings Corporation) divided by the net peak outflows over a 90-day combined stress period
- Liquidity Coverage Ratio = High-Quality Liquid Assets divided by 30-day net stress outflows including PRA Pillar 2 add-ons
- NSFR = Available Stable Funding divided by Required Stable Funding (metric was introduced on 1 January 2022, in line with deadlines for regulatory compliance)

GRM works with Treasury and the Businesses to monitor actual and forecast liquidity and funding requirements with a focus on limit utilisation and trends, and any change in business / market behaviour may require a change in the treatment of risk and limit recalibration.

d) Scope and nature of liquidity risk reporting and measurement systems

The MLI Board sets the liquidity risk appetite that is the minimum amount of liquidity that must be held to meet net modelled outflows under an internally-developed combined stress scenario and to comply with regulatory requirements. GRM is responsible for maintaining a liquidity risk limits framework to help ensure that the entity is managed within its liquidity risk appetite. In line with the BAC Risk Framework, liquidity risk metrics are classified as:

- MLI Board-owned Risk Appetite Limits
- MLI MRC-owned Management Level Risk Appetite Limits
- Non-Risk Appetite Limits
- Risk Indicators

Limits and metrics are monitored and reported daily, weekly, and monthly as appropriate, and a clear escalation path to Senior Management, the MLI MRC and the MLI Board by limit category and breach type exists.

Daily liquidity reporting enables liquidity risk monitoring and appropriate risk escalation, which includes defined protocols for limit breaches and emerging risks and issues. Regular liquidity risk reports are sent to the MLI Board, MLI BRC, MLI MRC, and Senior Management.

e) Policies for hedging and mitigating liquidity risk; and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants

The MLI LRP, which is approved by the MLI Board, and defines the approach to monitoring and managing and mitigating MLI's liquidity risk, aligned to group processes and tailored to meet MLI's business mix, strategy, activity profile, risk appetite, and regulatory requirements.

f) An outline of the Group's contingency funding plans

MLI has in place a number of internal and external contingency funding options to raise cash during a liquidity stress. Treasury, in conjunction with business stakeholders, would exercise the appropriate options. As a general rule, actions that are quicker to execute, raise more cash, and have fewer detrimental franchise, capital, or tax consequences would be prioritised.

g) An explanation of how stress testing is used

The MLI LRP describes the Liquidity Risk roles and responsibilities including requirements for liquidity risk limits, stress testing, analytics and reporting, and recovery planning.

ILST - 30-day = Prepositioned liquidity sources divided by the net peak outflows over a 30-day combined stress period.

h) A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy.

In addition, MLI conducts its own liquidity assessment, under its Internal Liquidity Adequacy Assessment Process ("ILAAP"), prepared with reference to relevant regulatory guidance and reviewed and approved by the MLI Board. The ILAAP demonstrates MLI has an appropriate framework to manage its liquidity and funding risk and adequate liquidity buffers and stable funding to deliver on its business strategy while continuing to operate within the MLI Board risk appetite.

i) A concise liquidity risk statement approved by the management body describing the overall liquidity risk profile associated with the business strategy

The MLI Liquidity Adequacy Statement ("LAS") has been documented as a statement of the MLI Board's consideration of the ILAAP and prepared with reference to relevant PRA guidance. The ILAAP demonstrates MLI has an appropriate framework to manage its liquidity and funding risk and adequate liquidity buffers and stable funding to deliver on its business strategy while continuing to operate within the MLI Board risk appetite.

4.2.2. UK LIQ1 - Quantitative Information on LCR

The table below discloses average weighted and unweighted values of the liquidity buffer, total net cash outflows, the LCR ratio, and provides details of cash outflows and cash inflows of the MLI Group.

Table 4.2.2.T1. – UK LIQ1 – Quantitative Information on LCR ($ millions)

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
UK1a	Quarter ending on	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23
UK1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					$ 32,084	$32,339	$31,638	$32,097
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	—	—	—	—	—	—	—	—
3	*Stable deposits*	—	—	—	—	—	—	—	—
4	*Less stable deposits*	—	—	—	—	—	—	—	—
5	Unsecured wholesale funding	5,237	4,781	4,373	4,105	5,237	4,781	4,373	4,105
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	—	—	—	—	—	—	—	—
7	*Non-operational deposits (all counterparties)*	5,237	4,781	4,373	4,105	5,237	4,781	4,373	4,105
8	*Unsecured debt*	—	—	—	—	—	—	—	—
9	*Secured wholesale funding*					29,863	30,178	30,816	32,368
10	Additional requirements	11,779	11,870	11,711	11,769	10,269	10,219	10,058	10,062
11	*Outflows related to derivative exposures and other collateral requirements*	11,713	11,762	11,611	11,667	10,232	10,177	10,042	10,045
12	*Outflows related to loss of funding on debt products*	—	—	—	—	—	—	—	—
13	Credit and liquidity facilities	66	107	100	102	37	42	16	17
14	Other contractual funding obligations	17,789	16,961	17,115	17,634	2,372	2,107	1,982	2,006
15	Other contingent funding obligations	11,280	11,270	11,288	11,353	1,159	1,121	1,102	1,073
16	**TOTAL CASH OUTFLOWS**					**$ 48,900**	**$48,407**	**$48,331**	**$49,613**
CASH - INFLOWS									
17	Secured lending (e.g., reverse repos)	$ 177,930	$ 175,734	$ 177,982	$ 182,245	$ 28,138	$27,838	$28,441	$29,519
18	Inflows from fully performing exposures	2,203	2,331	2,467	2,413	989	1,078	1,197	1,095
19	Other cash inflows	5,032	4,728	4,918	5,129	5,032	4,728	4,918	5,129
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					—	—	—	—
UK-19b	(Excess inflows from a related specialised credit institution)					—	—	—	—
20	**TOTAL CASH INFLOWS**	**$ 185,165**	**$ 182,793**	**$ 185,367**	**$ 189,787**	**$ 34,159**	**$33,644**	**$34,556**	**35,743**
UK-20a	Fully exempt inflows	$ —	$ —	$ —	$ —	$ —	$ —	$ —	—
UK-20b	Inflows subject to 90% cap	—	—	—	—	—	—	—	—
UK-20c	Inflows subject to 75% cap	152,364	152,807	156,893	162,010	34,159	33,644	34,556	35,743
TOTAL ADJUSTED VALUE									
UK-21	**LIQUIDITY BUFFER**					**$ 32,084**	**$32,339**	**$31,638**	**$32,097**
22	**TOTAL NET CASH OUTFLOWS**					**$ 14,741**	**$14,763**	**$13,796**	**$14,007**
23	**LIQUIDITY COVERAGE RATIO**					**219.77 %**	**221.41 %**	**231.41 %**	**230.63 %**

[(1)] The disclosed values and figures are simple averages of the preceding 12 LCR monthly reporting observations for each quarter

4.2.3. UK LIQB – Qualitative Information on LCR, which Complements Template UK LIQ1. (in accordance with Article 451a(2) CRR)

The MLI Group is subject to the Liquidity Coverage Ratio ("LCR"), which requires the Group to hold a sufficient buffer of eligible high-quality liquid assets ("HQLA") to cover potential cash outflows during the first 30 days of a liquidity stress event. MLI Group calculates the LCR pursuant to the Liquidity chapter of the PRA Rulebook.

The LCR disclosures have been made in accordance with Article 451a of the PRA Rulebook, requiring firms to disclose the average LCR for each quarter of the previous twelve months. The objective of the LCR disclosure requirements is to provide market participants with information to assess institutions' liquidity positions and risk management.

a) The main drivers of LCR results and the contribution of inputs to the LCR's calculation

MLI Group's cash flows are modelled in accordance with the Liquidity chapter of the PRA Rulebook. Pillar 1 outflows are related, but not limited to, secured wholesale funding activity and other derivatives related requirements.

Cash inflows are related, but not limited to, secured wholesale funding activity, derivatives exposures and unsecured lending to affiliates.

For the year ending 31 December 2023 the 12-month average LCR was 230.63%.

b) Changes in the LCR over time

As at 31 December 2023, the Group was in compliance with its regulatory and internal liquidity requirements. The LCR fluctuates over time through a combination of client and market activity with 12 month averages remaining relatively steady.

c) Actual concentration of funding sources

MLI Group aims to achieve sufficient diversification of funding instruments, counterparties and tenors to ensure that assets are adequately funded. The Group's primary sources of funding are equity, unsecured debt from affiliates and secured wholesale funding. Funding concentration risk is managed in accordance with internal policies and risk appetite.

d) Composition of the Group's liquidity buffer

MLI Group largely holds HQLA in the form of HQLA qualifying securities (predominantly government bonds) and withdrawable cash held at the Central Bank.

e) Derivative exposures and potential collateral calls

Derivative exposures give rise to inherent uncertainty and liquidity risk from contractual and behavioural implications of a combined stress environment. Both are modelled as part of the LCR, including the impact of credit rating agency downgrades, historical changes in variation margin and expected counterparty behaviour and collateral flows.

MLI Group undertakes derivative exposures both with clients or to hedge client activity. Risks in relation to this are monitored and measured through internal and regulatory liquidity stress testing and metrics.

f) Currency mismatch in the LCR

MLI Group's business activity is conducted in USD as well as other currencies, predominantly EUR, GBP and JPY. To mitigate the potential exposures that can result from fluctuations in currencies, MLI Group monitors and ensures sufficient liquidity resources are available to mitigate currency mismatches. As at 31 December 2023, MLI's separately reportable currency exposures in line with the Liquidity chapter of the PRA Rulebook are EUR, USD, GBP and JPY.

g) Other items in the LCR calculation that are not captured in the LCR disclosure template but that are relevant for the liquidity profile

The PRA may require a firm to hold additional HQLA to cover risks not captured in Pillar 1 LCR. This is referred to as Pillar 2. MLI identifies and documents liquidity risk drivers in the ILAAP, with the PRA setting Pillar 2 add ons as part of the Liquidity SREP. HQLA is held to cover both Pillar 1 and Pillar 2 requirements.

4.2.4. UK LIQ2 – Net Stable Funding Ratio

The Net Stable Funding Ratio ("NSFR") aims to ensure that firms maintain a stable funding structure over a long term horizon, complementing the shorter term LCR.

MLI aims to achieve sufficient diversification of funding sources and actively monitors the tenor of liabilities to ensure long term assets are adequately funded.

MLI's NSFR required stable funding is primarily driven by securities, secured funding and derivatives activity. Available stable funding consists primarily of equity and unsecured affiliate debt.

Table 4.2.4.T1. below discloses average weighted and unweighted values of assets, liabilities and off balance sheet items that make up the NSFR of the MLI Group.

Table 4.2.4.T1. – UK LIQ2 Net Stable Funding Ratio[1] ($ millions)

		Year ended 31 December 2023				
		a	b	c	d	e
		Unweighted value by residual maturity (average)				Weighted value (average)
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	$ 35,724	$ —	$ —	$ —	$ 35,724
2	*Own funds*	*35,724*	—	—	—	*35,724*
3	*Other capital instruments*		—	—	—	—
4	Retail deposits		$ —	$ —	$ —	$ —
5	*Stable deposits*		—	—	—	—
6	*Less stable deposits*		—	—	—	—
7	Wholesale funding:		$ 85,868	$ 5,418	$ 26,564	$ 32,345
8	*Operational deposits*		$ —	$ —	$ —	$ —
9	*Other wholesale funding*		*85,868*	*5,418*	*26,564*	*32,345*
10	Interdependent liabilities		$ —	$ —	$ —	$ —
11	Other liabilities:	$ 1,497	$ 59,235	$ —	$ —	$ —
12	*NSFR derivative liabilities*	*1,497*				
13	*All other liabilities and capital instruments not included in the above categories*		*$ 59,235*	*$ —*	*$ —*	*$ —*
14	**Total available stable funding (ASF)**					**$ 68,069**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					$ 8,998
UK-15a	Assets encumbered for more than 12m in cover pool		$ —	$ —	$ —	$ —
16	Deposits held at other financial institutions for operational purposes		$ 1,511	$ —	$ —	$ 755
17	Performing loans and securities:		$ 112,322	$ 1,945	$ 32,773	$ 34,893
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		*$ 48,102*	*$ 484*	*$ 6*	*$ 460*
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*63,170*	*496*	*493*	*5,434*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*301*	*36*	*137*	*290*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		—	—	—	—
22	*Performing residential mortgages, of which:*		—	—	—	—
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		—	—	—	—
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		*749*	*929*	*32,136*	*28,710*
25	Interdependent assets		$ —	$ —	$ —	$ —
26	Other assets:	—	$ 53,021	$ 1	$ 14,656	$ 16,993
27	*Physical traded commodities*				*$ 3,424*	*$ 2,911*
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		*3,300*	—	*8,370*	*9,919*
29	*NSFR derivative assets*		—			—
30	*NSFR derivative liabilities before deduction of variation margin posted*		*25,557*			*1,278*
31	*All other assets not included in the above categories*		*24,165*	*1*	*2,861*	*2,885*
32	Off-balance sheet items		$ 276	$ —	$ —	$ 14
33	**Total RSF**					**$ 61,654**
34	**Net Stable Funding Ratio (%)**					**110.44%**

[1] The disclosed values and figures are simple averages of the preceding 4 NSFR quarterly reporting observations.

4.3. Disclosure of Credit Risk Quality (UK CRA, UK CRB)

4.3.1. UK CRA – General Qualitative Information About Credit Risk

a) Risk statement in accordance with point (f) of Article 435(1) CRR and how the business model translates into the components of the institution's credit risk profile

Credit risk is the risk of loss arising from the inability or failure of a borrower or counterparty to meet its obligations. Credit risk is created when MLI commits to, or enters into, an agreement with a borrower or counterparty.

MLI defines credit exposure to a borrower or counterparty as the loss potential arising from loans, leases, derivatives, and other extensions of credit.

b) The criteria and approach used for defining the credit risk management policy and for setting credit risk limits

MLI's credit strategy and origination is focused on its trading, securities, and derivatives activities which account for the majority of its credit exposure.

MLI's credit processes align with BAC's credit policies and credit risk appetite across FLUs and are aligned to applicable laws, rules, and regulations. Credit risk management oversees decisions about the amount of credit to extend to borrowers consistent with MLI's credit risk appetite.

Counterparties' credit risk profiles are assessed through risk modelling, underwriting, and asset analysis, while considering current and forward-looking views on economic, industry, and borrower outlooks to ensure portfolio asset quality remains within approved credit risk limits. New products and credit terms and conditions are differentiated based on risk, within the limits of risk appetite.

Credit risk management manages counterparty risk with specific policies, limits, and controls. Based on counterparty creditworthiness, limits on exposures and tenors are set for individual counterparties. MLI has a clearly established process in place for on-boarding new counterparties, as well as for managing existing counterparties. Policies and processes for assuming credit risk are well documented without undue reliance on external credit assessments.

The principal exposure measure for a traded product is potential exposure, which governs pre-settlement exposure and represents a statistical estimate of the 95%-confidence, *worst case* exposure that could be realised over the life of a transaction. In addition, current exposure ("CE") and expected exposure ("EE") are also measured. Applicable collateral is included in the exposure calculations.

Counterparty risk exposures are considered within the context of the broader credit risk portfolio across FLUs and legal entities. Trading exposures with counterparties are accounted for in the assessment of portfolio concentrations so credit decisions reflect complete, accurate, and timely information.

c) The structure and organisation of the credit risk management and control function

MLI manages credit risk to a borrower or counterparty based on their risk profile, which includes assessing repayment sources, underlying collateral (if any), and the expected effects of the current and forward-looking economic environment on the borrowers or counterparties. Underwriting, credit management, and credit risk limits are proactively reassessed as a borrower's or counterparty's risk profile changes.

MLI uses a number of actions to actively mitigate credit losses, including increased frequency and intensity of portfolio monitoring for moderate to weak risk profiles, hedging, and transferring management of deteriorated commercial exposures to special asset officers.

Credit risk management includes the following processes:

- Credit origination
- Portfolio management
- Loss mitigation activities

These processes create a comprehensive and consolidated view of MLI's credit risks, thus providing senior management with the information required to guide or redirect FLUs and certain legal entity strategic plans, if necessary.

MLI recognises that credit risk management relies heavily upon forward-looking estimates (some required by regulatory capital rules), including, but not limited to, probabilities of default, exposures at default, loss severity and collateral valuations.

d) The relationships between Credit Risk Management, Risk Control, Compliance, and Corporate Audit functions

MLI Credit Risk Management is integrated into the BAC and MLI governance structure as described earlier in the document. The Credit Risk governance structure enables a system of risk escalation, which includes the hierarchy and process to be followed for approvals, limit excesses, policy variances, and internally identified issues and emerging risks.

Credit risk policies form an important part of BAC's and MLI's risk governance framework. Policies govern the extension of credit and the management of credit relationships in order to:

- Align day-to-day employee decision-making with the Risk Framework, Risk Appetite, and risk management objectives
- Foster understanding and compliance with all relevant laws, rule, regulations, and regulatory guidance
- Describe standards for underwriting and management of credit risk exposures
- Define approval authorities, including authorities for exceptions to policy and higher risk or specialised transactions

Core Credit Policies are supplemented, as needed, by individual Business Unit or legal entity policies which contain additional requirements specific to individual Business Unit / legal entity needs.

At the FLU level, independent risk management oversees credit risk management processes and governance in accordance with MLI's requirements and authority levels. Independent Credit Risk teams oversee credit risk management processes in accordance with BAC's subsidiary governance requirements. This includes reporting to various risk governance committees, senior management, and boards of directors.

The MLI IMM Risk and Capital Forum was established in 2019 to ensure that the management body, related committees and senior management within MLI have a conduit through which they can implement appropriate and timely oversight of the design and implementation of the CCR management framework in relation to MLI. It aims to further strengthen routines with regards to regulatory obligations and ensures regular internal dialogue and coordination with all stakeholders, including input into other forums so that MLI specific items are appropriately considered.

Transparency of credit risk is critical to effective risk management. To ensure appropriate transparency and escalation across FLUs, BAC and MLI Boards, and senior management, comprehensive, timely and actionable credit risk reporting containing the required granularity of content for each level of seniority is produced.

Exposure under MLI's RAS credit risk limits is reported on a daily basis.

The MLI MRC and MLI Board materials provide additional information on the composition of the risk exposure. This includes exposure by sector, country, and traded product types and allow for the monitoring of potential concentration of risks including Climate Change. The MLI MRC receives a monthly limit monitoring report and the MLI Board receives quarterly reporting.

Regular reporting for MLI Management and MLI Board committees includes monitoring of credit exposure against MLI Board approved risk appetite limits, as well as more detailed credit information covering total outstanding volumes, industry and geographic concentrations, and credit quality trends. Credit risk reporting enables appropriate risk escalation.

4.3.2. UK CRB – Additional Disclosure Related to the Credit Quality of Assets

a) The scope and definitions of 'past-due' and 'impaired' exposures used for accounting purposes

A financial asset is past due when the counterparty has failed to make a payment when contractually due. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer
- A breach of contract such as a default or past due event
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- The disappearance of an active market for a security because of financial difficulties

A loan or advance that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

b) The extent of past-due exposures (more than 90 days) that are not considered to be impaired

As at 31 December 2023, the Company did not have any third party credit exposures that were more than 90 days past due but were not considered to be credit impaired.

c) Methods used for determining general and specific credit risk adjustments

Under IFRS 9, the Company recognises loss allowances for expected credit losses ("ECL") on the following financial instruments that are not measured at fair value through profit and loss:

- Financial assets that are debt instruments
- Financial guarantee contracts issued
- Loan commitments issued

Loss allowances are recognised at an amount equal to 12-month ECL for financial instruments on which credit risk has not increased significantly since their initial recognition. Loss allowances for financial instruments where there has been a significant increase in credit risk are measured at lifetime ECL. 12-month ECL are the portion of ECL that

result from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. The ECL amount assessed on the Company's exposures is not considered to be significant.

For regulatory purposes, a default shall be considered to have occurred with regard to a particular obligor when either or both of the following have taken place:

1.) The Group considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the Group to actions such as realising security

2.) The obligor is past due more than 90 days on any material credit obligation to the Group

d) Definition of a restructured exposure used for the implementation of point (d) of Article 178(3) CRR when different from the definition of forborne exposure defined in Annex V to Commission Implementing Regulation (EU) 680/2014

Not applicable. MLI does not apply point (d) of Article 178(3) of CRR as MLI does not use the IRB approach.

Table 4.3.2.T1. – UK CR1 – Performing and Non-performing Exposures and Related Provisions

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		2023 MLI Group														
		Gross Carrying Amount / Nominal Amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	$ 3,187	$ 3,187													
010	Loans and advances	150,243	150,243												97,280	
020	Central banks	2,098	2,098												1,383	
030	General governments	273	273												121	
040	Credit institutions	32,866	32,866												21,746	
050	Other financial corporations	113,164	113,164												73,870	
060	Non-financial corporations	1,841	1,841												160	
070	Of which SMEs															
080	Households															
090	Debt securities	1,746	1,746													
100	Central banks															
110	General governments	1,746	1,746													
120	Credit institutions															
130	Other financial corporations															
140	Non-financial corporations															
150	Off-balance-sheet exposures	35,943	35,943												35,813	
160	Central banks	2,761	2,761												2,761	
170	General governments															
180	Credit institutions	14,574	14,574												14,480	
190	Other financial corporations	18,607	18,607												18,572	
200	Non-financial corporations	1	1													
210	Households															
220	**Total**	**$ 191,119**	**$ 191,119**												**$ 133,094**	

UK CR1-A – Maturity of exposures

Table UK CR1-A Maturity of Exposures splits the Group's Credit Risk exposure values at the end of the year by residual maturity.

Table 4.3.2.T2. – UK CR1-A – Maturity of Exposures ($ millions)

		a	b	c	d	e	f
		2023 MLI Group					
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances		$ 150,243				$ 150,243
2	Debt securities		1,746				1,746
3	**Total**		**$ 151,989**				**$ 151,989**

UK CR2 – Changes in the stock of non-performing loans and advances

Template has not been disclosed as the Group has no relevant exposures to report.

UK CR2a – Changes in the stock of non-performing loans and advances and related net accumulated recoveries

The Group does not have any exposures classified as non-performing. Therefore, this template has not been disclosed.

UK CQ1 – Credit quality of forborne exposures

Template has not been disclosed as the Group has no relevant exposures to report.

UK CQ2 – Quality of forbearance

The Group does not have any exposures classified as non-performing. Therefore, this template has not been disclosed.

Table 4.3.2.T3. – UK CQ3 – Credit Quality of Performing and Non-performing Exposures by Past Due Days ($ millions)

		a	b	c	d	e	f	g	h	i	j	k	l
		2023 MLI Group											
		Gross carrying amount / nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	$ 3,187	$ 3,187										
010	Loans and advances	150,243	150,243										
020	Central banks	2,098	2,098										
030	General governments	273	273										
040	Credit institutions	32,866	32,866										
050	Other financial corporations	113,164	113,164										
060	Non-financial corporations	1,841	1,841										
070	Of which SMEs												
080	Households												
090	Debt securities	1,746	1,746										
100	Central banks												
110	General governments	1,746	1,746										
120	Credit institutions												
130	Other financial corporations												
140	Non-financial corporations												
150	Off-balance-sheet exposures	35,943											
160	Central banks	2,761											
170	General governments												
180	Credit institutions	14,574											
190	Other financial corporations	18,607											
200	Non-financial corporations	1											
210	Households												
220	**Total**	**$191,119**	**$ 155,176**										

UK CQ4 – Quality of non-performing exposures by geography

Table UK CQ4 Quality of Non-Performing Exposures by Geography shows further analysis of the geographical distribution of the Group's credit risk exposure values. The geographical distribution is reported by analysing where the counterparty is based.

Table 4.3.2.T4. – UK CQ4 Quality of Non-Performing Exposures by Geography ($ millions)

		a	b	c	d	e	f	g
		2023 MLI Group						
		Gross carrying / nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
010	On balance sheet exposures	$ 151,989			$ 112,101			
020	ALBANIA	1			1			
	ANDORRA	1						
	AUSTRALIA	4,843			4,745			
	AUSTRIA	9			9			
	BAHRAIN	1,092			1			
	BELGIUM	169			169			
	BERMUDA	45			21			
	BRAZIL	287			11			
	BRUNEI	—						
	CANADA	2,348			910			
	CAYMAN ISLANDS	21,117			10,492			
	CHILE	106			104			
	CHINA	907			228			
	COLOMBIA	—			—			
	CURACAO	2,377			2,377			
	CZECH REPUBLIC	126			5			
	DENMARK	86			86			
	EGYPT	8			8			
	FINLAND	35			35			
	FRANCE	11,305			4,883			
	GERMANY	1,986			1,435			
	GUERNSEY	56			49			
	HONG KONG	826			800			
	INDIA	328			328			
	IRELAND	2,468			1,515			
	ISRAEL	384			384			
	ITALY	787			787			
	JAPAN	14,427			11,752			
	JERSEY	3			3			
	KAZAKHSTAN	—			—			
	KOREA,REPUBLIC OF (SOUTH)	1,541			1,439			
	KUWAIT	36			36			
	LEBANON	—			—			
	LUXEMBOURG	668			305			
	MACAO	1						
	MALAYSIA	2			2			
	MALTA	5			—			
	MARSHALL ISLANDS	8			8			
	MAURITIUS	696						
	MEXICO	—			—			

		a	b	c	d	e	f	g
		2023 MLI Group						
		Gross carrying / nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
	MONACO	1			1			
	MOROCCO	—			—			
	NETHERLANDS	569			495			
	NEW ZEALAND	52			47			
	NAMIBIA	3			3			
	NIGERIA	16			16			
	NORWAY	206			206			
	OMAN	3						
	PANAMA	150			29			
	PHILIPPINES	51			51			
	POLAND	1			1			
	PORTUGAL	6			5			
	QATAR	1,126			12			
	SAUDI ARABIA	37			37			
	SINGAPORE	4,826			4,544			
	SLOVENIA	14						
	SOUTH AFRICA	563			419			
	SPAIN	284			275			
	SWEDEN	21			17			
	SWITZERLAND	2,195			1,403			
	TAIWAN, PROVINCE OF CHINA	2,348			1,968			
	TURKEY	1,365			373			
	UNITED ARAB EMIRATES	298			122			
	UNITED KINGDOM	17,946			17,192			
	UNITED STATES	50,038			41,174			
	URUGUAY	1			1			
	VIRGIN ISLANDS(BRITISH)	786			783			
080	**Off balance sheet exposures**	***$ 35,943***						
090	AUSTRALIA	$ 102						
	Brazil	82						
	CANADA	380						
	CAYMAN ISLANDS	4,333						
	CHINA	1,984						
	CZECH REPUBLIC	777						
	France	15,601						
	Germany	33						
	IRELAND	1						
	JAPAN	10,134						
	SINGAPORE	21						
	SOUTH AFRICA	40						
	United Arab Emirates	2						
	United Kingdom	1,529						

		a	b	c	d	e	f	g
		2023 MLI Group						
		Gross carrying / nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
	UNITED STATES	925						
150	**Total**	**$ 187,932**			**$ 112,101**	**$ —**		**$ —**

UK CQ5 – Credit quality of loans and advances to non-financial corporations by industry

Table UK CQ5 Credit Quality of Loans and Advances by Industry sets out the Group's credit risk exposure to non-financial corporations by industry distribution.

Table 4.3.2.T5. – UK CQ5 Credit Quality of Loans and Advances by Industry ($ millions)

		a	b	c	d	e	f
		2023 MLI Group					
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
10	Agriculture, forestry and fishing						
20	Mining and quarrying	—			—		
30	Manufacturing	10			9		
40	Electricity, gas, steam and air conditioning supply	129			129		
50	Water supply						
60	Construction						
70	Wholesale and retail trade	19			19		
80	Transport and storage						
90	Accommodation and food service activities						
100	Information and communication	799			799		
110	Financial and insurance activities						
120	Real estate activities	3			—		
130	Professional, scientific and technical activities	—					
140	Administrative and support service activities	867			725		
150	Public administration and defence, compulsory social security						
160	Education	—			—		
170	Human health services and social work activities	1					
180	Arts, entertainment and recreation						
190	Other services	13					
200	**Total**	**$ 1,841**			**$ 1,682**		

UK CQ6 – Collateral valuation – loans and advances

The Group does not have any exposures classified as non-performing. Therefore, this template has not been disclosed.

UK CQ7 – Collateral obtained by taking possession and execution processes

Template has not been disclosed as the Group has no relevant exposures to report.

UK CQ8 – Collateral obtained by taking possession and execution processes – vintage breakdown

The Group does not have any exposures classified as non-performing. Therefore, this template has not been disclosed.

4.4. Disclosure of the use of Credit Risk Mitigation Techniques (UK CRC)

4.4.1. UK CRC – Qualitative Disclosure Requirements Related to CRM Techniques

(a) Core features of the policies and processes for on- and off-balance sheet netting and an indication of the extent to which the Group makes use of balance sheet netting (Article 453 (a) CRR)

The Global Banking and Markets Legal Department publishes summaries of opinions regarding the enforceability of netting and associated collateral agreements for certain traded products agreements. The Global Banking and Market Legal Department performs a periodic legal review of such opinions, no less frequently than annually.

MLI credit risk exposure is net of collateral where legally enforceable netting agreements are recognised. In order to benefit from close-out netting / enforceability of collateral, written legal opinions are required to confirm:

1. The enforceability of close-out netting under a Master Agreement
2. The enforceability of credit support agreements (if applicable) in the jurisdiction of incorporation of the counterparty in each case for the relevant type of counterparty

Where applicable for Uncleared Margin Rules ("UMR") purposes or otherwise:

1. The enforceability of collateral arrangements in respect of MLI, the counterparty and the custodian including in the event of bankruptcy, insolvency or other similar proceeding
2. The ability of the collateral provider and collateral taker to recover collateral held by the custodian

Where necessary, Credit Risk Management will consult with the Legal Department to ensure that any necessary capacity and authority matters, country and enforceability issues, and product approvals are addressed.

(b) Core features of policies and processes for eligible collateral evaluation and management (Article 453 (b) CRR)

The collateral eligible for exchange is subject to BAC's collateral policies and relevant regulatory requirements. Policies are in place to value and manage collateral according to its type and risk characteristics.

The Marketable Securities and Other Liquid Collateral Policy establishes criteria for the types of marketable securities and other liquid assets that are acceptable as collateral when there is a reliance on such collateral as the primary or secondary source of repayment. It defines parameters for maintaining collateral values. It also addresses risk mitigation, documentation, monitoring, control, and compliance with legal and regulatory requirements. Business units have documented processes to comply with this policy and, where monitored less than daily, reduced advance rates may be applied to account for the increased market risk. When FLU Credit and Enterprise Credit Risk ("ECR") are negotiating CSAs with counterparties, the list of eligible collateral is defined based on counterparty's credit profile. At any point in time, they can request updating the collateral list should the counterparty's credit profile change.

Generally, daily valuations are carried out on market trading activities such as collateralised over-the-counter derivatives and structured finance trades in support of margining requirements. All requests for non-standard collateral are reviewed and approved through the Non-Standard Collateral Review Process. Collateral Management report and escalate collateral disputes and fails through established routines.

Derivatives exposures are increasingly routed through Central Counterparties in response to regulation changes.

(c) The main types of collateral taken to mitigate credit risk (Article 453 (c) CRR)

At times, borrowers and counterparties do not fulfil their obligations and steps are taken to mitigate and manage losses. Dedicated teams and stringent processes are in place to appropriately manage non-performing assets.

MLI maintains appropriate levels of capital in compliance with all applicable regulatory requirements. During a credit cycle, MLI may experience a concentration of losses and would intensify efforts to mitigate losses, balancing fiduciary responsibilities to protect asset values with MLI's principles to serve its customers.

MLI employs a range of techniques to actively mitigate counterparty credit risks. MLI accepts collateral that it is permitted by documentation such as repurchase agreements or a Credit Support Annex ("CSA") to an International ISDA master agreement. For derivatives, required collateral levels may vary depending on the credit quality of the party posting collateral. Generally, collateral is accepted in the form of cash and high grade government securities.

The standard type of collateral that MLI accepts for its Global Markets business consists of U.S. Dollar Cash and Government bonds from investment grade G7 countries. Any such collateral taken in respect of trading exposures will be subject to a haircut, which is negotiated at the time of signing the collateral agreement. A haircut is the valuation percentage applicable to each type of collateral and will be largely based on liquidity and price volatility of the underlying security. Where applicable, regulations in certain jurisdictions may specify minimum haircuts on eligible collateral. In the situation where an ISDA / CSA is subject to UMRs of multiple regulatory regimes, the accepted haircuts are floored by the most conservative of the regulatory minimums, while more conservative haircuts may be negotiated. Where haircuts are not required by regulations, haircuts associated with acceptable forms of collateral are standard haircuts recommended by Counterparty Credit Risk Portfolio Management. Any deviation from these is subject to approval following the "Agreements and Documentation Escalation Grid guidelines." The standard haircut table for Eligible Collateral is maintained by Counterparty Credit Risk Portfolio Management and updated at least annually.

(d) For guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purposes of reducing capital requirements, excluding those used as part of synthetic securitisation structures (Article 453 (d) CRR)

A range of instruments including guarantees, credit insurance, credit derivatives, and securitisation can be used to transfer credit risk from one counterparty to another. Third-party guarantees are reviewed by the Legal Department and must conform to certain standards in order to be recognised as mitigation for credit risk management purposes. The main types of provider of guarantees are banks, other financial institutions, and corporates, the latter typically in support of subsidiaries of their company. Where credit risk mitigation is deemed to transfer credit risk, the risk is transferred to a counterparty with higher credit quality than the transferor and typically with investment grade ratings, this exposure is appropriately recorded against the credit risk mitigation provider.

(e) Information about market or credit risk concentrations within the credit mitigation taken (Article 453 (e) CRR)

Credit risk mitigation taken by MLI to reduce credit risk may result in credit or market risk concentrations. Guarantees that are treated as eligible credit risk mitigation are marked as an exposure against the guarantor and aggregated with other credit exposure to the guarantor. Limit monitoring at the counterparty level is then used for monitoring of concentrations in line with Enterprise policy.

4.4.2. UK CR3 – CRM Techniques Overview: Disclosures of the use of Credit Risk Mitigation Techniques

Table 4.4.2.T1. – UK CR3 CRM Techniques Overview: Disclosure of the Use of Credit Risk Mitigation Techniques ($ millions)

		2023 MLI Group				
		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	$ 52,963	$ 97,280	$ 97,280		
2	Debt securities	1,746				
3	Total	54,709	97,280	97,280		
4	*Of which non-performing exposures*					
5	*Of which defaulted*					

4.5. Disclosure of Exposures to Counterparty Credit Risk (UK CCRA)

UK CCRA – Qualitative disclosure related to CCR

(a) The methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties (Article 439 (a) CRR)

MLI has exposure to counterparty credit risk arising from exposures to counterparties in derivative and securities financing transactions. MLI calculates counterparty credit risk of derivative exposures using SA-CCR. For securities financing transactions, MLI uses the financial collateral comprehensive method.

Once credit has been extended, processes are in place to monitor credit risk exposure at both the individual borrower and portfolio levels. Key credit risk exposures are assessed under both normal and stress scenarios and credit risk is managed primarily through establishing limits and monitoring usage. Credit risk may be hedged to mitigate exposure and to keep credit risk appetite and return within expectations.

Regular portfolio monitoring and reporting and business-specific governance routines, including periodic testing and examinations by Credit Review, which is part of Corporate Audit, enable detection of deteriorating credit trends, development of mitigation strategies, and measurement of the effectiveness of actions taken. At the borrower and counterparty level, the risks inherent in ongoing financial performance are reviewed. At the portfolio level, the credit performance of key concentrations under actual conditions, as well as under baseline and potential stress scenarios, are assessed.

As part of the portfolio management process, loss experience is evaluated compared to expected losses against established credit risk metrics for the entire credit portfolio, including obligor and facility rating distributions for the portfolio. In addition, targeted and portfolio stress testing and scenario analysis are performed and reviewed.

Counterparty Stress Testing is an important element of counterparty exposure monitoring carried out by Global Markets Risk.

Stress Testing gives transparency into the types and magnitudes of CCR the firm undertakes and provides conservative but plausible views on CCR stressed market conditions.

With increasing collateral coverage under UMR a BAU stress framework compliments the CE and PE metrics to ensure prudent risk management.

Stress testing in MLI covers a wide variety of scenarios (including historical, hypothetical, point of weakness and single factor scenarios) to help identify exposure concentrations and the impact of potential changes in market conditions on credit exposures. This ensures MLI counterparty exposures are stressed appropriately and thoroughly.

Scope of stress testing portfolio includes Bilateral OTC Derivatives, Listed Futures and Options, Cleared OTC Derivatives (House and Client), Repo Style Transactions, Fixed Income Forwards and CSA Collateral.

Stress Testing results are reviewed periodically in the MLI IMM Risk and Capital forum as well as in the quarterly MLI portfolio review.

(b) Policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves (Article 439 (b) CRR)

Core credit risk policies cover loss mitigation activities including the use of guarantees and securing collateral.

MLI employs a range of techniques to actively mitigate counterparty credit risks. MLI accepts collateral that it is permitted by documentation such as repurchase agreements or a CSA to an International Swaps Dealers Association ("ISDA") master agreement. For derivatives, required collateral levels may vary depending on the credit quality of the party posting collateral. Generally, collateral is accepted in the form of cash and high grade government securities.

Where applicable, regulations in certain jurisdictions may specify minimum haircuts on eligible collateral. In the situation where an ISDA / CSA is subject to UMRs of multiple regulatory regimes, the accepted haircuts are floored by the most conservative of the regulatory minimums, while more conservative haircuts may be negotiated. Where haircuts are not required by regulations, haircuts associated with acceptable forms of collateral are standard haircuts recommended by Counterparty Credit Risk Portfolio Management. Any deviation from these is subject to approval following the "Agreements and Documentation Escalation Grid guidelines." The standard haircut table for Eligible Collateral is maintained by Counterparty Credit Risk Portfolio Management and updated at least annually.

(c) Policies with respect to Wrong-Way risk as defined in Article 291 of the CRR (Article 439 (c) CRR)

Wrong-way risk exists when there is adverse correlation between a counterparty's probability of default and the market value of the underlying transaction and / or the collateral. Examples of wrong-way risk include, but are not limited to, situations that involve a counterparty that is a resident and / or incorporated in an emerging market entering into a transaction to sell non-domestic currency in exchange for its local currency; a trade involving the purchase of an equity put option from a counterparty whose shares are the subject of the option; or the purchase of credit protection from a counterparty who is closely associated with the credit default swap reference entity.

MLI uses a range of policies and reporting to identify and monitor wrong-way risk across the portfolio. The Correlation and Concentration Risk policy describes the governance, limit frameworks, approval requirements, and roles and responsibilities for the management of wrong-way risk exposures. Forums have been established to review potential situations of wrong-way risk, and depending on the nature of the wrong way risk, Risk Management may require pre-trade approval or apply various portfolio limits. In keeping with the Risk Framework, several processes exist to control and monitor wrong-way risk including reviews at the BAC Global Markets Risk Committee, the BAC Credit Risk Committee, and MLI MRC.

(d) Other risk management objectives and relevant policies related to CCR (Article 431 (3) and (4) CRR)

The previous sections cover the main credit risk management processes including credit origination, portfolio management and loss mitigation activities which are covered within core credit risk policies.

(e) The amount of collateral the Group would have to provide if its credit rating was downgraded (Article 439 (d) CRR)

The full impact of a credit rating downgrade on MLI depends on numerous factors, including: (1) the type and severity of any downgrade; and (2) the reaction of counterparties, customers, and investors who face MLI.

Based on the terms of various over-the-counter derivatives contracts and other trading agreements, a credit rating downgrade may result in MLI posting additional collateral to counterparties or counterparties choosing to unwind or terminate specific transactions. In either case, MLI could experience liquidity outflows or the loss of funding sources. The materiality of such events will depend on whether the downgrade affects long-term or short-term credit ratings, as well as whether credit ratings drop by one or more levels.

The potential impact of a credit rating downgrade on collateral is monitored continuously and factored into MLI's internal liquidity stress testing and regulatory liquidity requirements. As at 31 December 2023, MLI was in excess of both internal and regulatory liquidity requirements, with a one-notch and two-notch downgrade scenario resulting in $65 million and $104 million of incremental additional outflows, respectively in line with contractual obligations in OTC derivative contracts.

UK CCR1 – Analysis of CCR exposure by approach

Table UK CCR1 Analysis of CCR Exposure by Approach shows a breakdown of the Group's CCR exposures by approach.

Table 4.5.T1. – UK CCR1 Analysis of CCR Exposure by Approach ($ millions)

		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
UK1	Original Exposure Method (for derivatives)				1.4				
UK2	Simplified SA-CCR (for derivatives)				1.4				
1	SA-CCR (for derivatives)	$ 9,701	$ 25,567		1.4	$ 126,753	$ 49,375	$ 49,375	$ 30,234
2	IMM (for derivatives and SFTs)								
2a	*Of which securities financing transactions netting sets*								
2b	*Of which derivatives and long settlement transactions netting sets*								
2c	*Of which from contractual cross-product netting sets*								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)					644,034	56,578	56,578	38,099
5	VaR for SFTs								
6	**Total**					**$ 770,787**	**$ 105,953**	**$ 105,953**	**$ 68,334**

Table 4.5.T2. – UK CCR2 – Transactions Subject to Own Funds Requirements for CVA Risk ($ millions)

		a	b
		Exposure value	**RWEA**
1	Total transactions subject to the Advanced method		
2	(i) VaR component (including the 3× multiplier)		
3	(ii) stressed VaR component (including the 3× multiplier)		
4	Transactions subject to the Standardised method	$ 36,676	$ 12,950
UK4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
5	**Total transactions subject to own funds requirements for CVA risk**	**$ 36,676**	**$ 12,950**

Table 4.5.T3. – UK CCR3 – Standardised Approach – CCR Exposures by Regulatory Exposure Class and Risk Weights ($ millions)

	Exposure classes	Risk weight											
		a	b	c	d	e	f	g	h	i	j	k	l
		0	0.02	0.04	0.1	0.2	0.5	0.7	0.75	1	1.5	Others	Total exposure value
1	Central governments or central banks	$ 1,068				$ 183	$ 77			$ 2,159			$ 3,487
2	Regional government or local authorities	0				8	79						87
3	Public sector entities	31				1184				45			1259
4	Multilateral development banks	286					0						286
5	International organisations	1953											1953
6	Institutions		13748	26		9707	8972			598			33052
7	Corporates					698	4193			41247	43		46181
8	Retail												
9	Institutions and corporates with a short-term credit assessment					9864	20995			2079	401		33339
10	Other items												
11	**Total exposure value**	**$ 3,339**	**$13,748**	**$ 26**		**$21,644**	**$34,317**			**$46,128**	**$ 444**		**$ 119,646**

UK CCR4 – IRB approach – CCR exposures by exposure class and PD scale

The Group does not follow the IRB approach and does not have an IMM approval. Therefore no IRB or IMM related templates are disclosed.

Table 4.5.T4. – UK CCR5 – Composition of Collateral for CCR Exposures ($ millions)

		a	b	c	d	e	f
		Collateral used in derivatives transactions				**Collateral used in securities financing transactions (SFTs)**	
	Collateral type	Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received	Fair value of collateral posted
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash	$ 1	$ 27,383		$ 32,957	$ 281,864	$ 328,512
2	Debt	7,565	9,609	7,707	5,191	273,050	274,432
3	Equity	647	339	377	84	74,067	79,982
4	Other		10			798	3,417
5	**Total**	**$ 8,213**	**$ 37,341**	**$ 8,084**	**$ 38,231**	**$ 629,779**	**$ 686,343**

Table 4.5.T5. – UK CCR6 – Credit Derivatives Exposures ($ millions)

		a	b
		Protection bought	Protection sold
Notionals			
1	Single-name credit default swaps	$ 73,131	$ 73,447
2	Index credit default swaps	141,613	135,049
3	Total return swaps	7,263	6,894
4	Credit options	10,909	14,266
5	Other credit derivatives	1,932	1,387
6	**Total notionals**	234,848	231,042
Fair values			
7	Positive fair value (asset)	2,016	5,545
8	Negative fair value (liability)	(5,667)	(1,407)

UK CCR7 – RWEA flow statements of CCR exposures under the IMM

The Group does not follow the IRB approach and does not have an IMM approval. Therefore no IRB or IMM related templates are disclosed.

Table 4.5.T6. – UK CCR8 – Exposures to CCPs ($ millions)

		a	b
		Exposure value	RWEA
1	**Exposures to QCCPs (total)**		**$ 439**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	$ 11,812	$ 237
3	(i) OTC derivatives	6,059	122
4	(ii) Exchange-traded derivatives	3,684	74
5	(iii) SFTs	2,069	41
6	(iv) Netting sets where cross-product netting has been approved	—	—
7	Segregated initial margin	—	
8	Non-segregated initial margin	1,962	39
9	Prefunded default fund contributions	706	163
10	Unfunded default fund contributions	—	—
11	**Exposures to non-QCCPs (total)**		**$ —**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	—	—
13	(i) OTC derivatives	—	—
14	(ii) Exchange-traded derivatives	—	—
15	(iii) SFTs	—	—
16	(iv) Netting sets where cross-product netting has been approved	—	—
17	Segregated initial margin	—	
18	Non-segregated initial margin	—	—
19	Prefunded default fund contributions	—	—
20	Unfunded default fund contributions	—	—

4.6. Disclosure of Exposures to Securitisation Positions (UK SECA)

4.6.1. UK SECA – Qualitative Disclosure Requirements Related to Securitisation Exposures

(a) Description of securitisation and re-securitisation activities; including institutions' risk management and investment objectives in connection with those activities, their role in securitisation and re-securitisation transactions whether they use the Simple Transparent and Standardised (STS) securitisation framework and the extent to which they use securitisation transactions to transfer the credit risk of the securitised exposures to third parties with, where applicable, a separate description of their synthetic securitisation risk transfer policy (Article 449(a) CRR)

Within the Group, MLI acts as investor in securitisations. MLI does not currently act as originator or sponsor for any securitisations.

MLI's main involvement in relation to securitisation activity is to act as a secondary market maker. MLI has engaged in securitisation activities related to commercial and residential mortgage loans, corporate loans, and other types of financial instruments. Where MLI acts as derivative counterparty to a securitisation, the derivatives are typically interest rate swaps.

(b) The type of risk the Group is exposed to in their securitisation and re-securitisation activities by level of seniority of the relevant securitisation positions, providing a distinction between STS and non-STS positions and: i) risk retained in own-originated transactions; ii) risk incurred in relation to transactions originated by third parties (Article 449(b) CRR)

MLI is active in all classes of securitisation issuances, trading senior, mezzanine and residual tranches to facilitate client activity. Although asset-backed securities are the dominant driver of the capital requirement for securitisation positions, MLI is also active in all classes of collateralised loan obligation issuance and also has certain derivative positions collateralised by asset-backed securities. Monitoring and controls are in place via VaR based modelling, stress testing and market value limits.

(c) The Group's approaches to calculating the risk-weighted exposure amounts that they apply to their securitisation activities, including the types of securitisation positions to which each approach applies with a distinction between STS and non-STS positions (Article 449(c) CRR)

MLI uses Sec-SA or Sec-ERBA under the hierarchy of methods in Article 254 of Regulation (EU) 2017/2401, as adopted under U.K. regulation, to calculate the capital requirements on its securitisation positions.

(d) A list of SSPEs falling into any of the following categories, with a description of types of institution's exposures to those SSPEs, including derivatives contracts:

(i) SSPEs which acquire exposures originated by the institutions; (ii) SSPEs sponsored by the institutions; (iii) SSPEs and other legal entities for which the institutions provide securitisation-related services, such as advisory, asset servicing or management services; (iv) SSPEs included in the institutions' regulatory scope of consolidation (Article 449(d) CRR)

MLI accounts for its interests in Special Purpose Entities ("SPEs") in accordance with IFRS 10: Consolidated Financial Statements, which establishes the criteria for when one entity is deemed to control another entity. IFRS 10 defines control as follows: "an investor controls an investee when it is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". In assessing control, all relevant factors are considered including qualitative and quantitative aspects.

The consolidation analysis is reassessed whenever there is a change in the substance of the relationship between MLI and an SPE, for example, when the nature of the MLI's involvement or the governing rules, contractual

arrangements or capital structure of the SPE change. Further, the full population is reassessed every quarter-end. The review process includes all stakeholders, including FLUs.

Whether the transfer of assets to an SPE in a securitisation transaction is treated as a sale or financing depends on whether the derecognition requirements of IFRS 9 - Financial Instruments are met.

The derecognition criteria are satisfied if:

1.) Substantially all the risks and rewards associated with the assets have been transferred, in which case, they are derecognised in full; or

2.) MLI neither transfers nor retains substantially all the risks and rewards of ownership, but has not retained control. In these instances, the assets are derecognised in their entirety and the Group, through MLI, recognises separately as assets or liabilities any rights and obligations created or retained in the transfer

Transactions where derecognition of the assets transferred to a SPE has occurred are treated as sales or partial sales of those assets. The difference between the carrying amount of the assets transferred and the consideration received is recorded in current period net operating income.

Assets that have been transferred to an unconsolidated SPE which fail the derecognition requirements in IFRS 9 are treated as financing arrangements and will remain on MLI's balance sheet, with a corresponding liability recognised for the proceeds received. These assets are classified as trading assets and the corresponding liabilities are classified as Creditors: Amounts falling due after one year. The assets are measured at fair value through P&L and the liabilities at amortised cost or fair value through P&L under a fair value option election.

Synthetic securitisations arise where the underlying assets are not sold to the SPE, instead credit derivatives are used to transfer the economic risk of the underlying assets. The Group, through MLI, may or may not hold the underlying assets and may or may not transfer other HQLAs to the SPE as security for the principal of the notes issued. Synthetic securitisations are accounted for under the same accounting policies to those summarised above with the associated credit derivatives accounted for at fair value through P&L in accordance with the requirements of IFRS 9.

(e) A list of any legal entities in relation to which the Group have disclosed that they have provided support in accordance with Chapter 5 of Title II of Part Three CRR (Article 449(e) CRR)

The Group does not provide financial support to its SPEs.

(f) A list of legal entities affiliated with the Groups and that invest in securitisations originated by the Group or in securitisation positions issued by SSPEs sponsored by the Group (Article 449(f) CRR)

N/A - MLI does not currently act as originator or sponsor for any securitisations.

(g) Accounting policies for securitisation activity, including where relevant a distinction between securitisation and re-securitisation positions (Article 449(g) CRR)

MLI's retained interests in securitisation transactions are valued in accordance with the Accounting Policies, as set out in MLI's Annual Financial Statements. These interests comprise loans and securities, which are classified as trading assets and measured at fair value through P&L. These will accordingly be included within the fair value disclosures in Note 33 in the MLI Annual Financial Statements. Other interests include, for example, agreement between MLI to receive the fee payable by the SPE over several years (at an increased rate) and off-balance sheet liquidity facilities (e.g., in a credit-linked note structure) provided to the SPE. MLI does not provide financial support to its SPEs.

(h) The names of the ECAIs used for securitisations and the types of exposure for which each agency is used (Article 449(h) CRR)

MLI uses Sec-SA or Sec-ERBA under the hierarchy of methods in Article 254 of Regulation (EU) 2017/2401, as adopted under U.K. regulation, to calculate the capital requirements on its securitisation positions. Under Sec-ERBA MLI uses ratings from three ECAIs: Moody's, S&P, and Fitch.

(i) Where applicable, a description of the Internal Assessment Approach as set out in Chapter 5 of Title II of Part Three CRR including the structure of the internal assessment process and the relation between internal assessment and external ratings of the relevant ECAI disclosed in accordance with point (h), the control mechanisms for the internal assessment process including discussion of independence, accountability, and internal assessment process review, the exposure types to which the internal assessment process is applied and the stress factors used for determining credit enhancement levels (Article 449(i) CRR)

N/A - MLI does not have approval to use internal ratings.

4.6.2. UK-SEC1 - Securitisation Exposures in the Non-trading Book

Table 4.6.2.T1. – UK-SEC1 - Securitisation Exposures in the Non-trading Book ($ millions)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS					STS	Non-STS			STS	Non-STS		
			of which SRT		of which SRT		of which SRT									
1	Total exposures	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 656	$ 21	$ 677
2	Retail (total)	—	—	—	—	—	—	—	—	—	—	—	—	140	—	140
3	residential mortgage	—	—	—	—	—	—	—	—	—	—	—	—	125	—	125
4	credit card	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	other retail exposures	—	—	—	—	—	—	—	—	—	—	—	—	16	—	16
6	re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7	Wholesale (total)	—	—	—	—	—	—	—	—	—	—	—	—	516	21	537
8	loans to corporates	—	—	—	—	—	—	—	—	—	—	—	—	374	—	374
9	commercial mortgage	—	—	—	—	—	—	—	—	—	—	—	—	4	—	4
10	lease and receivables	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	other wholesale	—	—	—	—	—	—	—	—	—	—	—	—	92	—	92
12	re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—	46	21	68

Table 4.6.2.T2. – UK-SEC2 - Securitisation Exposures in the Trading Book ($ millions)

		a	b	c	d	e	f	g	h	i	j	k	l
		Institution acts as originator				Institution acts as sponsor				Institution acts as investor			
		Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS	Non-STS			STS	Non-STS			STS	Non-STS		
1	Total exposures	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 916	$ —	$ 916
2	Retail (total)	—	—	—	—	—	—	—	—	—	800	—	800
3	residential mortgage	—	—	—	—	—	—	—	—	—	764	—	767
4	credit card	—	—	—	—	—	—	—	—	—			
5	other retail exposures	—	—	—	—	—	—	—	—	—	32		32
6	re-securitisation	—	—	—	—	—	—	—	—	—			
7	Wholesale (total)	—	—	—	—	—	—	—	—	—	117		117
8	loans to corporates	—	—	—	—	—	—	—	—	—			
9	commercial mortgage	—	—	—	—	—	—	—	—	—	82		82
10	lease and receivables	—	—	—	—	—	—	—	—	—			
11	other wholesale	—	—	—	—	—	—	—	—	—	35		35
12	re-securitisation	—	—	—	—	—	—	—	—	—			

UK-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

The Group does not currently act as originator or sponsor for any securitisations. Therefore template UK-SEC3 is not disclosed.

Table 4.6.2.T3. – UK-SEC4 - Securitisation Exposures in the Non-trading Book and Associated Regulatory Capital Requirements - Institution Acting as Investor ($ millions)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands / deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% / deductions
1	**Total exposures**	$ 121	$ 14	$ 14	$ 370	$ 158	$ —	$ 407	$ 213	$ 57	$ —	$ 2,081	$ 1,217	$ 714	$ —	$ 166	$ 97	$ 57
2	Traditional securitisation	121	14	14	349	158	—	407	192	57	—	2,081	969	714	—	166	78	57
3	Securitisation	121	14	14	347	113	—	407	191	12	—	2,081	963	152	—	166	77	12
4	Retail underlying	46	4	11	25	55	—	101	27	12	—	629	63	149	—	50	5	12
5	Of which STS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	Wholesale	74	11	3	323	59	—	305	164	—	—	1,452	900	2	—	116	72	—
7	Of which STS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8	Re-securitisation	—	—	—	1	45	—	—	1	45	—	—	6	563	—	—	—	45
9	Synthetic securitisation	—	—	—	21	—	—	—	21	—	—	—	247	—	—	—	20	—
10	Securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	Retail underlying	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
12	Wholesale	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Re-securitisation	—	—	—	21	—	—	—	21	—	—	—	247	—	—	—	20	—

UK-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

The Group does not currently act as originator or sponsor for any securitisations. Therefore, template UK-SEC5 is not disclosed.

4.7. Disclosure of use of Standardised Approach and Internal Model for Market Risk (UK MRA, UK MRB)

4.7.1. UK MRA – Qualitative Disclosure Requirements Related to Market Risk

(a) The Group's strategies and processes to manage market risk, including: an explanation of management's strategic objectives in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control the Group's market risks, policies for hedging and mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges (Points (a) and (d) of Article 435 (1) CRR)

MLI is the primary customer-facing entity for International (ex-EEA) customers for securities and derivatives trading, providing a wide range of financial services to clients globally (ex-EEA) in products originating in EMEA, APAC, and the Americas, and conducts a wide range of trading activities in the international markets. Market risk is the risk that changes in market conditions may adversely impact the value of assets or liabilities or otherwise negatively impact earnings. Market risk is composed of price risk and interest rate risk ("IRR"):

- Price risk is risk to current or projected financial condition and resilience arising from changes in the value of either trading portfolios or other obligations that are entered into as part of distributing risk.
- Interest rate risk is the risk to current or projected financial condition arising from movements in interest rates.

MLI adheres to the BAC Global Markets Market Risk Policy and the Market Risk Limits Policy. In addition, the MLI Market Risk Policy specifies additional corporate governance and regulatory requirements beyond those stated in the global policies and is approved by the MLI MRC.

The Group's approach to managing market risk involves:

- Monitoring compliance with established market risk limits and reporting our exposures
- Diversifying exposures
- Controlling position sizes
- Evaluating mitigants, such as economic hedges in related securities or derivatives

The effectiveness of hedges and mitigants is monitored using processes such as risk and limit reporting, in addition to the requirements under various firm's policies.

Global Markets Risk ("GMR") produces risk measures and monitors them against established market risk limits. These measures reflect an extensive range of scenarios, and the results are aggregated at product, business and firm-wide levels. Metrics including VaR, risk factor sensitivities and stress scenario impacts are reported to market risk managers and relevant stakeholders in GMR and Front-Line Units. The metrics are available on the applications housed in the "Market Risk Suite", which can be accessed for further analyses. GMR also provides risk measures and analyses to various oversight and governance routines in the Group.

(b) A description of the structure and organisation of the market risk management function (Point (b) of Article 435 (1) CRR)

GMR, which is independent of the revenue-producing units and reports to the Group's Chief Risk Officer, has primary responsibility for assessing, monitoring and managing market risk through firm-wide oversight across global businesses. Managers in revenue-producing units and GMR discuss market information, positions and estimated loss scenarios on an ongoing basis. Managers in revenue-producing units are accountable for managing risk within prescribed limits. These managers have in-depth knowledge of their positions, markets and the instruments available to hedge their exposures.

Models used in calculation of measures used for day-to-day Market Risk management and for calculation of capital requirement per IMA are developed by the Global Markets Risk Analytics (“GMRA”) team and validated by the Model Risk Management (“MRM”) team. These teams are part of the GRM division. GMR engages with these teams as part of governance bodies overseeing model performance, model change assessments, review of measures produced by these models and their uses including in regulatory capital requirements.

GMR engages with senior management in MLI, relevant LOBs, and at BAC level through multiple committees such as the MLI MRC, MLI BRC and Global Markets Risk Committee. Additionally, working groups and steering councils are established to provide oversight on specific initiatives or aspects of market risk management in the entity. Details of these are given in the MLI Market Risk Policy.

On an annual basis, the MLI CRO provides written attestation to the PRA that the internal capital model approaches for which the Group has received permission comply with regulatory requirements.

(c) Scope and nature of risk reporting and measurement systems (Point (c) of Article 435 (1) CRR)

Global Markets Risk produces risk measures and monitors them against established market risk limits. These measures reflect an extensive range of scenarios, and the results are aggregated at product, business and firm-wide levels. Metrics including VaR, risk factor sensitivities and stress scenario impacts are reported to market risk managers and relevant stakeholders in GMR and Front-Line Units. The metrics are available on the applications housed in the “Market Risk Suite”, which can be accessed for further analyses. GMR also provides risk measures and analyses to various oversight and governance routines in the entity.

Note: For additional information regarding Market Risk Management, Stress Testing, Backtesting, Timeseries and Proxy data usage, see “Managing Risk – Market Risk Management -Trading Risk Management” in “Part II – Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations” in BAC’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the Securities and Exchange Commission (“SEC”) which is available at https://investor.bankofamerica.com/.

4.7.2. UK MR1 - Market Risk under the Standardised Approach

Table 4.7.2.T1. – UK MR1 - Market Risk under the Standardised Approach ($ millions)

Table UK MR1 - Market Risk under the Standardised Approach presents a breakdown of the Group’s Market Risk under the standardised approach.

		2023 MLI Group RWEAs
	Outright products	
1	Interest rate risk (general and specific)	$ 4,113
2	Equity risk (general and specific)	10,002
3	Foreign exchange risk	1,167
4	Commodity risk	336
	Options	
5	Simplified approach	
6	Delta-plus method	1,582
7	Scenario approach	
8	Securitisation (specific risk)	1,556
9	**Total**	**$ 18,756**

4.7.3. UK MRB: Qualitative disclosure requirements for institutions using the internal Market Risk Models

Procedures and systems implemented for the assurance of tradability of the positions included in the trading book in order to comply with the requirements of Article 104 and the policies and procedures implemented for the overall management of the trading book. (Article 455(c) CRR)

MLI, as the sole operating entity in the Group, has established a trading book policy which sets out the requirements, roles and responsibilities for the overall management of the trading book in accordance with trading book rules specified in CRR. The trading book policy defines the requirements and provides criteria for the FLUs to identify and classify transactions as either trading book or non-trading book under CRR and for risk management purposes. FLUs are required to identify all on and off-balance positions to determine if they meet the criteria for trading book or non-trading book designation under the CRR. FLUs and appropriate CFs must meet the assessment, monitoring and reporting requirements for trading book and non-trading book positions as outlined in this policy. FLUs and appropriate CFs are required to review all trading assets and trading liabilities to determine if the FLUs' and appropriate CFs positions meet the criteria for designation as a trading book position under CRR rules

Systems and controls to ensure that the valuation estimates are prudent and reliable (Article 455(c) CRR)

Valuation control processes are in place to ensure that the valuation estimates are prudent and reliable, including completeness reconciliations, commentary, review, and presentation of valuation control metrics to Front Office, Market Risk, Model Risk Management and Finance management.

A - Institutions using VaR models and SVaR models must disclose the following information (Point (i) of Article 455(a) CRR):

a) **Activities and risks covered by VaR and SVaR models, specifying how they are distributed in portfolios / sub-portfolios for which the competent authority has granted permission. (Point (i) of Article 455 (a) and Article 455 (b) CRR)**

b) **Scope of application of the VaR and SVaR models for which the competent authority has granted permission (Article 455(b) CRR)**

MLI has been granted permission by the PRA to use an IMA for calculating regulatory capital for market risk exposure from "General Risk"(*or Price Risk*), "Foreign Exchange Risk" and "Commodity Risk" using the group's VaR and Stressed VaR models. The permission has specified the list of products that are to be excluded from the VaR and sVaR calculations. Also, the permission specifies the Trading Desk locations whose positions can be included in the IMA calculations. The capital requirement for trading book positions that do not meet the conditions for inclusion within the approved IMA is calculated using standardised rules in accordance with Title IV of Part Three of CRR as applied by the PRA rulebook and the on-shored UK CRR. RWA for market risk are the sum of each of these measures multiplied by 12.5.

For both risk management purposes and regulatory capital calculations, the group uses a single VaR model which captures risks, including those related to interest rates, equity prices, foreign exchange rates and commodity prices. As such, VaR facilitates comparison across portfolios of different risk characteristics. VaR also captures the diversification of aggregated risk at the entity level.

c) **Characteristics of the models used (Point (i) of Article 455(a) CRR)**

VaR is a statistical measure of potential portfolio market value loss resulting from changes in market variables, during a given holding period, measured at a specified confidence level. A single model is used consistently across the trading portfolios.

MLI uses a historical simulation approach to calculate VaR and SVaR. A hypothetical Profit and Loss ("P&L") distribution is generated for the current portfolio using time series of historical risk factor changes via Risk Grids /

Scenarios. For the VaR model to reflect current market conditions, the historical data is updated on a weekly basis, or more frequently during periods of market stress. Depending on the risk factor, the historical scenarios can represent either absolute or relative shocks, or a mixture of both as deemed most appropriate. Regulatory VaR is equivalent to a 99% confidence level, has a ten-day holding period (1 day scaled up by square root of 10), and uses three years of historic data.

Stressed VaR for regulatory capital calculations is equivalent to a 99% confidence interval, has a ten-day holding period, and uses a historical window that is calibrated to a continuous 12-month period that maximizes the resulting VaR calculation for MLI. The window used to calculate Regulatory SVaR is reviewed at least quarterly using various performance indicators. Performance indicators based on historic data, recent trading activity and changes in portfolio composition are considered as inputs for forecasting the window for a given current quarter.

Key differences between the model parameters used for regulatory capital and for internal management purposes are listed in the table below.

Table 4.7.3.T1. – Differences between Regulatory and Management Reporting Purposes VaR

Parameter	MLI Regulatory VaR	MLI Stressed VaR	MLI Management VaR
Scope	Covered positions as defined by PRA approval	Covered positions as defined by PRA approval	Covered and non-covered positions
Liquidity horizon (holding period)	10 days (unscaled)	10 days (unscaled)	1 day
Historical Window	3 years	Worst 1 year back to 15/01/2007 excluding the window used for the MLI Regulatory VaR calculation	1 year

As defined in Chapter 2 of Supervisory Statement (SS) 13-13 issued by the PRA, MLI identifies and assesses any risks that are not adequately captured by its models on at least a quarterly basis and holds additional own funds against those risks. Risks Not in VaR ("RNiV") are identified and assessed for capital purposes at least quarterly, with the majority of RNiVs being calculated on a monthly basis. These risks are capitalized through its RNiV Framework.

d) Stress testing applied to the modelling parameters (main scenarios developed to capture the characteristics of the portfolios to which the VaR and SVaR models apply at the group level). (Point (iii) of Article 455(a) CRR)

MLI uses a historical simulation approach to calculate VaR and SVaR.Stress testing and scenario analysis are performed to capture the potential risk that may arise in severe but plausible events. These stress tests may be hypothetical, (e.g., climate stress scenario), or historical, (e.g., credit crisis scenario), and applied to individual instruments or the aggregate MLI portfolio. Ad-hoc scenarios are implemented in response or anticipation of material geopolitical / macroeconomic / market events, and analysis of stress impacts from these scenarios are provided by GMR to facilitate the Market Risk management efforts in the entity and across the Group. Stress test scenarios form part of daily market risk routines within the entity.

e) Approach used for backtesting / validating the accuracy and internal consistency of data and parameters used for the internal models and modelling processes. (Point (iv) of Article 455(a) CRR)

The effectiveness of the VaR methodology is evaluated and monitored through back-testing, which compares the daily VaR results, utilising a one-day holding period, against actual and hypothetical changes in portfolio value as defined in CRR Article 366, as amended and implemented in the U.K. A back-testing overshoot occurs when a trading loss exceeds the VaR for the corresponding day. These overshoots are evaluated to understand the positions and market moves that produced the trading loss in order to ensure that the VaR methodology accurately represents those losses. Exceptions are documented and reported to the PRA, as appropriate, as part of regulatory reporting processes. Additionally, Specific Risk Portfolio Backtesting is performed to assess capture of specific risk. Credit specific risk is primarily driven by single-name credit spread exposures and equity specific risk is primarily driven by Equity Price and Volatility risk of individual securities.

The models discussed above, which are used to determine Regulatory VaR and SVaR are independently reviewed, validated and approved by MRM, per the Enterprise Model Risk Policy.

These models are regularly reviewed and enhanced in order to better reflect the market risk exposure from changes in the composition of positions included in market risk measures, as well as variations in market conditions. Prior to implementing significant changes to models, MRM performs model validations. For more information on Model Validation, Governance and Ongoing Monitoring, please see the Enterprise Model Risk Policy

Note: For additional information regarding market risk management, stress testing, backtesting, timeseries and proxy data usage see "Managing Risk - Market Risk Management - Trading Risk Management" in "Part II – Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations" in BAC's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC which is available at https:// investor.bankofamerica.com/.

B - Institutions using internal models to measure the own funds requirements for the incremental default and migration risk (IRC) must disclose the following information (Point (ii) of Article 455(a) CRR):

a) Risks covered by the IRC models, specifying how they are distributed in portfolios / sub-portfolios for which the competent authority has granted permission. (Point (ii) of Article 455 (a) and Article 455 (b) CRR)

b) Scope of application of the IRC model for which the competent authority has granted permission (Article 455(b) CRR)

The regulator has granted permission to use an IMA for calculating regulatory capital for market risk exposure from "Specific Risk" from incremental default and migration risk using the group's IRC (Incremental Risk Charge) model. The permission has specified the list of products that are to be included in IRC calculations. Also, the permission specifies the Trading Desk locations whose positions can be included in the IMA calculations. The capital requirement for "Specific Risk" exposures which do not meet the conditions for inclusion within the approved IMA is calculated using standardized rules in accordance with Title IV of Part Three of the UK on-shored CRR (Capital Requirements Regulation (EU) No. 575/2013). RWA for market risk are the sum of each of these measures multiplied by 12.5.

c) Methodology used for internal models for incremental default and migration risk (Point (ii) of Article 455(a) CRR)

d) Approach used to determine liquidity horizons

e) Methodology used to achieve a capital assessment that is consistent with the required soundness standard

IRC estimates the potential losses, at a 99.9% confidence level, that non-securitised credit products in the trading portfolio might experience over a one-year period of financial stress from defaults, ratings migration and significant basis risk factors.

The IRC model utilizes a Monte-Carlo framework to simulate transitions and defaults. Additional risk factors include recovery rates, bond-credit default swap ("CDS") basis, index-single name basis, index option volatility, and FX.

The IRC model captures issuer and market concentrations through the multi-factor framework of the model and the fact that the market data is evolved for all issuers. The asset correlation for each pair of issuers is defined at the sector / region level. The model also captures the negative correlation between default rate and recovery.

The model assumes a constant position, so the liquidity horizon is the same as the capital horizon of one year. The transition matrix is sourced from published rating agency data.

f) Approach used in the validation of the models

The model used to determine Incremental Risk Charge is independently reviewed, validated and approved by MRM, per the Enterprise Model Risk Policy.

These models are regularly reviewed and enhanced in order to better reflect the market risk exposure from changes in the composition of positions included in market risk measures, as well as variations in market conditions. Prior to implementing significant changes to models, MRM performs model validations. More information on Model Validation, Governance and Ongoing Monitoring, is included in the Enterprise Model Risk Policy.

g) Stress testing applied to the modelling parameters (main scenarios developed to capture the characteristics of the portfolios to which the IRC models apply at the group level). (Point (iii) of Article 455(a) CRR)

Sensitivity analysis is applied to assess performance of the IRC model; stress testing is applied to the underlying portfolio value.

h) Approach used for backtesting / validating the accuracy and internal consistency of data and parameters used for the IRC internal models and modelling processes (Point (iv) of Article 455(a) CRR)

The IRC model is subject to ongoing monitoring to assesses model performance in line with Enterprise Model Risk Policy requirements.

C - Institutions using internal models to measure own funds requirements for correlation trading portfolio (comprehensive risk measure) must disclosure the following information (Point (ii) of Article 455(a) CRR)

a) Risks covered by the comprehensive risk measure models, specifying how they are distributed in portfolios / sub-portfolios for which the competent authority has granted permission (Point (ii) of Article 455 (a) and Article 455 (b) CRR)

b) Scope of application of the comprehensive risk measure models for which the competent authority has granted permission (Article 455(b) CRR)

Regulators have granted permission to use an IMA for calculating regulatory capital for market risk exposure from "Specific Risk" from correlation trading portfolio using the group’s CRM (Comprehensive Risk Measure) model. The permission has specified the list of products that are to be included in CRM calculations. Also, the permission specifies the Trading Desk locations whose positions can be included in the IMA calculations. The capital requirement for “Specific Risk” exposures which do not meet the conditions for inclusion within the approved IMA is calculated using standardized rules in accordance with Title IV of Part Three of the UK on-shored CRR (Capital Requirements Regulation (EU) No. 575/2013). RWA for market risk are the sum of each of these measures multiplied by 12.5.

c) Methodology used for correlation trading (Point (ii) of Article 455(a) CRR)

d) Approach used to determine liquidity horizons

e) Methodology used to achieve a capital assessment that is consistent with the required soundness standard

CRM estimates the potential losses, at a 99.9% confidence level, that the correlation trading portfolio (primarily tranches on credit index, with their corresponding hedges) might experience over a one-year period of financial stress.

CRM is comprised of a modelled component and a surcharge for the eligible positions in the correlation trading portfolio. The modelled component of CRM utilizes the same Monte Carlo simulation framework as the IRC model, with the inclusion of additional risk factors that materially impact the value of the positions within the correlation trading portfolio. The model captures the complexity of these positions, including the non-linear nature of the trade valuations, particularly during periods of market stress, as well as the impact of the joint evolution of the risk factors. Like IRC, the CRM calculation uses a full-revaluation approach.

The CRM and IRC models share the usage of the rating migration / default risk factor, with CRM employing an additional risk factor for credit spread diffusion. Here the combined migration / default and credit spread risk factors act as a jump-diffusion process. In this model, credits are organized into sectors and regions to take into account the correlated moves across industries or markets. To capture the correlation between names and the economy, the model uses an economy-wide factor that drives the evolution of all names and has factors specific to each sector and region. The jump component is also correlated to the diffusion component through these factors. This allows for the simulation of widening credit environments, while also capturing the increase in default rates that would be observed in these scenarios.

The base correlation data used in CRM is sourced from front office data, which uses a stochastic recovery Collateralized Debt Obligation ("CDO") model. The CRM model applies an instantaneous shock to the portfolio as of the calculation date. The modelled component of the CRM, like the IRC model, assumes a constant position and a liquidity horizon of one year. Stress scenario tests are run weekly on the correlation trading portfolio, which capture changes in default rates, recovery rates, and credit spreads; correlations of underlying exposures; and correlations of a correlation trading position and its hedge.

f) Approach used in the validation of the models

The model used to determine Comprehensive Risk Measure is independently reviewed, validated and approved by MRM, per the Enterprise Model Risk Policy.

The model is regularly reviewed and enhanced in order to better reflect the market risk exposure from changes in the composition of positions included in market risk measures, as well as variations in market conditions. Prior to implementing significant changes to models, MRM performs model validations. More information on Model Validation, Governance and Ongoing Monitoring, is included in the Enterprise Model Risk Policy.

g) Stress testing applied to the modelling parameters (main scenarios developed to capture the characteristics of the portfolios to which the comprehensive risk measure models apply at the group level) (Point (iii) of Article 455(a) CRR)

Per the requirements defined in the UK on-shored CRR Article 377 (5), stress scenarios are run weekly on the correlation trading portfolio, which capture changes in default rates, recovery rates, and credit spreads; correlations of underlying exposures; and correlations of a correlation trading position and its hedge. For each risk factor, the stress testing process comprises of 7 scenarios, each of which exists in 3 versions (multiplicative, inverse and additive).

h) Approach used for backtesting / validating the accuracy and internal consistency of data and parameters used for the comprehensive risk measure internal models and modelling processes (Point (iv) of Article 455(a) CRR)

The CRM model is subject to ongoing monitoring to assesses model performance in line with Enterprise Model Risk Policy requirements.

i) Information on weighted average liquidity horizon for each subportfolio covered by the internal models for incremental default and migration risk and for correlation trading (Point (f) of Article 455 CRR)

The IRC and CRM model assumes a constant position and a liquidity horizon of one year.

UK MR2-A - Market risk under the Internal Model Approach

Table UK MR 2-A Market Risk under the IMA presents a breakdown of the Group’s Market Risk under the IMA.

Table 4.7.3.T2. – UK MR 2-A Market Risk under the Internal Model Approach ("IMA") ($ millions)

		2023	
		RWAs	Capital Requirements
1	VaR (higher of values a and b)	$ 2,931	$ 234
(a)	Previous day's VaR (VaRt-1)		95
(b)	Multiplication factor (mc) x average of previous 60 working days (VaRavg)		234
2	SVaR (higher of values a and b)	4,168	333
(a)	Latest available SVaR (SVaRt-1))		133
(b)	Multiplication factor (ms) x average of previous 60 working days (sVaRavg)		333
3	IRC (higher of values a and b)	4,423	354
(a)	Most recent IRC measure		268
(b)	12 weeks average IRC measure		354
4	Comprehensive risk measure (higher of values a, b and c)	2,245	180
(a)	Most recent risk measure of comprehensive risk measure		180
(b)	12 weeks average of comprehensive risk measure		76
(c)	Comprehensive risk measure Floor		167
5	Other	5,369	429
6	**Total**	**$ 19,136**	**$ 1,531**

UK MR2-B - RWA flow statements of market risk exposures under the IMA

Table UK MR 2-B RWA Flow Statements of Market Risk Exposures under the IMA shows a reconciliation of movements in RWAs under the IMA for the Group's Market Risk. Further detail on the components follows the tables.

Table 4.7.3.T3. – UK MR 2-B RWA Flow Statements of Market Risk Exposures under the IMA ($ millions)

		VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWAs	Total own funds requirements
1	RWAs at previous period end	$ 3,423	$ 4,032	$ 3,140	$ 2,510	$ 11,918	$ 25,023	$ 2,002
1a	Regulatory adjustment	(2,388)	(3,666)	(43)	—	—	(6,097)	(488)
1b	RWAs at the previous quarter-end (end of the day)	1,035	366	3,097	2,510	11,918	18,926	1,514
2	Movement in risk levels	155	1,293	251	(265)	(6,549)	(5,114)	(409)
3	Model updates / changes	—	—	—	—	—	—	—
4	Methodology and policy	—	—	—	—	—	—	—
5	Acquisitions and disposals	—	—	—	—	—	—	—
6	Foreign exchange movements	—	—	—	—	—	—	—
7	Other	—	—	—	—	—	—	—
8a	RWAs at the end of the disclosure period (end of the day)	1,191	1,659	3,348	2,245	5,369	13,812	1,105
8b	Regulatory adjustment	1,740	2,509	1,075	—	—	5,324	426
8	RWAs at the end of the disclosure period	2,931	4,168	4,423	2,245	5,369	19,136	1,531

(1) Regulatory adjustment accounts for the difference between the RWA calculated based on the end-of-day position, compared with the RWA calculated based on the 60-day average in the case of VaR / SVaR, and 12-week average measure or the floor measure in the case of IRC and CRM. The regulatory adjustments also account for the multiplication factors mc and ms, per Article 366 of the CRR, for the VaR, SVaR, and Other respectively.

Market risk capital requirements under the IMA decreased during the year, mainly driven by a reduction in RNiV add-ons.

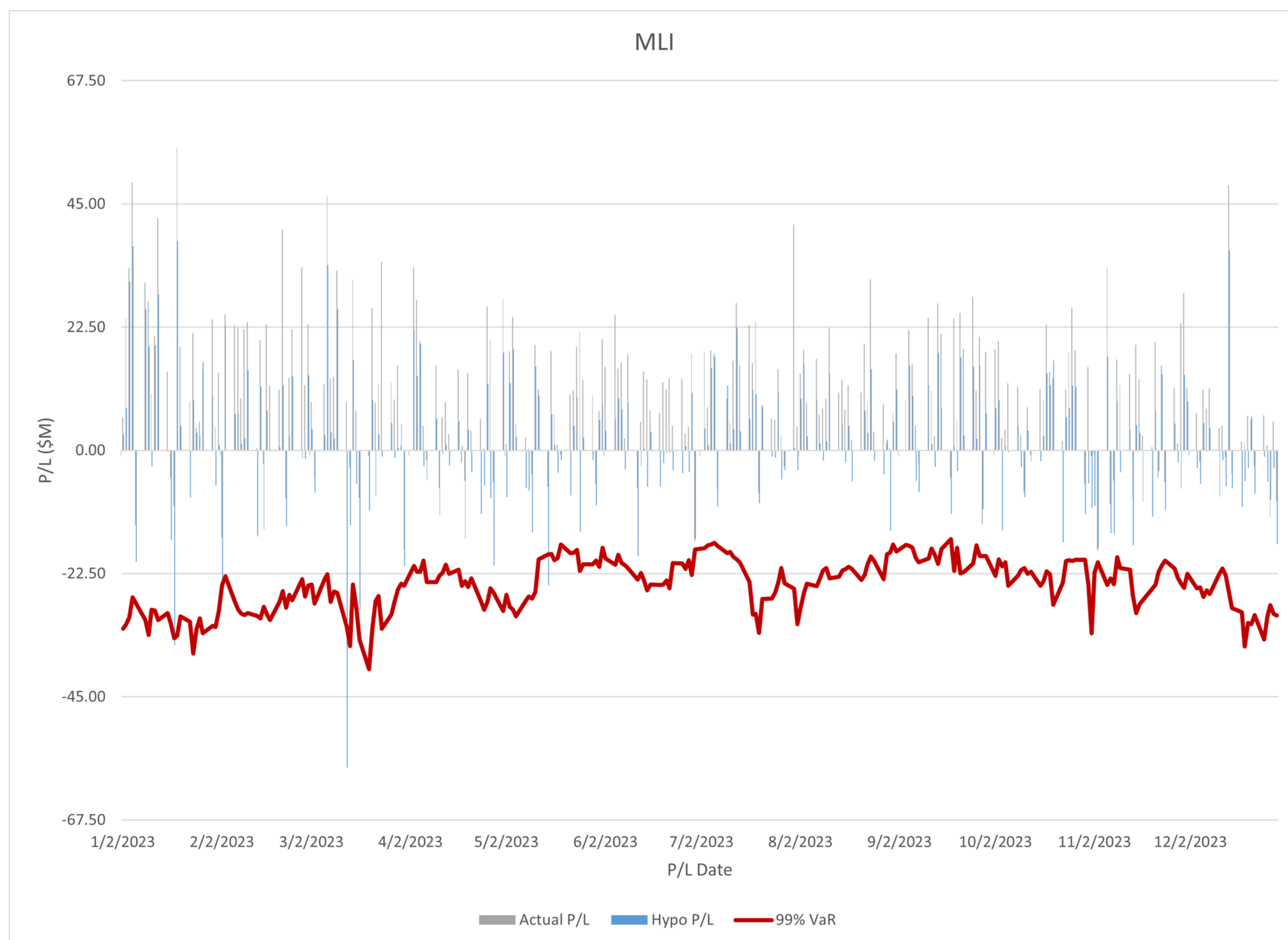
UK MR3 - IMA values for trading portfolios

Table UK MR 3 IMA Values for Trading Portfolios shows the Group's maximum, minimum, average and period-end values for regulatory VaR and Stressed VaR, and risk numbers for the IRC and CRM models for the half-year ending 31 December 2023. Both VaR and Stressed VaR include a price volatility cross risk add-on.

Table 4.7.3.T4. – UK MR 3 IMA Values for Trading Portfolios ($ millions)

	2023
VaR (10 day 99%)	
Maximum value	$ 113
Average value	60
Minimum value	26
Period end	95
SVaR (10 day 99%)	
Maximum value	$ 159
Average value	71
Minimum value	17
Period end	133
IRC (99.9%)	
Maximum value	$ 516
Average value	300
Minimum value	166
Period end	268
Comprehensive risk measure (99.9%)	
Maximum value	$ 217
Average value	62
Minimum value	23
Period end	180

Figure 4.7.3.F1. – UK MR4 - Comparison of VaR Estimates with Gains / Losses



In the twelve months ending 31 December 2023, MLI trading losses as measured by Hypothetical P&L exceeded the prior day's VaR on 3 occasions, and as measured by Actual P&L did not exceed the prior day's VaR. The PRA approved one exception of Hypothetical P&L not counting towards the capital multiplier. The capital multiplier as at 31 December 2023 was therefore 3.0.

4.8. Disclosure of Operational Risk (UK ORA)

4.8.1. UK ORA – Qualitative Information on Operational Risk

(a) Disclosure of the risk management objectives and policies (Points (a), (b), (c) and(d) of Article 435(1) CRR)

MLI operates in a highly regulated environment and serves a wide range of customers across many jurisdictions. MLI is subject to many laws, rules, and regulations that define the requirements MLI must satisfy across the jurisdictions in which MLI operates. Changes to existing products and services, new product innovations in delivery of services, expanding markets, and changes to the technology infrastructure create changes to MLI's Operational Risk profile that must be anticipated and managed to mitigate adverse impacts to MLI.

Operational Risk is the risk of loss resulting from inadequate or failed processes or systems, people, or from external events. MLI strives for operational excellence in everything it does. MLI has designed an Operational Risk Management Program that seeks to anticipate and assess operational risks and respond to these risks effectively should they materialise.

Compliance Risk is the risk of legal or regulatory sanctions, material financial loss, or damage to the reputation of the Company arising from the failure to comply with the requirements of applicable laws, rules, and regulations and to internal policies and procedures. MLI is committed to the highest level of compliance and has no appetite for violations of legislative or regulatory requirements. MLI seeks to anticipate and assess compliance risks to its core businesses and respond to these risks effectively should they materialise.

Operational Risk and Compliance Risk Management

MLI is committed to maintaining strong Compliance and Operational Risk Management practices across all FLUs and CFs. Compliance and Operational risk is managed in an ever changing and complex regulatory environment, along with the evolving products, services and strategies offered by MLI's FLUs. MLI has an integrated set of processes and controls to manage external and internal risks, including metrics and extensive monitoring, testing and risk assessment processes.

FLUs and CFs are first and foremost responsible for managing all aspects of their businesses, including operational risks and compliance risks. FLUs and CFs are required to understand their business processes and related risks and controls, including third party dependencies, related regulatory requirements, and monitor and report on the effectiveness of the control environment. In order to actively monitor and assess the performance of their processes and controls, they must conduct comprehensive quality assurance activities and identify issues and risks to remediate control gaps and weaknesses. FLUs and CFs must also adhere to Operational Risk Appetite and Compliance Risk Appetite limits to meet strategic, capital, and financial planning objectives. Finally, FLUs and CFs are responsible for the proactive identification, management, and escalation of operational risks and compliance risks across MLI.

When third party capabilities are required to support processes, products, and services, MLI manages third-party risk with a similar level of accountability as if managed internally.

MLI has combined the Compliance and Operational Risk management CFs into a single integrated function under the leadership of the MLI Chief Compliance and Operational Risk Officer. This combination allows MLI to bring professionals with complementary subject matter expertise together to assess business processes. It also gives a broader view of the key Compliance and Operational risks facing the businesses and CFs, with the ability to develop wide-ranging coverage plans to address risk more holistically, aggregate quantitative and qualitative data across the two disciplines and provide greater visibility into systemic issues in business activities so that critical risks are understood and adequately controlled.

Global Compliance and Operational Risk ("GCOR ") sets Enterprise-wide policies and standards, which are adhered to by MLI, and provides independent challenge and oversight to the FLUs and CFs. The GCOR team is comprised of subject matter experts who understand the front-to-back processes and controls by which MLI delivers products and services, understand applicable laws, rules and regulations and conduct risk-based oversight activities to assess the effectiveness of processes and controls.

GCOR independently assesses Compliance and Operational risk, monitors business activities and processes, determines and develops tests to be conducted by the Enterprise Independent Testing unit, and reports on the state of the control environment. GCOR also collaborates with other CFs to provide additional support for specific remediation efforts (e.g., high-profile Matters Requiring Attention) and shares responsibility with the FLUs, GRM, and other CFs for mitigating certain risks, such as Reputational risks and risks associated with improper conduct.

In alignment with the Basel Committee MLI defines Operational Resilience as the ability of a company to deliver Critical Services through disruption, regardless of the source of disruption. Being operationally resilient is a key objective of sound Operational Risk Management. Processes, data flows and systems supporting critical services must be designed from the outset to be well-controlled and resilient. This requires solid process engineering, robust capabilities, and controls to prevent, detect and mitigate operational failures. Being operationally resilient enables MLI to continuously serve customers, clients and financial markets, even during periods of operational stress. In addition, a formal testing regime helps to ensure the ongoing identification of potential process-related issues.

Operational Risk Management Program

Global Compliance and Operational Risk is also responsible for establishing the enterprise Operational Risk Management Program, policies and standards, for ensuring that the Company meets the requirements “the Standardised Approach criteria under CRR Article 320” as amended and implemented in the U.K and for overseeing Operational Risk Management Program implementation and adherence by the FLUs and CFs. It also conducts reporting and analytics to support the aggregation and escalation of operational risks and issues to appropriate governance and risk committees.

The Operational Risk Management Program has been built around core requirements that are set out in the Operational Risk Management – Enterprise Policy, which also specifies the responsibilities and accountabilities of the first and second lines of defence. These requirements work together to drive a comprehensive risk-based approach for the proactive identification, management, mitigation and escalation of operational risks throughout MLI.

Operational Risk and Compliance Risk Governance

GCOR employs a governance structure to escalate material risks and issues, as well as the changes to MLI’s compliance and operational risk policies and procedures. Global Compliance and Operational Risk reporting is presented to the MLI MRC and then the MLI BRC, in addition to the Audit Committee for Compliance Risk related items, with both the MLI BRC and Audit Committee reporting to the MLI Board as appropriate. The goal of having this governance structure is to drive accountability for risk management, including decision making, oversight, and escalation at all levels throughout MLI.

Operational Risk and Compliance Risk Reporting

GCOR reporting and escalation to Senior Management and the Boards of Directors is essential to provide a clear understanding of current and emerging risks across MLI, as well as whether MLI is operating within Compliance and Operational Risk Appetite limits, so action can be taken promptly to address out of tolerance risks. Reporting includes results of compliance and operational risk assessments, monitoring and testing results, regulator-identified issues, and other compliance and operational metrics. To support decision-making within management routines and governance committees, significant compliance and operational risks and issues are escalated to management-level committees, board-level committees and boards of directors, as applicable.

Operational Risk and Compliance Risk Identification and Reporting

Operational risks and Compliance risks which require heightened transparency and escalation to management and / or MLI governance committees are referred to as identified risks. Identified risks which meet or exceed minimum materiality thresholds as outlined in the Risk Identification sub-section (under the MLI ICAAP Risk Management chapter "Assessment Approach"), will be designated material risks. All identified risks are documented in the MLI Identification (Risk ID) Inventory and all material operational risks and compliance risks are further documented in the MLI Risk Self-Assessment process.

Operational Risk and Compliance Risk reporting and escalation to Senior Management and the MLI Board is critical to ensuring a clear understanding of current and emerging risks across MLI, as well as whether MLI is operating within its Operational Risk Appetite and Compliance Risk Appetite Limits, so MLI can promptly take action to address out of tolerance risks. Reporting includes results of Operational Risk and Compliance Risk assessments, monitoring and testing results, issues, and other Operational and Compliance metrics. To support decision-making and remediation activities, significant Operational risks, Compliance risks and issues are escalated to management-level committees, board-level committees, and the MLI Board, as applicable.

MLI establishes and monitors Operational Risk Appetite Metrics for Non-Legal Operational Losses, Residual Risk Level & Direction, Past Due Issues, Performance of Outsourced Services, Information Security, Systems and Applications Performance, Change Management, Model Risk, and Financial Crimes Events. The output of Scenario Analysis for

ICAAP supports the measurement of Top Risks and informs the overall process for ensuring appropriate risk appetite metrics are in place.

MLI is committed to the highest level of compliance and has no appetite for violations of legislative or regulatory requirements. Apart from Financial Crimes related metrics, no separate Compliance Risk Appetite Metrics were set, with Compliance Risk being managed by establishing risk management processes to reduce MLI's exposure to financial loss, reputational harm, or regulatory sanctions.

(b) Disclosure of the approaches for the assessment of minimum own funds requirements (Article 446 CRR)

Table 4.8.2.T1. UK OR1 shows a breakdown of the calculation of own funds requirements for operational risk as at 31 December 2023 for the MLI Group. Own funds requirements for operational risk are calculated under the Standardised Approach

(c) Description of the AMA methodology approach used (if applicable) (Article 446 CRR)

N/A

(d) Disclose the use of insurance for risk mitigation in the Advanced Measurement Approach (if applicable) (Article 454 CRR)

N/A

4.8.2. UK OR1 - Operational Risk own Funds Requirements and Risk-weighted Exposure Amounts

Table 4.8.2.T1. – UK OR1 - Operational Risk Own Funds Requirements and Risk-weighted Exposure Amounts

	Banking activities	a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk-weighted exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach ("BIA")					
2	Banking activities subject to standardised (TSA) / alternative standardised ("ASA") approaches	$ 4,833	$ 5,912	$ 6,279	$ 1,021	$ 12,768
3	Subject to TSA:	4,833	5,912	6,279		
4	Subject to ASA:					
5	Banking activities subject to advanced measurement approaches AMA					

4.9. Disclosure of Interest Rate Risk in the Banking Book ("IRRBB") (UK IRRBBA)

UK IRRBBA – Risk management objectives and policies

a) How the Group defines, measures, mitigates and controls IRRBB for the purposes of risk control and measurement (Point (e) of Article 448(1) CRR)

MLI defines Interest Rate Risk in the Banking Book ("IRRBB") as "the risk to its current or anticipated earnings or capital arising from movements in interest rates in the Banking Book." Interest rate risk represents the most significant market risk exposure to MLI's banking-book balance sheet. Interest Rate sensitivity on MLI's Banking Book balance sheet is driven by funding business activity, namely repo, reverse repo, stock loans / borrow and margin loans, in addition to the Treasury position including the HQLA portfolio.

b) The Group's overall IRRBB management and mitigation strategies (Point (f) of Article 448(1) CRR)

MLI's overall IRRBB management and mitigation strategies are performed through regular risk measurements using Economic Value of Equity ("EVE") and Earnings at Risk ("EaR") scenario based risk measurements which are monitored against established limits, and hedging actions are taken as necessary. The MLI MRC approves the risk measurement methodology, limits and hedging strategy.

c) The periodicity of the calculation of the Group's IRRBB measures, and a description of the specific risk measures used to gauge sensitivity to IRRBB (Point (e)(i) of Article 448(1) CRR)

Forward-looking forecasts of EaR are prepared. The baseline forecast takes into consideration expected future business growth, Asset and Liability Management ("ALM") positioning, and the direction of interest rate movements as implied by the market-based forward rate paths. MLI then measures and evaluates the impact that alternative interest rate scenarios have on the baseline forecast in order to assess interest rate sensitivity under varied conditions. The EaR forecast is frequently updated for changing assumptions and differing outlooks based on economic trends, market conditions, and business strategies. Thus, MLI's balance sheet position is continually monitored in order to maintain an acceptable level of exposure to interest rate changes.

EVE is calculated measuring the changes in Present Value of interest rate sensitive instruments currently on the MLI's Banking Book over their remaining life using a baseline and shocked forward interest rate paths with the difference between the two representing EVE risk.

For EVE methodology, measurements include commercial margins in cash flows and use risk free discount rates.

Risk measurement for each material currency is aggregated by direct summation - with a 50% positive currency adjustment for EVE Supervisory Outlier Test.

d) The interest rate shock and stress scenarios used to estimate changes in economic value and in earnings (Point (e) (iii) of Article 448(1) CRR)

To estimate changes in economic value and in earnings driven by interest rate movements, MLI leverages a range of internal and regulatory mandated parallel and non-parallel shock scenarios and stress scenarios consistent with regulatory IRRBB guidelines.

e) Key modelling and parametric assumptions used in calculating change in economic value of equity (ΔEVE) and change in net interest income (ΔNII) in Template UK IRRBB1 (Point (c) of Article 448(1) CRR)

In addition to EaR and EVE risk measurement, Tenor Basis Risk, which is driven by the impact of relative changes in interest rates on instruments that are priced using different interest rate indices is measured and monitored on an ongoing basis.

The results of all IRRBB metrics are generated using a model that is reviewed and validated by Model Risk Management routinely. MLI MRC consistently receive updates on IRRBB metrics, trends, and details on various topics impacting IRRBB, facilitating timely decision making in response to any factor impacting MLI's interest rate risk exposure.

f) Significant modelling assumptions used in the Group's internal risk measurement systems for purposes other than disclosure, that differ from the modelling assumptions used for the disclosure in Template UK IRRBB1 (Point (e)(iI) of Article 448(1) CRR)

The key difference between the information in the table below and internal measurement approaches is that the measurement of internal EaR uses a forecasted / dynamic balance sheet for EaR measurement as opposed to the static balance sheet used for the measurement of Net Interest Income ("NII") populated in Table 4.9.T1. – UK IRRBB1 – Quantitative Information on IRRBB

g) How the Group hedges its IRRBB, as well as the associated accounting treatment (Point (e)(iv) of Article 448(1) CRR)

MLI's overall goal is to manage interest rate risk so that movements in interest rates do not significantly adversely affect earnings or capital. If deemed necessary, the bank will hedge its IRRBB in line with the documented hedging strategy.

h) Other information regarding the interpretation of the significance and sensitivity of the IRRBB measures disclosed and / or an explanation of any significant variations in the level of the reported IRRBB since previous disclosures (Point (d) of Article 448(1) CRR)

IRRBB metrics contained in Table 4.9.T1. – UK IRRBB1 – Quantitative Information on IRRBB signify that MLI manages exposures within its risk appetite. Variances in EVE and NII results period on period are driven by a combination of Balance Sheet composition changes and changes in forward rate path expectations.

Table 4.9.T1. – UK IRRBB1 – Quantitative Information on IRRBB ($ millions)

		a	b	c	d	e	f
		ΔEVE		ΔNII		Tier 1 Capital	
	Period	Q4 2023	Q4 2022	Q4 2023	Q4 2022	Q4 2023	Q4 2022
10	Parallel shock up	$ 24	$ 14	$ 546	$ 502		
20	Parallel shock down	(73)	(57)	(426)	(423)		
30	Steepener shock	(30)	(27)				
40	Flattener shock	11	—				
50	Short rates shock up	25	9				
60	Short rates shock down	(54)	(48)				
70	Maximum	(73)	(57)	546	502		
80	Tier 1 Capital					$ 33,870	$ 33,408

4.10. Strategic Risk

Definition

Strategic Risk is the risk to current or projected financial condition arising from incorrect assumptions about external or internal factors, inappropriate business plans (e.g., too aggressive, wrong focus, ambiguous), ineffective business strategy execution, or failure to respond in a timely manner to changes in the regulatory, macroeconomic or competitive environments, in the geographic locations in which MLI operates (e.g., competitor actions, changing customer preferences, product obsolescence, and technology developments).

Strategic Risk Management

MLI proactively considers strategic risk in the strategic planning process which feeds into the capital, liquidity and financial planning processes throughout the year. MLI continuously evaluates the internal and external environment, including the perspective of external experts, and its strengths, weaknesses, opportunities and threats. During the strategic and capital planning processes, the MLI Board provides credible challenge to senior management's assumptions and recommendations and approves the strategic and capital plans after a comprehensive assessment of the risks.

MLI sets strategies within the context of overall risk appetite. MLI strategic plans are consistent with risk appetite, the capital plan and liquidity requirements and specifically address strategic risks.

MLI tracks performance to the strategic plan and analyses progress throughout the year. Senior management continuously monitors business performance throughout the year with several processes ranging from the monitoring of financial and operating performance, to the management of the MLI Recovery Plan and the regular assessment of earnings and risk profile. Senior management provides the MLI Board with reports on progress in meeting the Strategic Plan, as well as whether timelines and objectives are being met and if additional or alternative actions need to be implemented.

MLI sets capital limits in the capital planning process. As part of the capital planning process, MLI establishes Capital Management Triggers to help ensure it maintains adequate capital, including during periods of stress. MLI manages its capital position in line with its Capital Plan and its Capital Management Policy, and tracks performance with capital adequacy assessments throughout the year.

Strategic Risk Governance

The MLI Board is responsible for overseeing the strategic planning process and senior management's execution of the resulting strategic plan. The strategic plan is reviewed and approved annually by the MLI Board in line with the capital plan, financial operating plan, liquidity requirements, and risk appetite. Significant strategic actions, such as capital actions, material acquisitions or divestitures and recovery and resolution plans are reviewed and approved by the MLI Board as required.

Processes exist to discuss the strategic risk implications of new, expanded or modified businesses, products or services and other strategic initiatives, and to provide formal review and approval where required.

The MLI Board is also responsible for overseeing the capital planning process. Capital plans are reviewed and approved annually by the MLI Board in consideration of the entity's overall strategic plans, financial operating plans and risk appetite.

Global Risk Management, Corporate Audit, and other CFs provide input, challenge, and oversight to front line unit strategic plans, initiatives, and capital plans relating to MLI.

Strategic Risk Reporting

Transparency around meeting the objectives of MLI's strategic and capital plans by providing visibility to strategic risks faced is critical to effective risk management. FLUs and CFs present updates to senior management and the MLI Board on their business performance and management of strategic risk. Updates take into account analyses of performance relative to the Strategic Plan, Capital Adequacy Assessments, Capital Management Triggers, Risk Appetite, and performance relative to peers. Topical presentations are also made to address any developments or additional considerations as they relate to strategic or capital planning, or the strategic plan itself. The MLI Board use these updates and presentations to ensure that management actions and decisions remain consistent with strategic plans, capital plans and risk appetite.

4.11. Reputational Risk

Definition

Reputational Risk is the risk that negative perception of MLI may adversely impact profitability or operations.

Reputational Risk can stem from many of MLI's activities, including those related to the management of the strategic, operational, compliance, credit, or other risks, as well as the overall financial position. As a result, MLI evaluates the potential impact to its reputation within all of the risk categories and throughout the risk management process.

Reputational Risk Management

BAC, including its subsidiaries, manage Reputational Risk through established policies and controls in the business and risk management processes to mitigate reputational risks in a timely manner and through proactive monitoring and identification of potential reputational risk events. In addition, Reputational Risk is also reflected as one of the considerations in the assessment of operational risk scenarios.

At the Enterprise level, Reputational Risk is reviewed by the Enterprise Risk Committee and the BAC Management Risk Committee, which provide primary oversight of Reputational Risk. Additionally, top reputational risks are reviewed by the GRM Leadership team and the BAC Board.

Reputational Risk items relating to MLI are under the remit of the EMEA Reputational Risk Committee (the "Reputational Risk Committee"), whose mandate includes consideration of Reputational Risk issues (including matters related to Environmental and social factors) and provision of guidance and approvals for activities that represent specific Reputational Risks which have been referred for discussion by other current control frameworks or LOBs.

Activities will be escalated to the Reputational Risk Committee for review and approval where elevated levels of Risk are present. Examples of such activities could include:

- Business activities that present significant legal, regulatory, or headline risk
- Violations of, or deviations from, established policies
- Concerns about customer / client identity or integrity, money laundering, potential criminal activity or potential violations of economic sanctions requirements, such as direct or indirect terrorist financing or operation of an account for or on behalf of a sanctioned country, company, or person
- Business activities that have a particular accounting, finance, or tax treatment as a material objective
- Business activities that raise the possibility that MLI might have an undisclosed or significant conflict of interest
- Business activities from which MLI expects to receive disproportionate compensation compared with the services provided, investments made, and / or risks assumed
- Business activities which, due to their nature or due to the current or historic reputation of any of the parties involved, might reflect adversely on MLI's reputation or suggest the need for close scrutiny
- Business activities that present the risk of creating information or security breaches or consumer privacy issues, including public disclosure of information
- Business activities that may present environmental or social risks due to actions by MLI or any of the parties involved. This includes activities that may result in negative perceptions of the Company's strategy, policies or commitments related to climate change

- Business activities or practices that may follow long-standing industry practice where there is the potential for a shift in public sentiment such that the business activity or practice might now or in the future be perceived as unfair, improper, or unethical
- Business activities that are similar to other activities in MLI or another firm that have caused reputational harm
- Any potential reputational risk associated with the introduction, modification or discontinuation of products, services, LOBs, or delivery channels
- Any reputational risk concerns that are specific to the business, region, or the markets in which the business operates

Ultimately, to help ensure that Reputational Risk is mitigated through regular business activity, monitoring and oversight of the Risk is integrated into the overall governance process, as well as incorporated into the roles and responsibilities for employees.

Given the nature of Reputational Risk, MLI, aligned with BAC, does not set quantitative limits to define its associated Risk Appetite. Through proactive risk management, MLI seeks to minimise both the frequency and impact of reputational events.

Reputational Risk Governance

BAC, including its subsidiaries, has a well established organisational and governance structure in place to ensure strong oversight at both the enterprise and business levels.

The Reputational Risk Committee (“RRC”) membership consists of executive representation from Global Markets, Global Corporate and Investment Banking, and CFs (i.e.,the Legal department, GRM including Risk, Compliance and Climate Risk and a representative relevant to the matter from Public Policy and / or Corporate Social Responsibility), this includes senior representatives from MLI. The RRC is co-chaired by the President - International and the MLI Head of Credit Risk. RRC charter requires that a majority of members must be present, including a co-chair and all CFs, in order for meetings to proceed.

The RRC is a sub-committee of the Global Reputational Risk Committee and is applicable to all key legal operating entities in the region. Items requiring increased attention may be escalated from the Reputational Risk Committee to the Global Reputational Risk Committee as appropriate.

Reputational Risk Reporting

The reporting of MLI reputational risk issues is captured as part of management routines for the Reputational Risk Committee. Tracking of items presented to the Reputational Risk Committee is maintained through a reporting protocol, which provides details such as the description of the reputational risk issue, the geographical jurisdiction of the issue, the reason for escalation and the decision reached by the Committee. In addition, any relevant updates from the Reputational Risk Committee are provided through the legal entity MRC.

4.12. Other Risk Considerations

4.12.1. Stressed Gap Framework

Stress Gap Framework aims to identify concentrated exposure to a single counterparty arising from market risk exposures across Bilateral OTC, Client Cleared, Listed Futures and Options, Repo Style and Fixed Income Forward transactions as well as Collateral. Stress scenarios are comprised of global portfolio and single underlying shocks including FX de-peg shocks. For each counterparty, stress gap exposure is calculated based on 2,052 market stress scenarios. The scenario that generates the highest stress exposure is defined as the Stress Gap scenario with that counterparty and is managed against top of the house level limit. The permanent and temporary changes for the

limits are reviewed and approved at the BAC Global Markets Risk Committee, or by delegated authority from that committee

4.12.2. Equities Exposures in the Non-Trading Book

No detailed disclosures are made in respect of equity exposures in the non-trading book as the information provided by such disclosures is not regarded as material.

4.12.3. Climate Change

Further information on MLI's management of climate change risk is included in the MLI Annual Report for the year ended 31 December 2023 and can be found at https://investor.bankofamerica.com/.

4.12.4. Product Initiatives

MLI is committed to offering products and services that are appropriate, are aligned with MLI's strategic plans and risk appetite and comply with applicable laws and regulations in the jurisdiction(s) in which they are offered.

MLI complies with the Product Risk Management – Enterprise Policy, which establishes requirements designed to identify and mitigate risks associated with Product Initiatives, as defined in the Product Risk Management – Enterprise Policy. This Policy requires that Product Initiatives be assessed across applicable key risk types, including consistency with Enterprise Risk Appetite, prior to product implementation, and the Product Lifecycle.

The Product Lifecycle includes New Product Development, Launch, Ongoing Product Management, Modify / Expand, and Stop-Sell / Exit, each with a set of key requirements. Key requirements include (but are not limited to) initial Product Risk Classification and Product Risk Assessment, relevant Committee Approval, inclusion in the Product Inventory, and Post-Implementation Review.

4.12.5. Geopolitical and Macroeconomic Factors

The 2023 market environment was characterised by turbulence in the banking system, as bank failures early in the year caused stress through the banking system that significantly impacted asset prices and volatility. The situation drove investor caution, and 2023 saw record annual inflows into money market funds and Treasuries.

2023 was also dominated by the direction of interest rates, as central banks hiked policy rates in an effort to reduce inflation. Data from BAC Research shows that the sharp increase in inflation in the Eurozone / European Economic Area and UK started to stabilise towards the end of the year, but remained above central bank targets. Looking ahead to 2024, market expectations are that inflation will reduce and central banks will start cutting rates.

From a macroeconomic standpoint, the main global economic blocks gradually began to decouple, both in terms of growth and inflation. There was a divergence in outlook as the US economy remained strong, growth in Europe stagnated, and weak growth in China proved to be a key concern for investors and corporates.

Geopolitical risk continued to rise in 2023, driven by the continued conflict between Russia and Ukraine, tensions between China and Hong Kong / Taiwan, and relations between the US and China. Additionally, instability in the Middle East, instigated by the conflict between Israel and Hamas, continues to develop and has the potential to broaden in scope.

The macroeconomic and geopolitical environment has suppressed deal activity in primary markets, where full year Investment Banking ("IBK") market fees ended the year at the lowest in over a decade. In EMEA markets, Mergers & Acquisitions ("M&A") activity was down, and the year ended with the lowest announced

M&A volumes since 2009. However, there were signs of reopening in capital markets – EMEA equity and debt capital markets volumes were up versus the prior year, but still remained below historical levels.

In secondary markets, though global equity market capitalisation rebounded after a sharp decline in 2022, trading volumes and volatility were down. In Fixed Income, rising yields revived debt-sustainability concerns in the Eurozone. Widening deficits and debt-servicing costs gained attention more broadly and will likely remain a theme looking ahead.

The Company's branches in Dubai and Qatar do not trigger specific geopolitical considerations for that region due to the immaterial size of those branches to the Company's operations.

The Company is subject to numerous geopolitical, economic, and other risks in the jurisdictions in which it operates. The Company does business throughout the world including emerging markets. Economic or geopolitical stress in one or more countries could have a negative global impact, resulting in reduced market activity and economic output. The Company's businesses and revenue are also at risk of losses from multiple factors: currency fluctuations, financial, social or judicial instability, electoral outcomes, changes in governmental policies or policies of central banks, price controls, high inflation, protectionist trade policies, continued trade tensions and changes in legislation. The businesses and revenue of the Company are also at risk of losses as tariffs continue to rise and other restrictive actions are taken that weigh heavily on regional trade volumes and domestic demand through falling business sentiment and lower consumer confidence. These risks are especially elevated in the emerging markets.

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5. Further Detail on Capital Requirement, Capital Resources, Leverage, Securitisation and Capital Buffers

As at 31 December 2023

5.1. Minimum Capital Requirement Summary

The Group's Minimum Capital Requirement primarily arises from counterparty and credit risk and market risk.

The majority of the Group's counterparty and credit risk exposure is as a result of derivative exposures determined using the Standardised Approach for Counterparty Credit Risk ("SA-CCR"), and securities financing exposures determined using the financial collateral comprehensive method. Further details can be found in Section 5.4. Counterparty and Credit Risk.

The Group's Market Risk Capital Requirement is principally driven by MLI's internal model based capital requirement and a standard rules charge on traded debt and equity instruments. Further detail on Market Risk can be found in Sections 4.7. Disclosure of use of Standardised Approach and Internal Model for Market Risk (UK MRA, UK MRB) and 5.3. Capital Requirement under Standardised Approaches.

5.2. Additional Detail on Minimum Requirements for Own Funds and Eligible Liabilities

As part of amendments to the CRR which were published in the Official Journal of the EU as Regulation (EU) 2019/876 and adopted under UK regulation, the international standard to meet a minimum amount of Total Loss Absorbing Capacity ("TLAC") became effective for certain types of Investment Firms and Credit Institutions in June 2019. In the CRR, this is referred to as Minimum Requirements for Own Funds and Eligible Liabilities.

Firms that are material subsidiaries of a non-U.K. G-SII per the CRR definition are required to hold a minimum amount of MREL. BAC is a non-U.K. G-SII and MLI meets the definition of material subsidiary, and is therefore subject to this requirement.

MREL resources are comprised of qualifying capital resources and eligible liabilities. In order for liabilities that are not capital resources to qualify as eligible, they must meet certain criteria such as having a minimum residual maturity of at least one year, and being subordinated to other operating liabilities.

These requirements for own funds and eligible liabilities under the CRR apply in parallel with a firm specific MREL set by the BOE. The Group is required to comply with the highest applicable requirement. The Group meets its eligible liability requirements.

The Group had no eligible liabilities in issuance at the end of 2023. Total MREL resources for the Group is equal to Tier 1 capital. The following table shows the Group's key metrics relating to MREL requirements.

Table 5.2.T1. – Key Metrics - MREL Requirements ($ millions)

	2023 MLI Group
Total MREL Resources Available	$ 33,917
Total RWA	142,691
MREL as a percentage of RWA	23.77 %
Leverage Ratio Exposure Measure	$ 337,890
MREL as a percentage of Leverage Ratio Exposure Measure	10.04 %

5.3. Capital Requirement under Standardised Approaches

Within the MLI Group, regulatory capital required is calculated on traded debt instruments that are not part of the scope of the internal models permission granted by the PRA to MLI. The requirement is split into two components; (1) General Market Risk; and (2) Specific Risk.

- General Market Risk is based on a currency portfolio basis. Positions are grouped into maturity bands ranging from less than one month to more than 20 years with a different weighting applied to each maturity band

- Specific Risk looks at each security in terms of type of issuer (e.g., corporate / government), credit quality, and maturity

Equity Market Risk

Within the Group, Equity Market Risk is the regulatory capital requirement calculated on equity positions that are out of scope of the internal models permission granted by the PRA to MLI.

Commodity Market Risk

Within the Group, Commodity Market Risk is the regulatory capital requirement calculated on the global commodities investor product business in MLI. The positions are grouped by maturity with a different weighting applied to each maturity band.

FX Market Risk

Within the Group, FX Market Risk Requirement is the regulatory capital requirement calculated on the open net foreign currency position for exposures that are out of scope of the internal models permission granted by the PRA to MLI.

Option Market Risk Requirement

Within the Group, Option Market Risk Requirement is the regulatory capital requirement calculated on options which are not in scope of the internal models permission granted by the PRA to MLI. It attracts a delta equivalent treatment, with additional regulatory capital requirement calculated for convexity risk (gamma risk) and volatility risk (vega risk).

5.4. Counterparty and Credit Risk

Counterparty and credit risk is the risk of loss arising from a borrower or counterparty failing to meet its financial obligations. Counterparty and credit risk capital requirements are derived from risk-weighted exposures, determined using the standardised approach. MLI has counterparty and credit risk exposure as a result of derivative trades, securities financing transactions, and other trading book exposures. Both MLI and the Group also have non-trading book exposures.

5.5. Capital Buffer Requirements

The CCyB was introduced through CRD IV and is defined as the amount of CET1 capital MLI and the Group must calculate in accordance with the CRD as implemented by the PRA. The CCyB is equal to MLI and the Group's total risk exposure amount multiplied by the weighted average of the CCyB rates that apply to exposures in the jurisdictions where MLI and the Group's relevant credit exposures are located.

The aim of the CCyB is to achieve the broader macro-prudential goal of protecting the banking sector from periods of excess aggregate credit growth that have often been associated with the build-up of system-wide risk. The CCyB requirements may also help to limit the build-up of credit in jurisdictions in the first place, by raising the cost of credit and dampening its demand. Thus jurisdictions will be required to monitor credit growth in relation to measures such as Gross Domestic Product ("GDP") and assess whether growth is excessive and leading to the build-up of system-wide risk. Based on this assessment a countercyclical buffer requirement, typically ranging from 0% to 2.5% of RWAs, may be put in place for specified jurisdictions.

Table 5.5.T1. – UK CCyB1 - MLI Geographical Distribution of Credit Exposures Relevant for the Calculation of the Countercyclical Buffer outlines the components of relevant credit exposures used in the calculation of CCyB by country.

Table 5.5.T1. – UK CCyB1 - MLI Geographical Distribution of Credit Exposures Relevant for the Calculation of the Countercyclical Buffer ($ millions)

	MLI Group												
	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
Breakdown by country:													
ANDORRA	$ 4					$ 4	$ —			$ —	$ 4	— %	— %
ARGENTINA	1					1	—			—	1	— %	— %
AUSTRALIA	3,181		$ 18	$ 123	$ 22	3,344	254	$ 27	$ 1	282	3,524	4.6 %	1.0 %
AUSTRIA	5			31		37	—	8		8	103	0.1 %	— %
AZERBAIJAN				1		1		—		—	—	— %	— %
BAHAMAS	3					3	—			—	3	— %	— %
BAHRAIN	11			5		16	1	5		6	81	0.1 %	— %
BARBADOS												— %	— %
BELGIUM	288		2	68		358	21	23		44	556	0.7 %	— %
BERMUDA	67					67	5			5	67	0.1 %	— %
BRAZIL	18		116	5		139	1	18		19	237	0.3 %	— %
BRUNEI DARUSSALAM	42					42	3			3	42	0.1 %	— %

	MLI Group												
	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
CANADA	1,094		2	73		1,169	54	17		71	892	1.2 %	— %
CAYMAN ISLANDS	10,427		6	16	33	10,482	834	9	21	865	10,808	14.0 %	— %
CHILE	179					179	12			12	151	0.2 %	— %
CHINA	81		55	31		168	6	64		70	876	1.1 %	— %
COLOMBIA	84			—		85	7	4		11	132	0.2 %	— %
COSTA RICA												— %	— %
CURACAO	35					35	3			3	35	— %	— %
CYPRUS	12					12	1			1	12	— %	0.5 %
CZECH REPUBLIC				29		29		25		25	309	0.4 %	2.0 %
DENMARK	155			3		158	11	7		19	233	0.3 %	2.5 %
EGYPT												— %	— %
FINLAND	11		—	20		31	1	30		31	392	0.5 %	— %
FRANCE	229		72	483		784	15	79		94	1,178	1.5 %	0.5 %
GERMANY	446		91	425	—	961	36	67	—	103	1,286	1.7 %	0.75 %
GHANA	—					—	—			—	1	— %	— %
GREECE	—			16		16	—	5		5	62	0.1 %	— %
GUAM	9					9	1			1	9	— %	— %
GUERNSEY	86					86	7			7	86	0.1 %	— %
HONG KONG	69		10	48		127	5	19		25	311	0.4 %	1.0 %
HUNGARY				1		1		2		2	22	— %	— %
ICELAND	—					—	—			—	—	— %	2.0 %
INDIA	409		3	284		695	33	5		38	472	0.6 %	— %
INDONESIA	—			14		14	—	12		12	153	0.2 %	— %
IRELAND	2,524		63	13	369	2,969	202	11	149	362	4,520	5.8 %	1.0 %
ISLE OF MAN	—					—	—			—	—	— %	— %
ISRAEL	90		26	33		148	3	16		19	234	0.3 %	— %
ITALY	210		263	85	—	558	17	63	—	80	999	1.3 %	— %
JAPAN	3,303		15	141		3,459	204	44		248	3,105	4.0 %	— %
JERSEY	84		30	—		113	7	2		9	115	0.1 %	— %
JORDAN												— %	— %
KAZAKHSTAN	—		—	—		—	—	1		1	13	— %	— %
KENYA	—					—	—			—	—	— %	— %

	MLI Group												
	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
KOREA, REPUBLIC OF	164		—	36		200	12	6		18	222	0.3 %	— %
KUWAIT	47			27		73	2	9		11	141	0.2 %	— %
LEBANON	—					—	—			—	—	— %	— %
LIECHTENSTEIN	—					—	—			—	—	— %	— %
LUXEMBOURG	3,089		82	18	1	3,190	226	38	1	264	3,306	4.3 %	0.5 %
MACAO	—			14		14	—	3		3	34	— %	— %
MALAYSIA	54		—	18		72	4	6		10	123	0.2 %	— %
MALTA	—					—	—			—	—	— %	— %
MARSHALL ISLANDS	106					106	8			8	106	0.1 %	— %
MAURITIUS	37		1	—		39	3	—		3	40	0.1 %	— %
MEXICO	74		12	3		89	6	12		18	227	0.3 %	— %
MONACO				—		—		—		—	—	— %	— %
MONGOLIA				1		1		2		2	20	— %	— %
MOROCCO	—			1		1	—	1		1	16	— %	— %
NAMIBIA	3					3	—			—	3	— %	— %
NETHERLANDS	1,509		92	173	40	1,813	120	59	22	201	2,507	3.2 %	1.0 %
NEW ZEALAND	56		—			56	4	—		4	56	0.1 %	— %
NICARAGUA												— %	— %
NIGERIA	—					—	—			—	—	— %	— %
NORWAY	59		1	21		81	4	10		14	177	0.2 %	2.5 %
OMAN	1			12		13	—	12		12	153	0.2 %	— %
Other Countries	167			8		175	13	2		16	194	0.3 %	— %
PANAMA	19					19	2			2	19	— %	— %
PERU	20					20	2			2	20	— %	— %
PHILIPPINES	—		—	2		2	—	1		1	8	— %	— %
POLAND	4			2		6	—	3		3	40	0.1 %	— %
PORTUGAL	23			8		30	2	28		29	368	0.5 %	— %
PUERTO RICO	—					—	—			—	—	— %	— %
QATAR	58		1	10		69	5	7		11	142	0.2 %	— %
ROMANIA				12		12		10		10	122	0.2 %	1.0 %
RUSSIAN FEDERATION	55			3		57	4	—		5	59	0.1 %	— %
SAUDI ARABIA	7		—	7		14	1	8		9	112	0.1 %	— %

	MLI Group												
	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
SERBIA				—		—		—		—	—	— %	— %
SINGAPORE	5,099		15	25		5,139	408	22		430	5,375	6.9 %	— %
SLOVAKIA				9		9		7		7	90	0.1 %	1.5 %
SOUTH AFRICA	60		5	7		73	5	16		21	256	0.3 %	— %
SPAIN	24		60	285	11	381	3	66	11	80	1,000	1.3 %	— %
SWAZILAND												— %	— %
SWEDEN	354		24	48		426	28	16		44	554	0.7 %	2.0 %
SWITZERLAND	1,581		6	43	9	1,639	102	20	—	122	1,520	2.0 %	— %
TAIWAN, PROVINCE OF CHINA	2,501			2		2,503	199	—		199	2,487	3.2 %	— %
TAJIKISTAN				—		—		—		—	1	— %	— %
THAILAND	72			1		73	6	4		9	118	0.2 %	— %
TUNISIA	—					—	—			—	—	— %	— %
TURKEY	22		3	62		87	2	28		30	372	0.5 %	— %
UKRAINE	—			1		1	—	—		—	5	— %	— %
UNITED ARAB EMIRATES	247		40	12		299	18	21		39	485	0.6 %	— %
UNITED KINGDOM	5,581		1,799	806	59	8,245	403	535	9	948	11,849	15.3 %	2.0 %
UNITED STATES	8,229		968	176	167	9,539	561	394	108	1,064	13,294	17.2 %	— %
URUGUAY	9					9	1			1	9	— %	— %
VIET NAM			1	—		1		11		11	142	0.2 %	— %
VIRGIN ISLANDS, BRITISH	555			2		557	44	1		45	563	0.7 %	— %
ZAMBIA												— %	— %
Total	**$ 53,043**		**$ 3,879**	**$ 3,805**	**$ 710**	**$ 61,437**	**$ 3,942**	**$ 1,924**	**$ 322**	**$ 6,189**	**$ 77,358**	**100.0 %**	

Table 5.5.T2. – UK CCyB2 - MLI Amount of Institution-specific Countercyclical Capital Buffer ($ millions)

		a
1	Total risk exposure amount	$ 142,691
2	Institution specific countercyclical capital buffer rate	0.5272 %
3	Institution specific countercyclical capital buffer requirement	$ 752

The Group's Institution Specific CCyB requirement increased in 2023, mainly due to an increase in the UK CCyB rate from 1% in 2022 to 2% in 2023.

5.6. Capital Resources

Table 5.6.T1. – UK CC2 - Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements shows the accounting balance sheet, with references in column C to the balance sheet items included within the elements of the Group's own funds as reported in template UK CC1. Further details on the composition of the Group's capital resources are shown in Tables 5.7.T2., 5.7.T3. and 5.7.T4.

Table 5.6.T1. – UK CC2 - Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements ($ millions)

		Balance sheet as in published financial statements	Reference
		MLI Group	
		2023	
Assets - Breakdown by asset class according to the balance sheet in the published financial statements			
	Non- Current Assets		
1	Investments	$ 126	
2	Debtors: Amounts owed from affiliated companies	—	
3	Deferred tax	589	
	Of Which:		
3a	Tax losses carried forward	293	10
3b	Temporary differences with respect to share based payments	*111*	21
3c	Temporary differences with respect to loan relationships	*231*	21
3d	Fair value on debt securities	*7*	21
3e	Temporary differences with respect to capital gains	*(16)*	21
3f	Temporary differences in relation to pension	*(37)*	15
	Current assets		
4	Pension	132	15
5	Trading assets	194,029	
6	Debt securities at FVOCI	1,746	
7	Resale agreements and securities borrowed	98,110	
8	Debtors	51,918	
9	Cash at bank and in hand	3,187	
10	**Total assets**	**$ 349,837**	
Liabilities - Breakdown by liability class according to the balance sheet in the published financial statements			
	Creditors: Amounts falling due within one year		
1	Bank loans and overdrafts	$ 5	
2	Trading liabilities	165,395	
	Of Which:		
2a	Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	*(73)*	27a
3	Repurchase agreements and securities loaned	60,442	
4	Creditors	63,578	
	Creditors: Amounts falling due after more than one year		
5	Repurchase agreements and securities loaned	2,183	
6	Creditors	21,260	
7	**Total liabilities**	**$ 312,863**	
Shareholders' Equity			
1	Called up share capital	$ 7,933	1
2	Share premium account	4,499	1
3	Other reserves	9,299	3
4	Profit and loss account	15,241	
	Of Which:		
4a	*Retained earnings*	*14,180*	2
4b	*Accumulated other comprehensive income*	*(287)*	3
4c	*Independently reviewed interim profits*	*1,348*	
5	**Total shareholders' equity**	**$ 36,972**	

The following tables discloses the main features of the CET1, Tier 2, and Eligible Liabilities instruments issued by the Group. There are no restrictions applied to the calculation of own funds in accordance with CRR Regulations.

Table 5.6.T2. – UK CCA MLI - Main Features of Regulatory Own Funds Instruments and Eligible Liabilities Instruments

		a	b	c	d
		CET1	AT1	T2	Eligible Liability
1	Issuer	Merrill Lynch International	N/A	N/A	N/A
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Private Placement	N/A	N/A	N/A
2a	Public or private placement	Private	N/A	N/A	N/A
3	Governing law(s) of the instrument	English	N/A	N/A	N/A
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A	N/A	N/A	N/A
	Regulatory treatment				
4	Current treatment taking into account, where applicable, transitional CRR rules	CET1	N/A	N/A	N/A
5	Post-transitional CRR rules	CET1	N/A	N/A	N/A
6	Eligible at solo / (sub-)consolidated/ solo and (sub-)consolidated	Solo & Consolidated	N/A	N/A	N/A
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares with full voting rights	N/A	N/A	N/A
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	$12,432m comprising nominal and premium	N/A	N/A	N/A
9	Nominal amount of instrument	1	N/A	N/A	N/A
UK-9a	Issue price	$1.00 19 Dec 2012 $4.76 18 Nov 2014	N/A	N/A	N/A
UK-9b	Redemption price	N/A	N/A	N/A	N/A
10	Accounting classification	Shareholders equity	N/A	N/A	N/A
11	Original date of issuance	$6,735m 19 Dec 2012 $1,198m 18 Nov 2014	N/A	N/A	N/A
12	Perpetual or dated	Perpetual	N/A	N/A	N/A
13	Original maturity date	No maturity	N/A	N/A	N/A
14	Issuer call subject to prior supervisory approval	No	N/A	N/A	N/A
15	Optional call date, contingent call dates, and redemption amount	N/A	N/A	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
	Coupons / dividends				
17	Fixed or floating dividend / coupon	N/A	N/A	N/A	N/A
18	Coupon rate and any related index	N/A	N/A	N/A	N/A
19	Existence of a dividend stopper	No	N/A	N/A	N/A
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	N/A	N/A	N/A
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	N/A	N/A	N/A
21	Existence of step up or other incentive to redeem	No	N/A	N/A	N/A
22	Noncumulative or cumulative	Non-cumulative	N/A	N/A	N/A
23	Convertible or non-convertible	Non-convertible	N/A	N/A	N/A
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A

		a	b	c	d
		CET1	AT1	T2	Eligible Liability
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
30	Write-down features	No	N/A	N/A	N/A
31	If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	N/A	N/A	N/A
UK-34b	Ranking of the instrument in normal insolvency proceedings	Equity	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior Liabilities	N/A	N/A	N/A
36	Non-compliant transitioned features	No	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	http://investor.bankofamerica.com	N/A	N/A	N/A

(1) Insert 'N/A' if the question is not applicable

Table 5.6.T3. – UK CC1 - Composition of Regulatory Own Funds ($ millions)

		Amounts	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
		MLI Group	
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	$ 12,432	Shareholders' equity - 1, 2
	of which: Ordinary shares with full voting rights	12,432	
2	Retained earnings	14,180	Shareholders' equity - 4a
3	Accumulated other comprehensive income (and other reserves)	9,013	Shareholders' equity - 3, 4b
UK-3a	Funds for general banking risk		
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		
5	Minority interests (amount allowed in consolidated CET1)		
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	162	
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	35,787	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	$ (1,076)	
8	Intangible assets (net of related tax liability) (negative amount)		
9	Empty set in the UK		

		Amounts	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
		MLI Group	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	(293)	Assets - 3a
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value		
12	Negative amounts resulting from the calculation of expected loss amounts		
13	Any increase in equity that results from securitised assets (negative amount)		
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		
15	Defined-benefit pension fund assets (negative amount)	(95)	Assets - 3f, 4
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)		
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
20	Empty set in the UK		
UK-20 a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		
UK-20 b	of which: qualifying holdings outside the financial sector (negative amount)		
UK-20 c	of which: securitisation positions (negative amount)		
UK-20 d	of which: free deliveries (negative amount)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	(333)	Assets - 3b, 3c, 3d, 3e
22	Amount exceeding the 17,65% threshold (negative amount)		
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		
24	Empty set in the UK		
25	of which: deferred tax assets arising from temporary differences		
UK-25 a	Losses for the current financial year (negative amount)		
UK-25 b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		
26	Empty set in the UK		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		

		Amounts	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
		MLI Group	
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	(73)	Liabilities - 2a
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(1,870)	
29	Common Equity Tier 1 (CET1) capital	33,917	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	$ —	
31	of which: classified as equity under applicable accounting standards	—	
32	of which: classified as liabilities under applicable accounting standards	—	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	—	
UK-33 a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	—	
UK-33 b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	—	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	—	
35	of which: instruments issued by subsidiaries subject to phase out	—	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	—	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	$ —	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	—	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	—	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	—	
41	Empty set in the UK	—	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	—	
42a	Other regulatory adjustments to AT1 capital	—	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	—	
44	Additional Tier 1 (AT1) capital	—	
45	Tier 1 capital (T1 = CET1 + AT1)	33,917	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	$ —	
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	—	
UK-47 a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	—	

		Amounts	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
		MLI Group	
UK-47 b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	—	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	—	
49	of which: instruments issued by subsidiaries subject to phase out	—	
50	Credit risk adjustments	—	
51	Tier 2 (T2) capital before regulatory adjustments	—	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	$ —	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	—	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	—	
54a	Empty set in the UK	—	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	—	
56	Empty set in the UK	—	
UK-56 a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	—	
UK-56 b	Other regulatory adjustments to T2 capital	—	
57	Total regulatory adjustments to Tier 2 (T2) capital	—	
58	Tier 2 (T2) capital	—	
59	Total capital (TC = T1 + T2)	33,917	
60	Total Risk exposure amount	$ 142,691	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	23.77 %	
62	Tier 1 (as a percentage of total risk exposure amount)	23.77 %	
63	Total capital (as a percentage of total risk exposure amount)	23.77 %	
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	9.36 %	
65	of which: capital conservation buffer requirement	2.50 %	
66	of which: countercyclical buffer requirement	0.53 %	
67	of which: systemic risk buffer requirement	0.00 %	
UK-67 a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.00 %	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	12.52 %	

		Amounts	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
		MLI Group	
69	[non relevant in UK]		
70	[non relevant in UK]		
71	[non relevant in UK]		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	$ 2,084	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	—	
74	Empty set in the UK	0	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	—	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	$ —	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	931	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	—	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	0	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

5.7. Leverage

5.7.1. Leverage Approach

The leverage ratio is a measure of Tier 1 capital as a percentage of exposure as defined in the PRA Rulebook.

The leverage ratio is monitored in line with regulatory requirements. Exposure is typically managed through a combination of mechanisms including risk appetite limits, collateralisation and netting arrangements.

5.7.2. Additional Detail on Leverage Ratio

The following tables disclose a breakdown of the total leverage ratio exposure measure, as well as a reconciliation of total exposure measure with the relevant information disclosed in published financial statements.

Table 5.7.2.T1. – UK LR1 - LRSum: Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures ($ millions)

	a
	MLI Group
	Applicable amount
Total assets as per published financial statements	$ 349,836
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	—
(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	—
(Adjustment for exemption of exposures to central banks)	—
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) of the CRR)	—
Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	—
Adjustment for eligible cash pooling transactions	—
Adjustment for derivative financial instruments	(10,398)
Adjustment for securities financing transactions (SFTs)	19,873
Adjustment for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	1,020
(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	—
(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	—
(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) of the CRR)	—
Other adjustments	(22,440)
Total exposure measure	**$ 337,890**

Table 5.7.2.T2. – UK LR2 - LRCom: Leverage Ratio Common Disclosure ($ millions)

		a
		MLI Group
On-Balance Sheet Exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	$ 96,675
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	—

		a MLI Group
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(15,713)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	—
5	(General credit risk adjustments to on-balance sheet items)	—
6	(Asset amounts deducted in determining tier 1 capital (leverage))	(1,797)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**$ 79,165**
Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e., net of eligible cash variation margin)	$ 22,081
UK-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	—
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	47,043
UK-9a	Derogation for derivatives: potential future exposure contribution under the simplified standardised approach	—
UK-9b	Exposure determined under the original exposure method	—
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	(4,829)
UK-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	—
UK-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	—
11	Adjusted effective notional amount of written credit derivatives	231,832
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(165,407)
13	**Total derivatives exposures**	**$ 130,720**
Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	$ 308,787
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(200,381)
16	Counterparty credit risk exposure for SFT assets	19,873
UK-16a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	—
17	Agent transaction exposures	—
UK-17a	(Exempted CCP leg of client-cleared SFT exposures)	—
18	**Total securities financing transaction exposures**	**$ 128,278**
Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	$ 9,212
20	(Adjustments for conversion to credit equivalent amounts)	(8,193)
21	(General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated associated with off-balance sheet exposures)	—
22	**Off-balance sheet exposures**	**$ 1,020**
Excluded exposures		
UK-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	—
UK-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) of the CRR (on- and off- balance sheet))	—
UK-22g	(Excluded excess collateral deposited at triparty agents)	—
UK-22k	**(Total exempted exposures)**	**—**
Capital and total exposure measure		
23	Tier 1 capital (leverage)	$ 33,917
24	Total exposure measure including claims on central banks	339,182
UK-24a	(-) Claims on central banks excluded	(1,292)
UK-24b	Total exposure measure excluding claims on central banks	$ 337,890

		a
		MLI Group
Leverage ratio		
25	Leverage ratio excluding claims on central banks (%)	10.04 %
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	10.04 %
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	10.00 %
UK-25c	Leverage ratio including claims on central banks (%)	10.00 %
26	Regulatory minimum leverage ratio requirement (%)	3.25 %
Additional leverage ratio disclosure requirements - leverage ratio buffers		
27	Leverage ratio buffer (%)	0.18 %
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)	— %
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.18 %
Additional leverage ratio disclosure requirements - disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	115,571
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	108,405
UK-31	Average total exposure measure including claims on central banks	357,644
UK-32	Average total exposure measure excluding claims on central banks	356,237
UK-33	Average leverage ratio including claims on central banks	9.45 %
UK-34	Average leverage ratio excluding claims on central banks	9.49 %

Table 5.7.2.T3. – UK LR3 - LRSpl Split-up of On-Balance Sheet Exposures (Excluding Derivatives, SFTs, and exempted exposures) ($ millions)

		a
		MLI Group
UK-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**$ 80,962**
UK-2	Trading Book Exposures	63,567
UK-3	Banking Book Exposures, of which:	17,395
UK-4	Covered Bonds	—
UK-5	Exposures treated as Sovereigns	3,748
UK-6	Exposures to Regional Governments, MDB, International Organisations and PSE not treated as Sovereigns	4
UK-7	Institutions	415
UK-8	Secured by Mortgages of Immovable Properties	2
UK-9	Retail exposures	—
UK-10	Corporates	6,362
UK-11	Exposures in Default	4
UK-12	Other Exposures (e.g., Equity, Securitisations, and other Non-Credit Obligation Assets)	6,860

5.7.3. Management of Excessive Leverage (UK LRA)

The risk of excessive leverage is the risk resulting from an institution's vulnerability due to leverage or contingent leverage that may require the addition of unintended corrective measures to its business plan. MLI sets a leverage ratio risk appetite limit at an appropriate level to manage this risk. The leverage ratio is monitored and reviewed for consistency with the strategic plan and RAS, as well as being reviewed quarterly by an MLI Board-delegated committee. This will include the actual reported leverage ratio, compared against the MLI Board's risk appetite limit and regulatory minimum requirements. The leverage ratio requirements reinforce risk based requirements and limit the build up of excessive leverage.

Comprehensive risk management of excessive leverage is achieved through the risk appetite framework and quarterly MLI Board-delegated committee oversight. A breach of a limit will trigger protocols as set out in the Merrill Lynch International Capital Management Policy, where specific governance, escalation and management actions are set out at various trigger levels that align to the MLI Board risk appetite and recovery plan indicators.

BANK OF AMERICA

Merrill Lynch International
Pillar 3 Disclosure

6. Additional Information on Remuneration Disclosure
As at 31 December 2023

6.1. Remuneration Disclosure

The required remuneration disclosure providing qualitative information on relevant remuneration policies and practices, in addition to quantitative remuneration information on Material Risk Takers (inclusive of those performing duties for MLI), made in accordance the provisions of the PRA Rulebook, Disclosure (CRR) Part (and related guidance), is separately published on BAC's corporate website (http://investor.bankofamerica.com) and should be deemed part of the Pillar 3 Disclosure for the Group.

Merrill Lynch International
Pillar 3 Disclosure

7. Appendices
As at 31 December 2023

Appendix 1 – Supplementary Disclosure Templates

Table A1.T1. – UK LI3 Outline of the Differences in the Scopes of Consolidation (Entity by Entity)

a	b	c	d	e	f	g	h
		Method of regulatory consolidation					
Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity Method	Neither consolidated nor deducted	Deducted	Description of the entity
Merrill Lynch International	Full consolidation	X					Investment Firm
ML UK Capital Holdings Limited	Full consolidation	X					Entity used for intercompany funding
Bank of America UK Retirement Plan Trustees Limited	Full consolidation	X					Trustee of the Bank of America UK Retirement Plan and Merrill Lynch (UK) Defined Contribution Plan
Chetwynd Nominees Limited	Full consolidation	X					Nominee company for affiliated companies
Citygate Nominees Limited	Full consolidation	X					Nominee company for affiliated companies
Fundo de Investimento Financeiro Multimercado Iceberg	Full consolidation	X					Brazilian multi-market investment fund
Merrill Lynch Nominees Limited	Full consolidation	X					Nominee company for affiliated companies
MLPF&S Limited	Full consolidation	X					Entity used for intercompany funding
N.Y. Nominees Limited	Full consolidation	X					Nominee company for affiliated companies
S. N. C. Nominees Limited	Full consolidation	X					Nominee company for affiliated companies
Atena Limited Series 37, 39 and 62	Full consolidation	X					Special purpose entity
Calculus ABS Resecuritisation Trust – Series 2006-1 and 2006-3	Full consolidation	X					Special purpose entity
Ironwood Trustee (Pty) Ltd	Full consolidation	X					Special purpose entity
Oxygen Capital Limited Series 17, 21, 43, 86 and 112	Full consolidation	X					Special purpose entity

a	b	c	d	e	f	g	h
Name of the entity	Method of accounting consolidation	Method of regulatory consolidation					Description of the entity
		Full consolidation	Proportional consolidation	Equity Method	Neither consolidated nor deducted	Deducted	
Pyxis LTD	Full consolidation	X					Special purpose entity
Single Platform Investment Repackaging Entity SA, in respect of its compartment 2023-51	Full consolidation	X					Special purpose entity
Starsia Capital Limited Series 11, 12 and 13	Full consolidation	X					Special purpose entity
Azusa Limited Series 501 and 502	Full consolidation	X					Special purpose entity

The following table shows a breakdown of exposures under the standardised approach by exposure classes as at 31 December 2023 for the Group.

Table A1.T2. – UK CR4 Standardised Approach -Credit Risk Exposure and CRM Effects

		2023 MLI Group					
	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	$ 3,726	$ 60	$ 3,726	$ 60	$ 698	18.44 %
2	Regional government or local authorities		83		7	7	100.00
3	Public sector entities						—
4	Multilateral development banks	—		—			—
5	International organisations	16		16			—
6	Institutions	346	2,073	346	140	291	59.83
7	Corporates	6,082	7,564	3,493	517	3,886	96.91
8	Retail						—
9	Secured by mortgages on immovable property	2		2		2	100.00
10	Exposures in default	4		4		6	150.00
11	Exposures associated with particularly high risk	30		30		45	150.00
12	Covered bonds						—
13	Institutions and corporates with a short-term credit assessment	2,297	73	2,297	14	845	36.56
14	Collective investment undertakings	—		—		2	1250.00
15	Equity	158		158		158	100.00
16	Other items	4	2	4	—	4	100.00
17	**TOTAL**	**$ 12,665**	**$ 9,855**	**$ 10,075**	**$ 738**	**$ 5,944**	**54.97 %**

The following table shows a breakdown of exposures under the standardised approach by exposure classes and risk weight percentages as at 31 December 2023 for the Group.

Table A1.T3. – UK CR5 Standardised Approach ($ millions)

	Exposure classes	Risk weight															Total	Of which unrated
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Central governments or central banks	$ 3,026				$ 95		$ —			$ 637	$ 28					$ 3,786	$ 1
2	Regional government or local authorities										7						7	4
3	Public sector entities																	
4	Multilateral development banks	—															—	
5	International organisations	16															16	
6	Institutions					265		124			90				7		486	343
7	Corporates							306			3,694	8			2		4,010	3,670
8	Retail exposures																	
9	Exposures secured by mortgages on immovable property										2						2	2
10	Exposures in default											4					4	4
11	Exposures associated with particularly high risk											30					30	30
12	Covered bonds																	
13	Exposures to institutions and corporates with a short-term credit assessment					1,196		1,047			40	28					2,311	
14	Units or shares in collective investment undertakings														—		—	
15	Equity exposures										158		—				158	158
16	Other items										4						4	4
17	**TOTAL**	**$ 3,042**				**$ 1,556**		**$ 1,477**			**$ 4,632**	**$ 98**	**$ —**		**$ 9**		**$10,814**	**$ 4,216**

The Group does not follow the IRB approach and does not have an IMM approval. Therefore no IRB or IMM related templates are disclosed.

Appendix 2 – Index

Article	Article Name	Article Reference Detail	Template or Table per PRA PS 22/21	Description	Document Reference	Page Section Number(s)
Title i General Principles						
431	Disclosure Requirements and Policies	431(1)	For Information	Requirement to publish Pillar 3 disclosures	MLI publish Pillar 3 disclosures	NA
		431(2)		Firms with permission to use specific operational risk methodologies must disclose operational risk information	Not applicable	N/A
		431(3)		Institutions shall adopt a formal policy to comply with the disclosure requirements in Part Eight of CRR. At least one member of the management body or senior management shall attest in writing that the relevant institution has made the disclosures required under this Part in accordance with the formal policies and internal processes, systems and controls. The written attestation and the key elements of the institution's formal policies to comply with the disclosure requirements shall be included in the institutions' disclosures	1.3. Disclosure Policy	17
		431(4)		Quantitative disclosures shall be accompanied by a qualitative narrative in order for the users of information to understand the quantitative disclosures	Throughout document	N/A
		431(5)		Explanation of ratings decision upon request	Not applicable	N/A
432	Non-material, proprietary or confidential information	432(1)		Institutions may omit information that is not material. Information in disclosures shall be regarded as material where its omission or misstatement could change or influence the assessment or decision of a user of that information relying on it for the purpose of making economic decisions.	1.1.2. Other Entities 1.2. Basis of Preparation 4.12.2. Equities Exposures in the Non-Trading Book	9, 10, 96
		432(2)		Institutions may omit information that is proprietary or confidential if certain conditions are respected	Not applicable	N/A
		432(3)		Where 432(2) applies this must be stated in the disclosures, and more general information must be disclosed	Not applicable	N/A
433	Frequency and Scope of disclosure	433		Institutions shall publish the disclosures required under Titles II and III in the manner set out in Articles 433a, 433b and 433c Annual disclosures shall be published on the same date as the date on which institutions publish their financial statements or as soon as possible thereafter. Any delay between the date of publication of the disclosures required under this Part and the relevant financial statements shall be reasonable.	MLI publish's Pillar 3 disclosures annually at minimum, with quarterly disclosures also published in accordance with this article	N/A

Article	Article Name	Article Reference Detail	Template or Table per PRA PS 22/21	Description	Document Reference	Page Section Number(s)
433a	Disclosures by Large Institutions	433a(1)	For Information	Large institutions shall disclose the information outlined below with the following frequency:	N/A - MLI avail of derogation available in article 433a(2)	N/A
		433a(1)(a)		all the information required under this Part on an annual basis;		
		433a(1)(b)		on a semi-annual basis the information referred to		
		433a(1)(c)		on a quarterly basis the information referred to		
		433a(2)		By way of derogation from paragraph 1, large institutions other than G-SIIs that are non-listed institutions shall disclose the information outlined below with the following frequency	MLI publish's Pillar 3 disclosures in accordance with this article	N/A
		433a(2)(a)		all the information required under this Part on an annual basis	Throughout this document	N/A
		433a(2)(b)		the key metrics referred to in Article 447 on a semi-annual basis	MLI publish's semi-annual Pillar 3 disclosures in accordance with this article	N/A
		433a(3)		Large institutions that are subject to Article 92a or 92b shall disclose the information required under Article 437a on a semi-annual basis, except for the key metrics referred to in point (h) of Article 447, which are to be disclosed on a quarterly basis.	MLI publish's quarterly Pillar 3 disclosures in accordance with this article	N/A
		433a(4)		Large institutions that are LREQ firms shall disclose the information required under paragraphs (1)(a), (b) and (g), (2) and (3) of Article 451 on a quarterly basis	MLI publish's quarterly Pillar 3 disclosures in accordance with this article	N/A
433b	Disclosures by Small and Non-Complex Institutions	433b(1)		Small and non-complex institutions shall disclose the information outlined in this article	N/A - MLI is not a small/non-complex institution	N/A
		433b(2)		By way of derogation from paragraph 1 of this Article, small and non-complex institutions that are non-listed institutions shall disclose the key metrics referred to in Article 447 on an annual basis		
433c	Disclosures by Other Institutions	433c(1)		Institutions that are not subject to Article 433a or 433b shall disclose the information outlined	N/A - MLI is not an 'Other' institution	N/A
		433c(2)		By way of derogation from paragraph 1 of this Article, other institutions that are non-listed institutions shall disclose information on an annual basis		

Article	Article Name	Article Reference Detail	Template or Table per PRA PS 22/21	Description	Document Reference	Page Section Number(s)
434	Means of disclosures	434(1)	For Information	To include all disclosures in one appropriate medium, or provide clear cross-references	All Pillar 3 disclosures required under Part Eight of CRR are included in this document with the exception of the disclosure for remuneration policy required under CRR article 450. The remuneration disclosure is published separately and is signposted in Section 6. Additional Information on Remuneration Disclosure of this document.	118
		434(2)		Institutions shall make available on their website or, in the absence of a website, in any other appropriate location an archive of the information required to be disclosed in accordance with this Part.	Historic P3 Disclosures available on BAC Investor Relations	N/A
434a	Uniform Disclosure Formats	434a		Provision Left Blank	Not applicable	N/A
434b	Timing and Means of Disclosures under Article 441	434b(1)		G-SIIs shall disclose the information required under Article 441 within four months after the end of the period to which the information relates.	N/A - MLI is not a G-SII	N/A
		434b(2)		Where a G-SII relies on the derogation in paragraph 1, it may disclose the information required under Article 441 in a separate medium or location from the standalone document mentioned in Article 434(1)		
		434b(3)		If, in accordance with paragraphs 1 and 2, a G-SII does not disclose the information required under Article 441 at the same time as, and in the same medium or location as, the other information required to be disclosed under Titles II and III, it shall include in the standalone document mentioned in Article 434(1) a statement specifying when and in what medium or location the information required under Article 441 will be disclosed.		
Title II Technical Criteria on Transparency and Disclosure						

Article	Article Name	Article Reference Detail	Template or Table per PRA PS 22/21	Description	Document Reference	Page Section Number(s)
435	Risk management objectives and policies	435(1)(a)	UK OVA, UK OVB, UK LIQA, UK CRA, UK CCRA, UK MRA, UK ORA	Objectives and policies for each separate category of risk, including strategies and processes to manage those categories of risk	4.1. Disclosure of Risk Management Objectives and Policies (UK OVA, OVB)	35
		435(1)(b)		Structure and organisation of the relevant risk management function		
		435(1)(c)		Scope and nature of risk reporting and measurement systems		
		435(1)(d)		Policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants		
		435(1)(e)		Risk declaration		
		435(1)(f)		Risk statement, including key ratios and figures providing external stakeholders with a comprehensive view of the institution's management of risk, and information on intragroup transactions and transactions with related parties that may have a material impact of the risk profile of the consolidated group		
		435(2)(a)		Number of directorships held by Board members	Table 4.1.T1. – MLI Directors Board Membership and Experience	40
		435(2)(b)		Recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise		
		435(2)(b)-(c)		Board recruitment and diversity policy, including objectives and any relevant targets set out in that policy	4.1. Disclosure of Risk Management Objectives and Policies (UK OVA, OVB)	35
		435(2)(d)-(e)		Risk committees, including number of times committee has met, and risk information flow to management body		
436	Scope of application	436(a)	N/A	Name of institution	1.1. Overview and Purpose of Document	9
		436(b)	UK LI1, UK LI2, UK LI3, UK LIA	reconciliation between the consolidated financial statements prepared in accordance with the applicable accounting framework and the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation	1.2. Basis of Preparation	10
					1.2.1. Reconciliation of Accounting Balance Sheet to Regulatory Exposure Amounts	12
		436(c)	UK LI1, UK LI3	breakdown of assets and liabilities of the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation, broken down by type of risks	1.2.1. Reconciliation of Accounting Balance Sheet to Regulatory Exposure Amounts	12
		436(d)	UK LIA	reconciliation identifying the main sources of differences between the carrying value amounts in the financial statements under the regulatory scope of consolidation, and the exposure amount used for regulatory purposes	1.2.1.1. Mapping of Financial Statement Categories with Regulatory Risk Categories	12
		436(e)	UK PV1	Exposures from the trading book and the non-trading book that are adjusted in accordance with Article 34 and Article 105, a breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment, by type of risks, and the total of constituent elements separately for the trading book and non-trading book positions	1.2.2.2.1. Prudential Valuation Adjustment	15
		436(f)	UK LIB	Current or expected material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities between the parent undertaking and its subsidiaries	2.1.4. Transferability of Capital within the BAC Group (UK LIB)	22
		436(g)		Aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation, and the name or names of those subsidiaries	Not Applicable	N/A
		436(h)		circumstances under which use is made of the derogation referred to in Article 7 or the individual consolidation method laid down in Article 9	Not Applicable	N/A

Article	Article Name	Article Reference Detail	Template or Table per PRA PS 22/21	Description	Document Reference	Page Section Number(s)
437	Own funds	437(a)	UK CC1, UK CC2	Full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions applied to own funds	5.6. Capital Resources	106
		437(b)	UK CCA	Description of the main features of Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued		
		437(c)		Full terms and conditions of Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments issued		
		437(d)-(e)	UK CC1, UK CC2	Disclosure of prudential filters, deductions, and any restrictions applied to the calculation of own funds		
		437(f)		Where institutions disclose capital ratios calculated using elements of own funds determined on a different basis	Not Applicable	N/A
437a	Disclosure of Own Funds and Eligible Liabilities	437a	UK CCA	Institutions that are subject to Article 92a or 92b shall disclose the following information regarding their own funds and eligible liabilities	2.1.3. *Minimum Requirements for Own Funds and Eligible Liabilities* 5.2. Additional Detail on Minimum Requirements for Own Funds and Eligible Liabilities 5.6. Capital Resources	22, 99, 106
		437a (a)		composition of their own funds and eligible liabilities, their maturity and their main features		
		437a (b)		ranking of eligible liabilities in the creditor hierarchy		
		437a (c)		total amount of each issuance of eligible liabilities instruments and the amount of those issuances that is included in eligible liabilities items		
		437a (d)		total amount of excluded liabilities		
438	Disclosure of Own Funds Requirements and Risk-Weighted Exposure Amounts	438(a)	UK OVC	Approach to assessing adequacy of capital levels	2.4. Capital Management (UK OVC)	27
		438(b)	UK KM1	amount of the additional own funds requirements based on the supervisory review and evaluation process	Table 2.1.2.T1. – UK KM1 - Key Metrics Template	21
		438(c)	UK OVC	Result of ICAAP on demand from authorities	2.4. Capital Management (UK OVC)	27
		438(d)	UK OV1	Total risk-weighted exposure amount and the corresponding total own funds requirement, to be broken down by the different risk categories	2.2.2. Key Movements in 2023	25
		438(e)	n/a	on- and off-balance-sheet exposures, the risk-weighted exposure amounts and associated expected losses for each category of specialised lending and the on- and off-balance-sheet exposures and risk-weighted exposure amounts for the categories of equity exposure	N/A	N/A
		438(f)	UK INS1, UK INS2	exposure value and the risk-weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company that the institutions do not deduct from their own funds		
		438(g)		supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate		
		438(h)	UK CR8, UK MRB-2	variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models	MLI does not have IMM or IRB therefore only flow statement disclosed is for market risk under the IMA	N/A

Article	Article Name	Article Reference Detail	Template or Table per PRA PS 22/21	Description	Document Reference	Page Section Number(s)
439	Exposure to counterparty credit risk	439(a)	UK CCRA	description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including central counterparties	4.5. Disclosure of Exposures to Counterparty Credit Risk (UK CCRA)	65
		439(b)		description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves		
		439(c)		description of policies with respect to General Wrong-Way risk and Specific Wrong-Way risk		
		439(d)		Amount of collateral to be provided in the event of a ratings downgrade		
		439(e)	UK CCR5	For derivative transactions, the amount of segregated and unsegregated collateral received and posted per type of collateral; and for securities financing transactions, the total amount of collateral received and posted per type of collateral	Table 4.5.T4. – UK CCR5 – Composition of Collateral for CCR Exposures	69
		439(f)	UK CCR1	For derivative transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Sections 3 to 6 of Chapter 6 of Title II of Part Three, whichever method is applicable, and the associated risk exposure amounts broken down by applicable method	Table 4.5.T1. – UK CCR1 Analysis of CCR Exposure by Approach	68
		439(g)	UK CCR1	For securities financing transactions, the exposure values before and after the effect of the credit risk mitigation, whichever method is used, and the associated risk exposure amounts broken down by applicable method		
		439(h)	UK CCR7	The exposure values after credit risk mitigation effects and the associated risk exposures for credit valuation adjustment capital charge, separately for each method under IMM	N/A	N/A
		439(i)	UK CCR8	Exposure value to central counterparties and the associated risk exposures, separately for qualifying and non-qualifying central counterparties, and broken down by types of exposures	Table 4.5.T6. – UK CCR8 – Exposures to CCPs	71
		439(j)	UK CCR6	Notional amounts and fair value of credit derivative transactions; broken down by product type; within each product type, credit derivative transactions shall be broken down further by credit protection bought and credit protection sold	Table 4.5.T5. – UK CCR6 – Credit Derivatives Exposures	70
		439(k)	UK CCR1	estimate of alpha	Table 4.5.T1. – UK CCR1 Analysis of CCR Exposure by Approach Table 4.5.T3. – UK CCR3 – Standardised Approach – CCR Exposures by Regulatory Exposure Class and Risk Weights	68, 69
		439 (l)	UK CCR3, UK CCR4	Disclosures included in point (e) of Article 444 (exposure values and the exposure values after credit risk mitigation associated with each credit quality step) and point (g) of Article 452 (IRB)		
		439(m)	UK CCR1	Institutions using the original exposure method and standardised method set out in Sections 4 to 5 of Chapter 6 of Title II Part Three, the size of their on- and off-balance-sheet derivative business		
440	Capital buffers	440(a)	UK CCyB1	geographical distribution of the exposure amounts and risk-weighted exposure amounts of its credit exposures used as a basis for the calculation of their countercyclical capital buffer	5.5. Capital Buffer Requirements	101
		440(b)	UK CCyB2	amount of their institution-specific countercyclical capital buffer		
441	Indicators of global systemic importance	441	n/a	Disclosure of the indicators of global systemic importance	Not required for U.K. firms that are not G-SIIs	N/A

Article	Article Name	Article Reference Detail	Template or Table per PRA PS 22/21	Description	Document Reference	Page Section Number(s)
442	Disclosure of Exposures to Credit Risk and Dilution Risk	442(a)	UK CRB	Definitions of past due and impaired, and the differences, if any, between the definitions of 'past due' and 'default' for accounting and regulatory purposes	4.3.2. UK CRB – Additional Disclosure Related to the Credit Quality of Assets	53
		442(b)		Approaches for calculating specific and general credit risk adjustments		
		442(c)	UK CR1, UK CQ1, UK CQ7, UK CR2a, UK CQ2, UK CQ6, UK CQ8,	information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received	Table 4.3.2.T1. – UK CR1 – Performing and Non-performing Exposures and Related Provisions Table 4.3.2.T3. – UK CQ3 – Credit Quality of Performing and Non-performing Exposures by Past Due Days Table 4.3.2.T4. – UK CQ4 Quality of Non-Performing Exposures by Geography Table 4.3.2.T5. – UK CQ5 Credit Quality of Loans and Advances by Industry	56, 58, 59, 62
		442(d)	UK CQ3	Ageing analysis of accounting past due exposures	Table 4.3.2.T3. – UK CQ3 – Credit Quality of Performing and Non-performing Exposures by Past Due Days	58
		442(e)	UK CR1, UK CQ1, UK CQ7	gross carrying amounts of both defaulted and non-defaulted exposures, the accumulated specific and general credit risk adjustments, the accumulated write-offs taken against those exposures and the net carrying amounts and their distribution by geographical area and industry type and for loans, debt securities and off-balance-sheet exposures	4.3.2. UK CRB – Additional Disclosure Related to the Credit Quality of Assets	53
		442(f)	UK CR2, UK CR1, UK CQ1, UK CQ7,UK CR2a, UK CQ2, UK CQ6, UK CQ8,	any changes in the gross amount of defaulted on- and off-balance-sheet exposures		
		442(g)	UK CR-1A	A breakdown of loans and debt securities by residual maturity	Table 4.3.2.T2. – UK CR1-A – Maturity of Exposures	57
443	Encumbered and Unencumbered assets	443	UK AE1, UK AE2, UK AE3, UK AE4	Encumbered and unencumbered assets - institutions shall use the carrying amount per exposure class broken down by asset quality and the total amount of the carrying amount that is encumbered and unencumbered	3.1. Encumbered and Unencumbered Assets (UK AE4)	30
444	Use of the Standardised Approach	444(a)	UK CRD	Names of the nominated ECAIs and export credit agencies used and reasons for any changes in nominations over the period	2.2.1.1. Use of Standardised Approach (UK CRD)	23
		444(b)		Exposure classes associated with each ECAI or export credit agency		
		444(c)		Description of the process used to transfer credit assessments to non-trading book items		
		444(d)		Mapping of external rating to CQS		
		444(e)	UK CR4, UK CR5, UK CCR3	Exposure value pre and post-credit risk mitigation, by CQS	Table 4.4.2.T1. – UK CR3 CRM Techniques Overview: Disclosure of the Use of Credit Risk Mitigation Techniques Table A1.T2. – UK CR4 Standardised Approach -Credit Risk Exposure and CRM Effects Table A1.T3. – UK CR5 Standardised Approach	65, 123, 124
445	Exposure to market risk	445	UK MR1	Institutions calculating their own funds requirements in accordance with points (b) and (c) of Article 92(3) shall disclose those requirements separately for each risk referred to in those provisions. In addition, own funds requirements for the specific interest rate risk of securitisation positions shall be disclosed separately.	4.7.2. UK MR1 - Market Risk under the Standardised Approach	79

Article	Article Name	Article Reference Detail	Template or Table per PRA PS 22/21	Description	Document Reference	Page Section Number(s)
446	Disclosure of Operational risk Management	446(a)	UK ORA, UK OR1	Approaches used to calculate own funds requirements for operational risk	4.8.2. UK OR1 - Operational Risk own Funds Requirements and Risk-weighted Exposure Amounts	90
		446(b)		where the institution makes use of it, a description of the methodology set out in Article 312(2), which shall include a discussion of relevant internal and external factors being considered in the institution's advanced measurement approach	N/A - the group does not make use of AMA	N/A
		446(c)		in the case of partial use, the scope and coverage of the different methodologies used	N/A - the group does not make use of partial use	
447	Disclosures of Key Metrics	447(a)	UK KM1	composition of own funds and own funds requirements	Table 2.1.2.T1. – UK KM1 - Key Metrics Template	21
		447(b)		Total risk exposure amount		
		447(c)		Any additional own funds which the institutions are required to hold in line with SREP requirements		
		447(d)		Combined buffer requirement		
		447(e)(i)		the leverage ratio and total exposure measure;		
		447(e)(ii)		or LREQ firms, the leverage ratio calculated as if central bank claims were required to be included in the total exposure measure, average leverage ratio and countercyclical leverage ratio buffer		
		447(f)(i)		average or averages, as applicable, of the LCR based on end-of-the-month observations over the preceding 12 months for each quarter of the disclosure period		
		447(f)(ii)		average or averages, as applicable, of total liquid assets, after applying the relevant haircuts, included in the liquidity buffer, based on end-of-the-month observations over the preceding 12 months for each quarter of the disclosure period		
		447(f)(iii)		Averages of the liquidity outflows, inflows and net liquidity outflows, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period		
		447(g)(i)		Average or averages, as applicable, of the NSFR based on end-of-the-quarter observations over the preceding four quarters, for each quarter of the relevant disclosure period;		
		447(g)(ii)		Average or averages, as applicable, of their available stable funding based on end-of-the-quarter observations over the preceding four quarters, for each quarter of the relevant disclosure period		
		447(g)(iii)		Average or averages, as applicable, of their required stable funding based on end-of-the-quarter observations over the preceding four quarters, for each quarter of the relevant disclosure period		
		447(h)		own funds and eligible liabilities ratios and their components, numerator and denominator, as calculated in accordance with MREL requirements	5.2. Additional Detail on Minimum Requirements for Own Funds and Eligible Liabilities	99

Article	Article Name	Article Reference Detail	Template or Table per PRA PS 22/21	Description	Document Reference	Page Section Number(s)
448	Exposure to interest rate risk on positions not held in the trading book	448(1)(a)	UK IRRBB1	Changes in the economic value of equity calculated under the six supervisory shock scenarios for the current and previous disclosure periods	4.9. Disclosure of Interest Rate Risk in the Banking Book ("IRRBB") (UK IRRBBA)	91
		448(1)(b)		Changes in the net interest income calculated under two supervisory shock scenarios for the current and previous disclosure periods		
		448(1)(c)	UK IRRBBA	Description of key modelling and parametric assumptions used to calculate changes in the economic value of equity and in the net interest income required under points (a) and (b)		
		448(1)(d)		explanation of the significance of the risk measures disclosed under points (a) and (b) of this paragraph and of any significant variations of those risk measures since the previous disclosure reference date		
		448(1)(e)		Description of how institutions define, measure, mitigate and control the interest rate risk of their non-trading book activities		
		448(1)(e)(i)		Description of the specific risk measures used to evaluate changes in EVE and NII		
		448(1)(e)(ii)		Description of the key modelling and parametric assumptions used in internal measurement systems for the purpose of calculating changes in EVE and in NII		
		448(1)(e)(iii)		Description of the interest rate shock scenarios used to estimate the interest rate risk		
		448(1)(e)(iv)		Recognition of the effect of hedges against those interest rate risks, including internal hedges that meet the requirements		
		448(1)(e)(v)		Outline of how often the evaluation of the interest rate risk occurs		
		448(1)(f)		Description of the overall risk management and mitigation strategies for those risks		
		448(1)(g)		Average and longest repricing maturity assigned to non-maturing deposits		
		448(2)	For Information	By way of derogation from paragraph 1 of this Article, the requirements set out in points (c) and (e)(i) to (e)(iv) of paragraph 1 of this Article for descriptions relating to EVE shall not apply to institutions that use the standardised framework		

Article	Article Name	Article Reference Detail	Template or Table per PRA PS 22/21	Description	Document Reference	Page Section Number(s)
449	Exposure to securitisation positions	449(a)	UK-SECA	a description of securitisation and re-securitisation activities, including risk management and investment objectives in connection with those activities, role in securitisation and re-securitisation transactions, whether they use the simple, transparent and standardised securitisation (STS) and the extent to which securitisation transactions to transfer the credit risk of the securitised exposures to third parties with are used, where applicable, a separate description of synthetic securitisation risk transfer policy	4.6.1. UK SECA – Qualitative Disclosure Requirements Related to Securitisation Exposures	72
		449(b)		type of risks exposed to in securitisation and re-securitisation activities by level of seniority of the relevant securitisation positions providing a distinction between STS and non-STS positions and: (i) the risk retained in own-originated transactions; (ii) the risk incurred in relation to transactions originated by third parties;		
		449(c)		Approaches for calculating RWEA that are applied to securitisation activities, including the types of securitisation positions to which each approach applies and with a distinction between STS and non-STS positions		
		449(d)		list of SSPEs falling into any of the following categories, with a description of their types of exposures to those SSPEs, including derivative contracts: (i) SSPEs which acquire originated exposures; (ii) SSPEs which are sponsored ; (iii) SSPEs and other legal entities for which securitisation-related services are provided, such as advisory, asset servicing or management services; (iv) SSPEs included in the regulatory scope of consolidation;		
		449(e)		list of any legal entities in relation to which it has been disclosed that support has been provided		
		449(f)		list of affiliated legal entities that invest in originated securitisations or in securitisation positions issued by sponsored SSPEs		
		449(g)		Summary of accounting policies for securitisation activity, including where relevant a distinction between securitisation and re-securitisation positions		
		449(h)		names of the ECAIs used for securitisations and the types of exposure for which each agency is used		
		449(i)		A description of the Internal Assessment Approach, including the structure of the internal assessment process and relation between internal assessment and external ratings of the relevant ECAI disclosed in accordance with point (h), the control mechanisms for the internal assessment process including discussion of independence, accountability, and internal assessment process review, the exposure types to which the internal assessment process is applied and the stress factors used for determining credit enhancement levels		

Article	Article Name	Article Reference Detail	Template or Table per PRA PS 22/21	Description	Document Reference	Page Section Number(s)
449	Exposure to securitisation positions	449(j)	UK-SEC1, UK-SEC2	separately for the trading book and the non-trading book, the carrying amount of securitisation exposures, including information on any transfer of significant credit risk, for which institutions act as originator, sponsor or investor, separately for traditional and synthetic securitisations, and for STS and non-STS transactions and broken down by type of securitisation exposures	4.6.2. UK-SEC1 - Securitisation Exposures in the Non-trading Book	75
		449(k)(i)	UK-SEC3, UK-SEC4	For the trading and the non-trading book activities,aggregate amount of securitisation positions where institutions act as originator or sponsor and the associated risk-weighted assets and capital requirements by regulatory approaches,		
		449(k)(ii)		For the trading and the non-trading book activities, the aggregate amount of securitisation positions where institutions act as investor and the associated risk-weighted assets and capital requirements by regulatory approaches		
		449(l)	UK-SEC5	For securitised exposures, the amount of exposures in default and the amount of the specific credit risk adjustments made by the institution during the current period, both broken down by exposure type		
450	Remuneration policy	450	For Information	Institutions shall disclose the following information regarding their remuneration policy and practices for those categories of staff whose professional activities have a material impact on risk profile of the institutions:	6.1. Remuneration Disclosure	119
		450.1(a)	UK REMA	information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, where applicable, information about the composition and the mandate of a remunerationn committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders;		
		450.1(b)		information about the link between pay of the staff and their performance		
		450.1(c)		the most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria		
		450.1(d)		the ratios between fixed and variable remuneration set in accordance with rules 15.9 to 15.13 of the Remuneration Part of the PRA Rulebook		
		450.1(e)		information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based		
		450.1(f)		the main parameters and rationale for any variable component scheme and any other non-cash benefits		
		450.1(g)	UK REM4, UK REM5	aggregate quantitative information on remuneration, broken down by business area		

Article	Article Name	Article Reference Detail	Template or Table per PRA PS 22/21	Description	Document Reference	Page Section Number(s)
450	Remuneration policy	450.1(h)	UK REM1, UK REM2, UK REM3	aggregate quantitative information on remuneration, broken down by senior management and members of staff whose professional activities have a material impact on the risk profile of the institutions, indicating the following: (i) the amounts of remuneration for the financial year, split into fixed remuneration including a description of the fixed components, and variable remuneration, and the number of beneficiaries; (ii) the amounts and forms of awarded variable remuneration, split into cash, shares, share-linked instruments and other types separately for the part paid upfront and the deferred part; (iii) the amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years; (iv) the amount of deferred remuneration due to vest in the financial year, and the number of beneficiaries of those awards; (v) the guaranteed variable remuneration awards during the financial year, and the number of beneficiaries of those awards; (vi) severance payments awarded in previous periods, that have been paid out during the financial year; (vii) the amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and highest payment that has been awarded to a single person	6.1. Remuneration Disclosure	119
		450.1(i)	UK REM4, UK REM5	the number of individuals that have been remunerated EUR 1 million or more per financial year, with the remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and with the remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million		
		450.1(j)	N/A	[Note: Provision deleted]		
		450.1(k)	For Information	information on whether the institution benefits from a derogation laid down in the Remuneration Part of the PRA Rulebook at 5.3, and / or 12.2 (second subparagraph), and 15.A1(3).		
		450.2	UK REMA	For large institutions, the quantitative information on the remuneration of institutions' collective management body referred to in this Article shall also be made available to the public, differentiating between executive and non-executive members. Institutions shall comply with the requirements set out in this Article in a manner that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities and without prejudice to the GDPR.		
451	Disclosure of the Leverage Ratio	450.1(a)	UK LR1, UK LR2, UK LR3	The leverage ratio, and whether any transitional provisions are applied	2.5.1. Summary	28
		451(1)(b)		leverage ratio calculated as if central bank claims were required to be included in the total exposure measure	5.7.2. Additional Detail on Leverage Ratio	114
		451(1)(c)		breakdown of the total exposure measure, with reconciliation to information disclosed in published financial statements	Not Applicable	N/A
		451(1)(d)	UK LRA	Description of the processes used to manage the risk of excessive leverage	5.7.3. Management of Excessive Leverage (UK LRA)	117
		451(1)(e)		Factors that impacted the leverage ratio during the year	2.5.2. Key Movements in 2023 (UK LRA)	28

Article	Article Name	Article Reference Detail	Template or Table per PRA PS 22/21	Description	Document Reference	Page Section Number(s)
451	Disclosure of the Leverage Ratio	451(1)(f)	UK LR1, UK LR2, UK LR3	in relation to the quarterly periods up to 31 December 2022, the leverage ratio calculated as if unrealised gains measured at fair value provisions of the CRR did not apply for purposes of the capital measure	5.7.2. Additional Detail on Leverage Ratio	114
		451(1)(g)		in relation to the quarterly periods up to 31 December 2024, the leverage ratio calculated as if IFRS 9 provisions of the CRR did not apply for purposes of the capital measure		
		451(2)(a)		An LREQ firm must disclose average exposure measure	5.7.2. Additional Detail on Leverage Ratio	114
		451(2)(b)		An LREQ firm must disclose average leverage ratio		
		451(2)(c)		An LREQ firm must disclose average leverage ratio calculated as if central bank claims were required to be included in the total exposure measure		
		451(2)(d)		An LREQ firm must disclose its countercyclical leverage ratio buffer		
		451(3)		LREQ firm must disclose such information as is necessary to enable users to understand changes in the firm's total exposure measure and tier 1 capital (leverage) over the quarter that have affected the firm's average leverage ratio		
		451(4)(a)(i)		LREQ firm must calculate its average exposure measure for a quarter as the sum of the arithmetic mean of the firm's total exposure measure in relation to on-balance sheet assets and securities financing transactions on each day in the quarter		
		451(4)(a)(ii)		LREQ firm must calculate its average exposure measure for a quarter as the sum of arithmetic mean of the firm's total exposure measure excluding on-balance sheet assets and securities financing transactions on the last day of each month in the quarter		
		451(4)(b)(i)		an LREQ firm must calculate its average leverage ratio for a quarter as its capital measure divided by its exposure measure where the capital measure is the arithmetic mean of the firm's tier 1 capital (leverage) on the last day of each month in the quarter		
		451(4)(b)(ii)		an LREQ firm must calculate its average leverage ratio for a quarter as its capital measure divided by its exposure measure where the exposure measure is the sum derived in accordance with (a), unless paragraph 5 applies in which case it shall be the sum derived in accordance with that paragraph		
		451(5)(a)		In relation to the quarterly periods up to 1 January 2023 an LREQ firm must calculate its average exposure measure for a quarter as the sum of the arithmetic mean of the firm's total exposure measure in relation to on-balance sheet assets on each day in the quarter		
		451(5)(b)		In relation to the quarterly periods up to 1 January 2023 an LREQ firm must calculate its average exposure measure for a quarter as the sum of the arithmetic mean of the firm's total exposure measure excluding on-balance sheet assets on the last day of each month in the quarter		

Article	Article Name	Article Reference Detail	Template or Table per PRA PS 22/21	Description	Document Reference	Page Section Number(s)
451a	Disclosure of Liquidity Requirements	451a(1)	For Information	Institutions subject to Part Six shall disclose information on their liquidity coverage ratio, net stable funding ratio and liquidity risk management in accordance with this Article	3. Encumbered and Unencumbered Assets	29
		451a(2)(a)	UK LIQ1, UK LIQB	the average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period	4.2.2. UK LIQ1 - Quantitative Information on LCR 4.2.3. UK LIQB – Qualitative Information on LCR, which Complements Template UK LIQ1. (in accordance with Article 451a(2) CRR)	47 , 48
		451a(2)(b)		average or averages, as applicable, of their total liquid assets, after applying the relevant haircuts, included in the liquidity buffer, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period, and a description of the composition of that liquidity buffer		
		451a(2)(c)		averages of their liquidity outflows, inflows and net liquidity outflows, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period and the description of their composition		
		451a(3)(a)	UK LIQ2	Averages of their NSFR for each quarter of the relevant disclosure period, based on end-of-the-quarter observations over the preceding four quarters	4.2.4. UK LIQ2 – Net Stable Funding Ratio	49
		451a(3)(b)		Overview of the amount of available stable funding for each quarter of the relevant disclosure period, comprising averages based on end-of-the-quarter observations over the preceding four quarters		
		451a(3)(c)		Overview of the amount of required stable funding for each quarter of the relevant disclosure period, comprising averages based on end-of-the-quarter observations over the preceding four quarters		
		451a(4)	UK LIQA	Institutions shall disclose the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk in accordance with ILAAP	4.2.1. UK LIQA – Liquidity Risk Management in Accordance with Article 451a(4) CRR	44
Title III Qualifying Requirements for the Use of Particular Instruments or Methodologies						

Article	Article Name	Article Reference Detail	Template or Table per PRA PS 22/21	Description	Document Reference	Page Section Number(s)
452	Use of the IRB Approach to credit risk	452(a)	UK CRE, UK CR6-A	Permission for use of the IRB approach from the competent authority	Not applicable. MLI does not use the IRB approach.	N/A
		452(b)		for each exposure class, the percentage of the total exposure value of each exposure class subject to the Standardised Approach or to the IRB Approach, as well as the part of each exposure class subject to a roll-out plan; where institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, they shall disclose separately the percentage of the total exposure value of each exposure class subject to that permission		
		452(c)		control mechanisms for rating systems at the different stages of model development, controls and changes, which shall include information on		
		452(c)(i)		relationship between the Risk Management Function and the Corporate Audit Function		
		452(c)(ii)		rating system review		
		452(c)(iii)		procedure to ensure the independence of the function in charge of reviewing the models from the functions responsible for the development of the models		
		452(c)(iv)		Procedure to ensure the accountability of the functions in charge of developing and reviewing the models		
		452(d)		role of the functions involved in the development, approval and subsequent changes of the credit risk models		
		452(e)		scope and main content of the reporting related to credit risk models		
		452(f)		description of the internal ratings process by exposure class, including the number of key models used with respect to each portfolio and a brief discussion of the main differences between the models within the same portfolio, covering the definitions, methods and data for estimation and validation of PD and where applicable LGD and Conversion factors		
		452(g)	UK CR6	information in relation to each exposure class		
		452(g)(i)		gross on-balance-sheet exposure		
		452(g)(ii)		off-balance-sheet exposure values prior to the relevant conversion factor		
		452(g)(iii)		exposure after applying the relevant conversion factor and credit risk mitigation		
		452(g)(iv)		any model, parameter or input relevant for the understanding of the risk weighting and the resulting risk exposure amounts disclosed across a sufficient number of obligor grades (including default) to allow for a meaningful differentiation of credit risk		
		452(g)(v)		for those exposure classes in relation to which institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, and for exposures for which the institutions do not use such estimates, the values referred to in points (i) to (iv) subject to that permission		

Article	Article Name	Article Reference Detail	Template or Table per PRA PS 22/21	Description	Document Reference	Page Section Number(s)
452	Use of the IRB Approach to credit risk	452(h)	UK CR9, UK CR9.1	Estimates of PDs against the actual default rate for each exposure class over a longer period, with separate disclosure of the PD range, the external rating equivalent, the weighted average and arithmetic average PD, the number of obligors at the end of the previous year and of the year under review, the number of defaulted obligors, including the new defaulted obligors, and the annual average historical default rate	Not applicable. MLI does use the IRB approach.	N/A
453	Use of credit risk mitigation techniques	453(a)	UK CRC	Use of on and off-balance sheet netting	4.4.1. UK CRC – Qualitative Disclosure Requirements Related to CRM Techniques	63
		453(b)		Eligible Collateral evaluation and management		
		453(c)		Types of collateral used		
		453(d)		Main types of guarantor and credit derivative counterparty, and creditworthiness		
		453(e)		Market or credit risk concentrations within credit mitigation taken		
		453(f)	UK CR3	total exposure value not covered by any eligible credit protection and the total exposure value covered by eligible credit protection after applying volatility adjustments under Standardised and IRB Methods	Table 4.4.2.T1. – UK CR3 CRM Techniques Overview: Disclosure of the Use of Credit Risk Mitigation Techniques	65
		453(g)	UK CR4, UK CR7-A, UK CR7	corresponding conversion factor and the credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect	Table A1.T2. – UK CR4 Standardised Approach -Credit Risk Exposure and CRM Effects	123
		453(h)	UK CR4	institutions calculating risk-weighted exposure amounts under the Standardised Approach, the on- and off-balance-sheet exposure value by exposure class before and after the application of conversion factors and any associated credit risk mitigation	Table A1.T2. – UK CR4 Standardised Approach -Credit Risk Exposure and CRM Effects	123
		453(i)		institutions calculating risk-weighted exposure amounts under the Standardised Approach, the risk-weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure		
		453(j)	UK CR7-A, UK CR7	institutions calculating risk-weighted exposure amounts under the IRB Approach, the risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives; where institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, they shall make the disclosure set out in this point separately for the exposure classes subject to that permission	N/A - MLI does not use the IRB approach	N/A

Article	Article Name	Article Reference Detail	Template or Table per PRA PS 22/21	Description	Document Reference	Page Section Number(s)
454	Use of the Advanced Measurement Approaches to operational risk	454	UK ORA, UK OR1	For institutions using the Advanced Measurement Approaches to operational risk, a description of the use of insurance or other risk transfer mechanisms to mitigate operational risk	N/A - MLI does not use the AMA approach	N/A
455	Use of Internal Market Risk Models	455(a)(i)	UK MRB	Characteristics of the market risk models	4.7.3. UK MRB: Qualitative disclosure requirements for institutions using the internal Market Risk Models	80
		455(a)(ii)		Methodologies used to measure incremental default and migration risk (IRC) and comprehensive risk measure (“CRM”)		
		455(a)(iii)		Stress testing applied to the portfolios		
		455(a)(iv)		Approaches used for back-testing and model validation		
		455(b)		Scope of the internal model permission		
		455(c)		Policies and procedures for determining trading book classification and compliance with prudential valuation requirements		
		455(d)	UK MR3	Highest, lowest and mean values over the year of VaR, SVaR, IRC and CRM		
		455(e)	UK MR2-A	Market risk internal model based own funds requirements		
		455(f)	UK MRB	Weighted average liquidity horizon for portfolios covered by internal models for IRC and CRM		
		455(g)	UK MR4	Comparison of end-of-day VaR measures compared with one day changes in the portfolio’s value		