

Bank of America Europe Designated Activity Company

Pillar 3 Disclosure
As at 31 December 2020

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Glossary

ABS	Asset-Backed Securities
ABSF	Asset Backed Securitisation Finance
AIRB	Advanced IRB
AT1	Additional Tier 1
BAC	Bank of America Corporation
BANA	Bank of America, National Association
BofA Europe	Bank of America Europe Designated Activity Company
BofA Europe ALCO	BofA Europe Asset and Liability Committee
BofA Europe Board	BofA Europe Board of Directors
BofA Europe BRC	BofA Europe Board Risk Committee
BofA Europe CRC	BofA Europe Credit Risk Committee
BofA Europe MRC	BofA Europe Management Risk Committee
BofA Europe NPC	BofA Europe New Product Committee
BofA Europe ORC	BofA Europe Operational Risk Committee
Capital Resources	BofA Europe's Capital Resources
CBI	Central Bank of Ireland
CCF	Credit conversion factors
CCP	Central Counterparty Clearing Houses
CCR	Counterparty Credit Risk
CCyB	Countercyclical Capital Buffer
CDS	Credit Default Swap
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CMBS	Commercial mortgage-backed securitisations
CMR	Contingent Market Risk
COVID-19	2019 novel coronavirus
CQS	Credit quality step
CRD	Capital Requirements Directive
CRD IV	Capital Requirements Directive IV
CRD V	Capital Requirements Directive V
CRM	Comprehensive Risk Measure
CRM	Credit Risk Mitigation
CRO	Chief Risk Officer
CRR	Capital Requirements Regulations
CRR2	Capital Requirements Regulations 2
CSA	Credit Support Annexes
CVA	Credit Valuation Adjustment
DVA	Debit Valuation Adjustment
EAD	Exposures at default
EaR	Earnings at Risk
EBA	European Banking Authority
EBA Guidelines	"Final Report on the Guidelines on Disclosure Requirements under Part Eight of Regulation (EU) No 575/2013"
ECA	Export Credit Agency
ECAI	External Credit Assessment Institution
ECB	European Central Bank
ECL	Expected credit loss
EEA	European Economic Area
EEPE	Effective expected positive exposure
EHQLA	Extremely High-Quality Liquid Assets

Bank of America Europe Designated Activity Company

Pillar 3 Disclosure for the Year Ended 31 December 2020

EMEA	Europe, Middle East, and Africa
ESG	Environmental, Social, and Governance
EU	European Union
EU-adopted IFRS	International Financial Reporting Standards that have been adopted in the EU
EVE	Economic Value of Equity
FIRB	Foundation IRB
Fitch	Fitch Ratings, Inc
FLU	Front line unit
FRS	Financial Reporting Standard
FRS 100	Financial Reporting Standard 100 Application of Financial Reporting Requirements
FRS 101	Financial Reporting Standard 101 Reduced Disclosure Framework
FVOCI	Fair Value through Other Comprehensive Income
FX	Foreign exchange
G-SII	Global Systemically Important Institution
GAAP	Generally Accepted Accounting Practices
GBAM	Global Banking and Markets
GDP	Gross Domestic Product
GRM	Global Risk Management
HQLA	High-Quality Liquid Assets
HR	Human Resources
IAA	Internal Assessment Approach
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
ILAC	Internal Loss Absorbing Capacity
ILST	Internal Liquidity Stress Test
IMA	Internal Models Approach
IMM	Internal Model Method
IMMC	Identify, Measure, Monitor, and Control
IRC	Incremental Risk Charge
IRRBB	Interest Rate Risk in the Banking Book
ISDA	International Swaps and Derivatives Association
IT	Information Technology
JST	Joint Supervisory Team
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LRP	BofA Europe Liquidity Risk Policy
Moody's	Moody's Investors Service, Inc
MREL	Minimum Requirements for Own Funds and Eligible Liabilities
NMD	Non-maturity deposit
Nominations Committee	BofA Europe Nominations Committee
NPE	Non-Performing Exposure
O-SII	Other Systemically Important Institution
OTC	Over-the-counter
P&L	Profit and Loss
PP&E	Property, plant, and equipment
QCCP	Qualifying central counterparty
RAS	Risk Appetite Statement
Reputational Risk Committee	EMEA Reputational Risk Committee
Retention Loans	Portfolio of senior mortgage loans
Risk Framework	BAC's Risk Framework
RWAs	Risk Weighted Assets
S&P	S&P Global Ratings

SA	Standardised Approach
SEC-ERBA	Securitisation External Ratings-Based Approach
SEC-IRBA	Securitisation IRB Approach
SEC-SA	Securitisation Standardised Approach
SFT	Securities Financing Transaction
SPE	Special Purpose Entity
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
SSM	Single Supervisory Mechanism
SSPE	Securitisation Special Purpose Entity
TCFD	Bank of America's Task Force for Climate-related Financial Disclosures
TLAC	Total Loss-Absorbing Capacity
Trading VaR	Value at Risk used for management reporting purposes
TSCR	Total SREP Capital Requirement
U.K.	United Kingdom
UMR	Uncleared Margin Rules
VaR	Value at Risk

Bank of America Europe Designated Activity Company Pillar 3 Disclosure

1. Introduction
As at 31 December 2020

1.1. Overview and Purpose of Document

This document contains the Pillar 3 disclosures as at 31 December 2020 in respect of the capital and risk management of Bank of America Europe Designated Activity Company, ("BofA Europe"), an Irish credit institution.

This document provides detail on BofA Europe's available Capital Resources ("Capital Resources") and regulatory defined Pillar 1 Minimum Capital Requirement. It demonstrates that BofA Europe 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 BofA Europe's liquidity position and information on the capital requirements in respect of the Countercyclical Capital Buffer ("CCyB"). BofA Europe has not omitted any information on the basis that is proprietary or confidential.

1.1.1. BofA Europe

On 30 October 2020, the Company changed its name from Bank of America Merrill Lynch International Designated Activity Company to Bank of America Europe Designated Activity Company.

BofA Europe is a registered credit institution in the Republic of Ireland which is authorised and regulated by the Central Bank of Ireland ("CBI") and supervised under the Single Supervisory Mechanism ("SSM") by the European Central Bank ("ECB"). BofA Europe is classified as an Other Systemically Important Institution ("O-SII").

BofA Europe is a wholly owned subsidiary of Bank of America, National Association ("BANA") and the ultimate parent continues to be Bank of America Corporation ("BAC").

BofA Europe is headquartered in the Republic of Ireland with branches in United Kingdom ("U.K."), Belgium, France, Germany, Greece, Italy, the Netherlands, Spain, Sweden, and Switzerland.

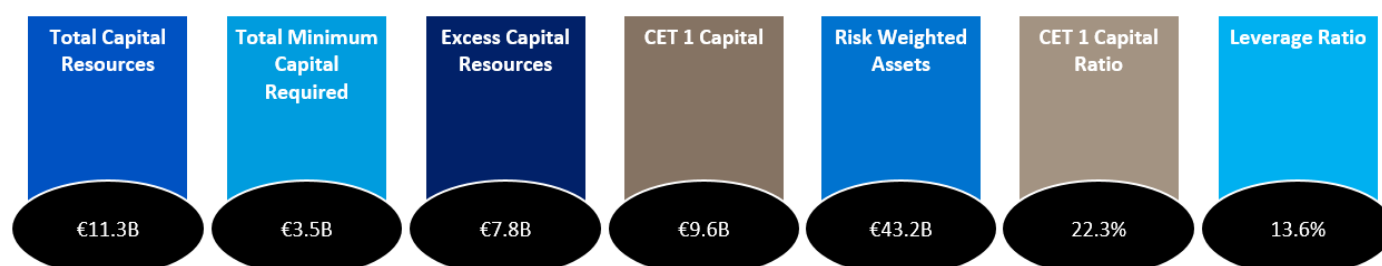
On 30 September 2020, BofA Europe established a new branch in Athens, Greece with banking and financing activity transferring from an existing BAC group branch on 1 November 2020. On the same day, BofA Europe migrated certain existing business from a BAC group branch in Frankfurt, Germany into its operations within the Frankfurt branch of BofA Europe.

BofA Europe provides a range of financial services and forms part of BAC's Global Banking and Markets ("GBAM") operations in the Europe, Middle East and Africa ("EMEA") region. Clients principally include large multinational groups, financial institutions, governments and government entities.

As at 31 December 2020, BofA Europe was rated by Fitch Ratings, Inc ("Fitch") (AA- / F1+) and S&P Global Ratings ("S&P") (A+/A-1).

1.1.2. BofA Europe's Capital Position at 31 December 2020

BofA Europe's Capital Resources consist predominantly of Common Equity Tier 1 ("CET1") capital. As at 31 December 2020, BofA Europe's CET1 ratio was 22.3%, which significantly exceeds the regulatory Pillar 1 minimum CET1 requirement of 4.5%, and the reported Leverage ratio of 13.6% is far in excess of the incoming regulatory requirement of 3%.

Figure 1.1.2.F1. – Summary of BofA Europe’s Key Metrics as at 31 December 2020

Note: All of BofA Europe’s Tier 1 capital is CET1, therefore CET1 Capital Ratio and Tier 1 Capital ratio are the same. Capital resources and ratios reflect the inclusion of 2020 audited retained earnings.

1.2. Basis of Preparation

The Basel Capital Accords provides a series of international standards for bank regulation commonly known as Basel I, Basel II, and, most recently, Basel III. Basel III was implemented in the European Union (“EU”) via the Capital Requirements Directive (“CRD”) and the Capital Requirements Regulation (“CRR”), as amended by the Capital Requirements Regulation 2 (“CRR2”), (collectively known as the Capital Requirements Directive IV (“CRD IV”) as amended by Capital Requirements Directive V (“CRD V”). The CRD IV requirements took effect from 1 January 2014. The CRR2 and CRD V were transposed into Irish law on 22 December 2020 (and were effective from 28 and 29 December 2020 respectively).

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.

The information contained in these disclosures are in line with the disclosure requirements as laid down in Part Eight of the CRR, including recent amendments. In December 2016, the European Banking Authority (“EBA”) provided a “Final Report on the Guidelines on Disclosure Requirements under Part Eight of Regulation (EU) No 575/2013” (“EBA Guidelines”), EBA/GL/2016/11.

BofA Europe's financial statements are prepared in accordance with the Companies Act 2014, Financial Reporting Standard (“FRS”) 100 Application of Financial Reporting Requirements (“FRS 100”) and Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”). In accordance with these, it applies the recognition, measurement, and disclosure requirements of International Financial Reporting Standards (“IFRS”) that have been adopted in the EU (“EU-adopted IFRS”).

Therefore, the information contained in these Pillar 3 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 not controllable. 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 should consider the uncertainties and risks discussed in other publicly available disclosures of BAC.

In accordance with Article 433 of the CRR, BofA Europe regularly assesses the need to disclose some or all information required by the CRR more frequently than annually and has determined that it is appropriate to disclose the information on a quarterly basis. BofA Europe bases this assessment on the relevant characteristics of their business, such as scale of operations, range of activities, presence in different countries, involvement in different financial sectors, and participation in international financial markets and payment, settlement, and clearing systems.

The assessment pays particular attention to the possible need for more frequent disclosure of items of information laid down in Article 437, and points (c) to (f) of Article 438, and information on risk exposure and other items prone to rapid change. BofA Europe publishes the annual Pillar 3 disclosures in conjunction with the date of publication of the financial statements.

These disclosures are updated annually in line with the accounting year end as at 31 December. Unless otherwise stated, all tables are as at 31 December 2020, with prior period comparatives in line with the CRR. Moreover, these disclosures are also updated on a quarterly basis, with prior period comparatives.

Although 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.

These Pillar 3 disclosures are published on the Investor Relations section of BAC's corporate website:

<http://investor.bankofamerica.com>.

CRR 'Quick Fix'

On 26 June 2020, Regulation (EU) 2020/873 (CRR 'quick fix') was published in the Official Journal of the EU, amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the 2019 novel coronavirus ("COVID-19") pandemic. The CRR 'quick fix' is part of a series of measures taken by European institutions to mitigate the impact of the COVID-19 pandemic on institutions across EU Member States. In addition to the flexibility already provided in the existing rules, the CRR 'quick fix' introduces certain adjustments to the CRR, including temporary measures, intended, inter alia, to enhance credit flows to companies and households, thereby supporting the EU's economy.

Article 468 of CRR 'quick fix' relates to the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income in view of the COVID-19 pandemic.

This article introduces a temporary treatment that allows institutions to remove from the calculation of their CET1 items, unrealised gains and losses measured at fair value through other comprehensive income, corresponding to exposures to central governments, to regional governments or to local authorities referred to in Article 115(2) CRR and to public sector entities referred to in Article 116(4) CRR, excluding those financial assets that are credit-impaired, during the period from 1 January 2020 to 31 December 2022. This article replaces the current article that was applicable until 31 December 2017.

BofA Europe has chosen not to apply this temporary treatment.

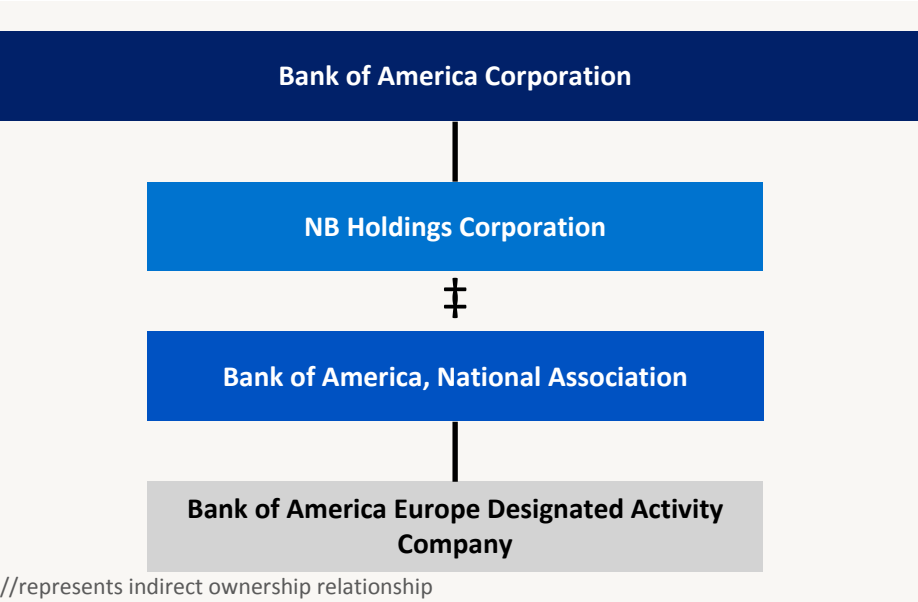
1.3. Disclosure Policy

In accordance with CRR Article 431(3), BofA Europe has adopted a formal policy to comply with the disclosure requirements included in Part Eight. BofA Europe Pillar 3 Disclosure Policy sets out the framework for assessing the appropriateness of disclosures, including the risk profile and the disclosures' verification and frequency.

1.4. Operation, Structure, and Organisation

BofA Europe has the ability to conduct business with international clients and to trade throughout the European Economic Area ("EEA"). As well as providing financial services, during the year the BofA Europe also provided support services to other companies in the BAC group in the EMEA region. Services provided included Information Technology ("IT") and operations support, administration and Human Resources ("HR") support, and real estate services. Following the receipt of regulatory approval in January 2021, the BofA Europe is preparing to transfer a significant part of its remaining support services activities to the London branch of BANA.

Figure 1.4.F1. – High-Level Ownership Chart



Bank of America Europe Designated Activity Company Pillar 3 Disclosure

2. Capital Resources and Minimum Capital Requirement
As at 31 December 2020

2.1. Capital Resources**2.1.1. Summary of 2020 Capital Resources**

Capital Resources represent the amount of regulatory capital available to an entity in order to cover all risks. Defined under CRR, Capital Resources are designated into two tiers, Tier 1 and Tier 2. Tier 1 capital consists of CET 1 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, and Tier 2 capital typically consists of subordinated debt and hybrid debt capital instruments.

The capital resources of BofA Europe are set out in Table 2.1.2.T1. – Capital Resources.

BofA Europe's Capital Resources of €11.3B (2019: €12.3B) consist of Tier 1 and Tier 2 capital. All of BofA Europe's Tier 1 capital is made up of CET1, and Tier 2 capital is comprised of subordinated debt.

2.1.2. Key Movements in 2020

BofA Europe's Capital Resources decreased by €1.0B during 2020. Key movements during the period are primarily driven by audited retained earnings, foreign exchange ("FX") movements on the USD denominated Share Premium and increase in CET 1 Regulatory Adjustments driven by deduction for non-performing exposures and an increase in the deduction for prudent valuation.

Table 2.1.2.T1. – Capital Resources

(€ in Millions)	Q4 2020	Q4 2019
Ordinary Share Capital	26	29
Share Premium	7,383	8,065
Other Equity	-72	-43
Accumulated Other Comprehensive Income	72	56
Profit and Loss Account	2,415	2,437
CET1 Regulatory Adjustments	(194)	(53)
Tier 1 Capital	9,632	10,492
Additional Tier 1 Capital	0	0
Tier 2 Capital	1,630	1,780
Total Capital Resources	11,261	12,272

2.1.3. Transferability of Capital within the Group

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.

BofA Europe does not have any subsidiaries that are required to hold Capital. BofA Europe does not apply any derogations under Article 7 of the CRR Derogation to the application of prudential requirements on an individual basis, and Article 9 of the CRR Individual consolidation method.

2.2. Capital Requirements and RWAs**2.2.1. Summary of 2020 Capital Requirement**

Risk-weighted assets ("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 ("CCR") 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 Mark-to-Market Method 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 tranching, having the following characteristics. Payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures. Also, 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 Standardised Approach.

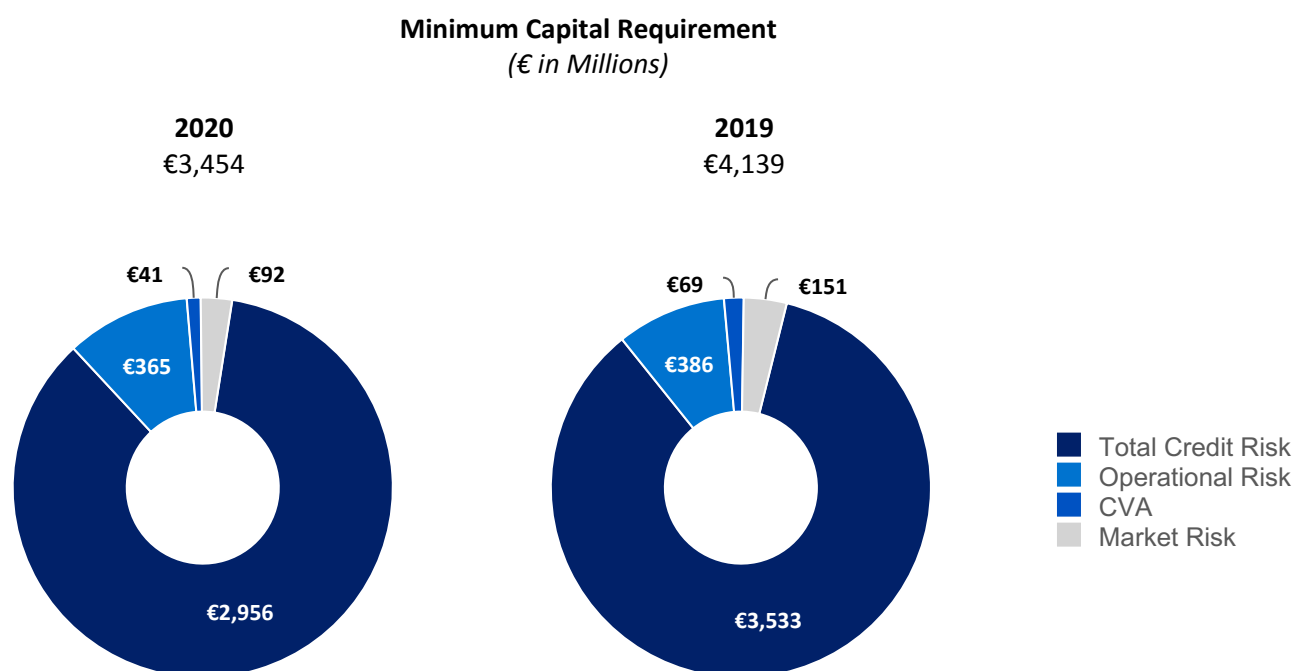
Operational risk refers to the risk of loss, or of damage to reputation, resulting from inadequate or failed processes, people and systems or from external events (e.g., fraud, theft, legal and compliance risks, cyber-attacks or damage to physical assets). Capital requirements for operational risk are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

BofA Europe has adopted the standardised approach for calculating Counterparty Credit Risk, Credit Risk, and Operational Risk Capital Requirements. In order to adhere to the standardised rules set out in the CRR, BofA Europe uses ratings from External Credit Assessment Institutions ("ECAIs") this includes, Moody's Investors Service, Inc ("Moody's"), S&P, and Fitch. ECAI ratings are used for all relevant exposure classes. BofA Europe does not use Export Credit Agencies ("ECAs"). There have been no changes relating to the use of ECAIs or ECAs during the reporting period. BofA Europe does not transfer issuer and issue credit assessments onto items not included in the trading book.

BofA Europe's approach for Market Risk at 31 December 2020 is based on the standardised approach. The Joint Supervisory Team ("JST"), which comprises the CBI and ECB, had communicated their 'non-objection' of the use of Internal Models Approach ("IMA") in BofA Europe based on the IMA permission issued by the U.K. Prudential Regulation Authority to Merrill Lynch International, during a period of 'temporary tolerance.' This permitted the temporary use of the following internally developed models in calculating BofA Europe's Pillar 1 regulatory capital requirements for market risk: VaR, Stressed VaR, Incremental Risk Charge ("IRC"), and Comprehensive Risk Measure ("CRM").

Following discussions with the JST on the suitability of existing booking model for the continued use of IMA, the JST were notified of the intention to discontinue the use of IMA in the calculation of regulatory capital on 27 March 2020. Therefore, BofA Europe's market risk capital requirements are solely based on standard capital charges from this date onwards, including all 2020 data as disclosed in this document.

The Minimum Capital Requirement principally comprises of Credit Risk, CCR, Market Risk, and Operational Risk requirements. At 31 December 2020, BofA Europe had a Minimum Capital Requirement of €3.5B (2019: €4.1B) comprising of the risk requirements outlined in Figure 2.2.1.F1.

Figure 2.2.1.F1. – Summary of BofA Europe's Minimum Capital Requirement**2.2.2. Key Movements in 2020**

BofA Europe's Pillar 1 Minimum Capital Requirement decreased to €3.5B in 2020 from €4.1B in 2019. This was primarily driven by Credit Risk which decreased by €0.3B as a result of a decrease in requirement across Corporate Counterparties, a decrease of €0.2B in Securitisation requirement primarily due to the application of new securitisation rule framework and a decrease in Market Risk of €0.1B following de-activation of Value at Risk ("VaR") model in 2020.

EU OV1 discloses RWAs and regulatory capital requirements broken down by risk types and model approaches compared to the previous quarter-end.

Table 2.2.2.T1. – RWAs and Minimum Capital Requirement

(€ in Millions)		Q4 2020		Q3 2020	
		RWAs	Minimum Capital Requirements	RWAs	Minimum Capital Requirements
1	Credit risk (excluding counterparty credit risk)	33,589	2,687	36,418	2,913
2	Of which the standardised approach	33,589	2,687	36,418	2,913
3	Of which the foundation IRB ("FIRB") approach	—	—	—	—
4	Of which the advanced IRB ("AIRB") approach	—	—	—	—
5	Of which equity IRB under the simple risk-weighted approach or the IMA	—	—	—	—
6	Counterparty credit risk ("CCR")	1,341	108	2,068	165
7	Of which mark to market	786	63	990	79
8	Of which original exposure	—	—	—	—
9	Of which the standardised approach	—	—	—	—
10	Of which internal model method ("IMM")	—	—	—	—
11	Of which: comprehensive approach for credit risk mitigation (for SFTs)	12	1	14	1
11	Of which risk exposure amount for contributions to the default fund of a CCP	34	3	—	—
12	Of which Credit valuation adjustment ("CVA")	509	41	1,064	85
13	Settlement risk	—	—	—	—
14	Securitisation exposures in the banking book (after the cap)	2,519	202	2,402	192
14a	Of which: securitisation IRB approach ("SEC-IRBA")	—	—	—	—
14b	Of which: securitisation external ratings-based approach ("SEC-ERBA"), including internal assessment approach ("IAA")	350	28	357	29
14c	Of which: securitisation standardised approach ("SEC-SA")	2,169	174	2,045	164
18	Market risk	1,148	92	1,716	137
19	Of which: standardised approach ("SA")	1,148	92	1,716	137
20	Of which: internal model approach ("IMA")	—	—	—	—
21	Large exposures	—	—	—	—
22	Operational risk	4,560	365	4,779	382
24	Of which basic indicator approach	—	—	—	—
25	Of which standardised approach	4,560	365	4,779	382
26	Of which advanced measurement approach	—	—	—	—
27	Amounts below the thresholds for deduction (subject to 250% risk weight)	—	—	—	—
29	Floor adjustment	—	—	—	—
30	Total	43,157	3,454	47,383	3,789

Note: In line with Section 4 paragraph 17 of the EBA Guidelines, Rows 14a, 14b, and 14c have been added to disclose the revised securitisation framework.

BofA Europe's 4th Quarter 2020 RWA's decreased by €4.2B to €43.2B (3rd Quarter 2020: €47.4B) primarily driven by lower drawn exposures across corporate counterparties.

2.3. Capital Summary

2.3.1. Capital Position and Capital Ratio

BofA Europe's Capital Resources in excess of its Pillar 1 Minimum Capital Requirements is €7.8B (2019: €8.1B).

Table 2.3.1.T1. outlines that Total Capital Resources are significantly in excess of the Pillar 1 Minimum Capital Requirement.

BofA Europe capital position is monitored and analysed on a daily basis. BofA Europe maintained capital surplus over its Pillar 1 Minimum Capital Requirement throughout the period.

An entity's Tier 1 ratio is the ratio of the Tier 1 Capital to RWAs. The BofA Europe Tier 1 ratio has increased from 20.3% to 22.3% over the year, reflecting decreased RWAs in Credit Risk and Market Risk as described in Section 2.2.2. Key Movements in 2020.

Table 2.3.1.T1. – Capital Surplus over Minimum Capital Requirement and Tier 1 Ratio

<i>(€ in Millions)</i>	Q4 2020	Q4 2019
Total Capital Resources	11,261	12,272
Pillar 1 Minimum Capital Requirement	3,454	4,130
Surplus over Requirement	7,808	8,142
Tier 1 Capital Resources	9,632	10,492
Risk Weighted Assets	43,157	51,625
Tier 1 Capital Ratio	22.3 %	20.3 %

2.4. Capital Management

BofA Europe views capital as an important source of financial strength. It 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 of capital is set to ensure that BofA Europe meets all regulatory capital requirements and to safeguard BofA Europe ability 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

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

- Is designed to ensure the risks to which BofA Europe is exposed are appropriately capitalised and risk managed
- Uses stress testing to ensure capital levels are adequate to withstand the impact of a suitably severe stress
- Assesses capital adequacy under normal and stressed operating environments over the capital planning horizon to ensure BofA Europe maintains a capital position in line with pre and post stress goals

The ICAAP is also aligned to the recovery plan that prepares BofA Europe 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, and the market and prevent a potential resolution event. The recovery plan includes a wide range of counter measures that are designed to mitigate different types of stress scenarios that could threaten BofA Europe'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 occurs.

The BofA Europe ICAAP also assesses Pillar 2R at least annually. Pillar 2R is an additional amount of capital that BofA Europe is required to hold in order to cover risks that are not covered (or not entirely covered) by the Pillar 1 Capital Requirement. The JST reviews the ICAAP through its Supervisory Review and Evaluation Process ("SREP") and sets a Total SREP Capital Ratio ("TSCR"). The TSCR is the sum of the Pillar 1 Capital Requirement (8% of RWAs) and the Pillar 2R capital requirement.

As at 31 December 2020, BofA Europe TSCR was set at 10.3% of RWAs.

2.5. Reconciliation of Accounting Balance Sheet to Regulatory Exposure Amounts

2.5.1. Mapping of Financial Statement Categories with Regulatory Risk Categories

EU LI1 discloses the differences between the scope of accounting consolidation and the scope of regulatory consolidation that applies for the purpose of providing the information required in Part Eight of the CRR. It also provides a breakdown of how the carrying values under scope of regulatory consolidation amounts are allocated to the different risk frameworks laid out in Part Three of the CRR. This is split out into the parts subject to credit risk, counterparty credit risk, securitization risk, market risk, and those parts not subject to capital requirements or deduction from capital. The row headings are consistent with the financial statements. The sum of amounts disclosed in columns (c) to (g) may not equal the amounts disclosed in column (b), as some items may be subject to capital requirements for more than one risk framework. Details are provided as a footnote to LI1.

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

Table 2.5.1.T1. – EU LI1 Differences Between Accounting and Regulatory Scopes of Consolidation and the Mapping of Financial Statement Categories with Regulatory Risk Categories

	Q4 2020						
	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	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
(€ in Millions)							
Assets							
Cash and balances at central banks	10,656	10,656	10,656	—	—	—	—
Loans and advances to banks	7,538	7,538	7,538	—	—	—	—
Loans and advances to customers	21,408	21,408	15,983	—	5,426	—	—
Reverse repurchase agreements	6,519	6,519	—	6,519	—	—	—
Market and client receivables	1,979	1,979	18	1,376	—	—	586
Trading assets	1,247	1,247	567	—	—	680	—
Investment securities	1,728	1,728	1,728	—	—	—	—
Derivative financial instruments	1,904	1,904	—	1,841	64	1,882	—
Property, plant and equipment	81	81	81	—	—	—	—
Right of use asset	379	379	379	—	—	—	—
Other assets	572	572	572	—	—	—	—
Total assets	54,012	54,012	37,522	9,736	5,489	2,562	586
Liabilities							
Deposits by banks	18,535	18,535	—	—	—	—	18,535
Deposits by customers	15,957	15,957	—	—	—	—	15,957
Debt securities	1,047	1,047	—	—	—	—	1,047
Market and client payables	1,288	1,288	—	710	—	—	578
Derivative financial instruments	2,560	2,560	—	2,552	8	2,474	—
Financial liabilities designated at fair value	13	13	—	—	—	—	13
Other liabilities	1,253	1,253	—	—	—	—	1,253
Accruals	105	105	—	—	—	—	105
Subordinated liabilities	3,260	3,260	—	—	—	—	3,260
Retirement benefit obligations	168	168	—	—	—	—	168
Total liabilities	44,186	44,186	—	3,262	8	2,474	40,916

Table 2.5.1.T2. – EU LI1 Prior Differences Between Accounting and Regulatory Scopes of Consolidation and the Mapping of Financial Statement Categories with Regulatory Risk Categories

	Q4 2019						
	a	b	c	d	e	f	g
(€ in Millions)	Carrying values as reported in published financial statements	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							
Cash and balances at central banks	8,149	8,149	8,149	—	—	—	—
Loans and advances to banks	7,355	7,355	7,355	—	—	—	—
Loans and advances to customers	25,592	25,592	20,010	—	5,582	—	—
Reverse repurchase agreements	4,896	4,896	—	4,896	—	—	—
Market and client receivables	1,182	1,182	46	1,114	—	—	—
Trading assets	1,374	1,374	791	—	—	583	—
Investment securities	1,439	1,439	1,439	—	—	—	—
Derivative financial instruments	1,703	1,703	—	1,660	43	1,642	—
Property, plant and equipment	85	85	85	—	—	—	—
Right of use asset	434	434	434	—	—	—	—
Other assets	218	218	218	—	—	—	—
Prepayments and accrued income	77	77	77	—	—	—	—
Total assets	52,506	52,506	38,606	7,670	5,625	2,225	—
Liabilities							
Deposits by banks	24,721	24,721	—	—	—	—	24,721
Deposits by customers	10,481	10,481	—	—	—	—	10,481
Debt securities	725	725	—	—	—	—	725
Market and client payables	695	695	—	588	—	—	108
Derivative financial instruments	2,013	2,013	—	2,005	8	1,961	—
Financial liabilities designated at fair value	14	14	—	—	—	—	14
Other liabilities	1,285	1,285	—	—	—	—	1,285
Accruals and deferred income	93	93	—	—	—	—	93
Subordinated liabilities	1,780	1,780	—	—	—	—	1,780
Retirement benefit obligations	146	146	—	—	—	—	146
Total liabilities	41,953	41,953	—	2,593	8	1,961	39,353

Assets and liabilities subject to capital requirements for more than one risk framework listed in Part Three of the CRR:

- Certain loans and advances to customers are subject to both credit risk and the securitisation framework
- Certain market and client receivables are subject to credit risk and the CCR framework
- Certain trading assets are subject to both credit risk and the market risk framework
- Certain derivative financial instruments are subject to the CCR, securitisation and market risk framework

2.5.2. Differences between the Financial Statements' Carrying Value Amounts and the Exposure Amounts used for Regulatory Purposes

EU 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 2.5.2.T1. – EU LI2 Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Financial Statements

(€ in Millions)		Q4 2020			
		a	b	c	d
Total	Items subject to				
	Credit risk framework	CCR framework	Securitisation framework		
1	Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)	53,426	37,522	9,736	5,489
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)	3,270	—	3,262	8
3	Total net amount under the regulatory scope of consolidation	50,156	37,522	6,474	5,481
4	Off-balance-sheet amounts	37,177	35,687		1,490
5	Differences in valuations	271	267	4	2
6	Differences due to different netting rules	(10,503)	(4,625)	(5,865)	(14)
7	Differences due to potential future credit exposure	498		479	20
8	Differences due to volatility adjustments and collateral not used	55	31	24	
9	Differences due to CCF	(19,212)	(19,212)		
10	Exposure amounts considered for regulatory purposes	58,442	49,670	1,116	6,979

Table 2.5.2.T2. – EU LI2 Prior Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Financial Statements

(€ in Millions)		Q4 2019			
		a	b	c	d
		Total	Items subject to		
Credit risk framework	CCR framework		Securitisation framework		
1	Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)	52,506	38,606	7,670	5,625
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)	2,600	—	2,593	8
3	Total net amount under the regulatory scope of consolidation	49,906	38,606	5,078	5,618
4	Off-balance-sheet amounts	39,450	38,467	—	983
5	Differences in valuations	432	437	(5)	4
6	Differences due to different netting rules	(8,914)	(4,625)	(4,292)	3
7	Differences due to potential future credit exposure	402	—	387	15
8	Differences due to volatility adjustments and collateral not used	9	26	(16)	—
9	Differences due to CCF	(20,838)	(20,838)	—	—
10	Exposure amounts considered for regulatory purposes	60,447	52,073	1,151	6,623

Explanations of Differences between Accounting and Regulatory Exposure Amounts

The summary below highlights key types of differences 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 received or 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.

In line item "Off-balance sheet amounts," the amounts shown relate to exposures pre-credit conversion factors ("CCF"), line item "Differences due to CCF" states the impact on exposures of the application of CCF

Differences in Valuations

Where assets or liabilities are measured at fair value on the balance sheet, certain valuations are made in accordance with Irish Companies Law and Generally Accepted Accounting Principles ("GAAP") in order to reasonably reflect the fair value.

These valuation adjustments are not considered as part of the regulatory exposure amounts, where the unadjusted mark-to-market values of the contracts or securities are used as the basis for the calculation.

Further details on valuation methodologies, the process of independent price verification, and valuation adjustments are described below.

Valuation Methodologies and Independent Price Verification

BofA Europe has various processes and controls in place so that fair value is reasonably estimated. A model validation policy governs the use and control of valuation models used to estimate fair value. This policy requires review and approval of models by personnel who are independent of the front office and periodic reassessments of models so that the models are continuing to perform as designed. In addition, detailed reviews of trading gains and losses are conducted on a daily basis by personnel who are independent of the front office.

A price verification group, which is also independent of the front office, utilizes available market information including executed trades, market prices, and market observable valuation model inputs so that fair values are reasonably estimated. BofA Europe performs due diligence procedures over third-party pricing service providers in order to support their use in the valuation process. Where market information is not available to support internal valuations, independent reviews of the valuations are performed and any material exposures are escalated through a management review process.

Further information are detailed in BofA Europe's financial statements available at:
<http://investor.bankofamerica.com>.

Credit Valuation Adjustment ("CVA") is calculated on the BofA Europe's derivative assets, including credit default protection purchased, in order to properly reflect the credit risk of the counterparty. CVA is based on a modelled expected exposure that incorporates current market risk factors including changes in market spreads and non-credit related market factors that affect the value of a derivative. The exposure also takes into consideration credit mitigants such as legally enforceable master netting agreements and collateral. BofA Europe also records a funding valuation adjustment to include funding costs on uncollateralized derivatives and derivatives where the BofA Europe is not permitted to reuse the collateral it receives. BofA Europe also calculates a debit valuation adjustment ("DVA") to properly reflect our own credit risk exposure as part of the fair value of derivative liabilities. DVA is deducted from CET1 capital if there is a gain and added back if there is a loss.

Prudential Valuation Adjustment

Prudential valuation adjustment is deducted from BofA Europe's Tier 1 Capital Resources. There is an established valuation control policy, valuation control guidance, and prudent valuation guidelines which set out the policies and procedures for the determination of price verification, prudent valuation adjustments, and prudent valuation in accordance with the requirements of CRD IV, as amended by CRD V, and related interpretive guidance.

Difference Due to Netting Rules

In accordance with Irish Companies Law and GAAP, financial assets and liabilities are offset and the net amount reported on the balance sheet where BofA Europe 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 results in more netting being recognised under the regulatory framework than under the accounting framework.

Differences Due to Potential Future Credit Exposure

In order to determine the potential future credit exposure for derivative contracts, the notional amount is multiplied by prescribed percentages as set out in Article 274 Mark to market method of the CRR and Article 299 Items in the trading book of the CRR, taking into account the effects of recognition of netting as risk-reducing in Article 298 Effects of recognition of netting as risk-reducing of the CRR.

Differences Due to Volatility Adjustments and Collateral Not Used

The amounts of collateral used as Credit Risk Mitigation ("CRM") under the regulatory framework reflect supervisory volatility adjustments.

2.6. Leverage Ratio

2.6.1. Summary

The Basel 3 framework introduced a simple, transparent, non-risk based leverage ratio to act as a supplementary measure to the risk-based capital requirements. The Basel Committee is of the view that a simple leverage ratio framework is critical and complementary to the risk-based capital framework and that a credible leverage ratio ensures broad and adequate capture of both the on and off-balance sheet sources of banks' leverage.

The leverage ratio is a measure of Tier 1 capital as a percentage of exposure as defined under CRR rules. The requirement for the calculation and reporting of leverage ratios was introduced as part of CRD IV, as amended by CRD V, in 2014 and amended by the European Commission Delegated Act (EU) 2015/62 in 2015.

In June 2019, amendments to the CRR were published in the Official Journal of the EU as Regulation (EU) 2019/876. These amendments, which will apply from 28 June 2021, include a binding minimum Leverage Ratio requirement of 3%, as well as a number of changes to the calculation of the exposure measure.

BofA Europe does not have a binding leverage requirement, however BofA Europe 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 BofA Europe's risk appetite.

BofA Europe leverage ratios are in excess of the incoming minimum requirement at 13.6%, calculated based on the current CRR exposure measure.

Table 2.6.1.T1. – Fully Phased-In Leverage Ratio

	Q4 2020	Q3 2020	Minimum Requirement
Fully Phased-In Leverage Ratio	13.6 %	12.9 %	3.0 %

2.6.2. Key Movements in 2020

BofA Europe's 4th Quarter 2020 leverage ratio increased to 13.6% (3rd Quarter 2020: 12.9%) and was primarily driven by the decrease in leverage ratio exposure. The leverage ratio exposure decreased by €5.7B to €70.8B (3rd Quarter 2020: €76.5B) primarily driven by a decrease in securities due to matured positions and high level of repayments seen throughout the period.

Bank of America Europe Designated Activity Company Pillar 3 Disclosure

3. Liquidity Position and Encumbered and Unencumbered Assets
As at 31 December 2020

3.1. Liquidity Position

3.1.1. Regulatory Requirement

BofA Europe is subject to CRD, CRR, and CBI liquidity requirements through which it must demonstrate self-sufficiency for liquidity purposes.

BofA Europe is subject to the Liquidity Coverage Ratio (“LCR”), which requires BofA Europe 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.

3.1.2. Liquidity Position

As of 31 December 2020, BofA Europe was in compliance with its regulatory and internal liquidity requirements.

3.1.3. Funding Profile

BofA Europe primarily funds its Balance Sheet through intercompany term funding, unsecured deposits, equity, and intercompany and third-party unsecured debt.

These funding sources are used to support BofA Europe's lending, trading, and capital markets activity and maintain sufficient excess liquidity.

3.2. Encumbered and Unencumbered Assets

An asset shall be treated as encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralise, or credit enhance any transaction from which it cannot be freely withdrawn.

In BofA Europe, encumbered assets primarily comprise collateral posted against derivative contracts. Asset encumbrance is an integral part of BofA Europe's collateral management process. Treasury monitors the funding requirement / surplus and models the liquidity impact relating to these activities on an ongoing basis.

This asset encumbrance disclosure, as at 31 December 2020, is prepared under the requirements of Regulation (EU) 2017/2295. The disclosure is based on accounting information prepared in accordance with international accounting standards, and in line with the regulation, presented as median values calculated across the quarter ends during the year.

BofA Europe conducts a significant portion of its business in EUR, USD, and GBP.

BofA Europe primarily adopts standard collateral agreements and collateralises at appropriate levels based on industry standard contractual agreements (mostly Credit Support Annexes (“CSA”)).

Table 3.2.T1. outlines the carrying amount and fair value of certain assets of BofA Europe split between those encumbered and unencumbered.

Table 3.2.T1. – Encumbered and Unencumbered Assets

	2020							
	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		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
(€ in Millions)								
Assets of the Reporting Institution ⁽²⁾	1,672	234			59,901	12,420		
Equity Instruments	—	—			40	—		
Debt Securities	262	234	262	234	1,835	1,673	1,835	1,673
of which: Covered Bonds	—	—	—	—	—	—	—	—
of which: Asset-Backed Securities	—	—	—	—	—	—	—	—
of which: Issued by General Governments	234	234	234	234	1,673	1,673	1,673	1,673
of which: Issued by Financial Corporations	29	—	29	—	36	—	36	—
of which: Issued by Non-Financial Corporations	—	—	—	—	2	—	2	—
Other Assets ⁽³⁾	1,403	—			57,257	10,376		

	2019							
	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		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
(€ in Millions)								
Assets of the Reporting Institution ⁽²⁾	1,421	—			53,580	1,151		
Equity Instruments	—	—			40	—		
Debt Securities	260	—	260	—	1,940	1,553	1,940	1,553
of which: Covered Bonds	—	—	—	—	—	—	—	—
of which: Asset-Backed Securities	—	—	—	—	—	—	—	—
of which: Issued by General Governments	232	—	232	—	1,622	1,553	1,622	1,553
of which: Issued by Financial Corporations	27	—	27	—	146	—	61	—
of which: Issued by Non-Financial Corporations	—	—	—	—	38	—	14	—
Other Assets ⁽³⁾	1,162	—			51,599	9,316		

⁽¹⁾ Greyed out cell format stems from EC (EU) 2017 / 2295 Regulation asset encumbrance template, indicating disclosures which are not applicable.

⁽²⁾ 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.

⁽³⁾ The majority of unencumbered Other Assets relate to derivative assets not available for encumbrance.

⁽⁴⁾ HQLA = High-Quality Liquid Assets; EHQLA = Extremely High-Quality Liquid Assets

Table 3.2.T2. provides details on both the fair value of encumbered collateral received and collateral received that is available for encumbrance.

Table 3.2.T2. – Collateral Received

(€ in Millions)	2020				2019			
	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 EHQLA and HQLA			Fair value of collateral received or own debt securities issued available for encumbrance	of which EHQLA and HQLA	
								of which notionally eligible EHQLA and HQLA
Collateral received by the reporting institution ⁽¹⁾	—	—	5,947	4,801	—	—	5,659	4,908
Loans on demand	—	—	—	—	—	—	—	—
Equity Instruments	—	—	—	—	—	—	—	—
Debt Securities	—	—	5,203	4,801	—	—	5,098	4,908
of which: Covered Bonds	—	—	—	—	—	—	—	—
of which: Asset-Backed Securities	—	—	5,203	4,801	—	—	5,098	4,908
of which: Issued by General Governments	—	—	—	—	—	—	—	—
of which: Issued by Financial Corporations	—	—	—	—	—	—	—	—
of which: Issued by Non-Financial Corporations	—	—	—	—	—	—	—	—
Loans and Advances Other Than Loans on Demand	—	—	732	—	—	—	592	—
Other Collateral received	—	—	—	—	—	—	—	—
Own Debt Securities Issued Other than Own Covered Bonds or Asset-Backed Securities	—	—	—	—	—	—	—	—
Own Covered Bonds and Asset-Backed Securities Issued and Not Yet Pledged			—	—			—	—
Total Assets, Collateral Received and Own Debt Securities Issued	1,672	—			1,421	—		

⁽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.

Table 3.2.T3. outlines the value of liabilities against which assets have been encumbered and the respective asset values.

Table 3.2.T3. – Sources of Encumbrance

	2020		2019	
	Matching Liabilities, Contingent Liabilities or Securities Lent	Assets, Collateral Received and Own Debt Securities Issued other than Covered Bonds and ABSs Encumbered	Matching Liabilities, Contingent Liabilities or Securities Lent	Assets, Collateral Received and Own Debt Securities Issued other than Covered Bonds and ABSs Encumbered
(€ in Millions)				
Carrying amount of selected financial liabilities	1,787	1,672	1,499	1,421

3.3. LCR Disclosures

3.3.1. LCR Disclosure Requirements

The objective of the Liquidity Coverage Ratio (“LCR”) disclosure requirements (EBA/GL/2017/01) is to provide market participants with information to assess EU banks’ liquidity positions and risk management.

3.3.2. LCR Disclosure Template

Table 3.3.2.T1. 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 BofA Europe.

Table 3.3.2.T1. – LCR Disclosure⁽¹⁾

(€ in Millions)		Total Unweighted Value				Total Weighted Value			
Quarter ending on		31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20
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)					17,536	18,804	18,984	19,672
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	—	—	—	—	—	—	—	—
3	Stable deposits	—	—	—	—	—	—	—	—
4	Less stable deposits	—	—	—	—	—	—	—	—
5	Unsecured wholesale funding	9,013	9,513	9,913	10,855	2,800	2,996	3,141	3,483
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	6,308	6,709	6,917	7,307	1,573	1,670	1,718	1,809
7	Non-operational deposits (all counterparties)	2,685	2,718	2,885	3,377	1,206	1,240	1,313	1,503
8	Unsecured debt	20	86	111	170	20	86	111	170
9	Secured wholesale funding	—	—	—	—	—	—	—	—
10	Additional requirements	35,395	34,855	34,049	33,408	10,107	10,253	10,287	10,415
11	Outflows related to derivative exposures and other collateral requirements	536	610	680	747	536	610	680	747
12	Outflows related to loss of funding on debt products	—	—	—	—	—	—	—	—
13	Credit and liquidity facilities	34,860	34,244	33,369	32,661	9,571	9,643	9,607	9,668
14	Other contractual funding obligations	1,262	2,405	2,771	2,812	1,142	2,295	2,668	2,709
15	Other contingent funding obligations	3,120	3,265	3,496	3,683	174	253	323	421
16	TOTAL CASH OUTFLOWS					14,223	15,797	16,419	17,028
CASH-INFLOWS									
17	Secured lending (e.g., reverse repos)	6,262	6,677	6,710	6,690	17	17	17	17
18	Inflows from fully performing exposures	3,042	3,457	4,030	4,366	2,920	3,353	3,935	4,260
19	Other cash inflows	144	137	117	122	144	137	117	122
EU-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)					—	—	—	—
EU-19b	(Excess inflows from a related specialised credit institution)					—	—	—	—
20	TOTAL CASH INFLOWS	9,448	10,271	10,857	11,177	3,081	3,507	4,069	4,399
EU-20a	Fully exempt inflows	—	—	—	—	—	—	—	—
EU-20b	Inflows Subject to 90% Cap	—	—	—	—	—	—	—	—
EU-20c	Inflows Subject to 75% Cap	9,448	10,271	10,857	11,177	3,081	3,507	4,069	4,399
21	LIQUIDITY BUFFER					17,536	18,804	18,984	19,672
22	TOTAL NET CASH OUTFLOWS					11,142	12,290	12,350	12,629
23	LIQUIDITY COVERAGE RATIO (%)					158 %	155 %	155 %	157 %

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

3.3.3. Main Drivers of the LCR

The main drivers of the LCR include changes in total High Quality Liquid Assets (“HQLA”), as well as changes in net cash outflows related to, but not limited to, commitment facilities, intercompany funding, and collateralised derivatives.

For the year ending 31 December 2020 the 12 month average LCR was 157%.

3.3.4. Concentration of Funding and Liquidity Sources

BofA Europe primarily funds its balance sheet through intercompany term funding, unsecured deposits, equity, and intercompany and third-party unsecured debt.

3.3.5. Derivative Exposures and Potential Collateral Calls

BofA Europe enters into a limited number of derivative transactions. Risk factors in derivatives activities impacting liquidity include contractual margin asymmetries, cash and collateral outflows related to changes in the financial condition of BofA Europe, counterparty behaviour, and valuation changes.

3.3.6. Currency Mismatch in the LCR

BofA Europe’s net liabilities are primarily in EUR, USD, and GBP. BofA Europe maintains and monitors concentrations within its funding profile, such as maturities and currencies, and accesses foreign exchange markets to supplement currency holdings to meet outflows.

3.3.7. A Description of the Degree of Centralisation of Liquidity Management and Interaction between the Group's Units

BofA Europe manages its liquidity position through line of business and asset-liability management activities on both a forward and current basis under both expected and stressed conditions. BofA Europe's centralised approach to funding and liquidity management enhances its ability to monitor liquidity requirements, maximises access to funding sources, minimises borrowing costs, and facilitates timely responses to liquidity events.

Bank of America Europe Designated Activity Company Pillar 3 Disclosure

4. Risk Management, Objectives and Policy
As at 31 December 2020

4.1. BofA Europe Risk Framework

BAC has established a risk governance framework (the “Risk Framework”), which serves as the foundation for consistent and effective management of the risks facing BAC and its subsidiaries (including BofA Europe). BAC adopted the 2021 Risk Framework in December 2020. The key changes from the 2020 Risk Framework include formalisation of a legal risk definition and how it is managed within the Legal control function as well as a new section to address how BAC defines and manages climate risk today.

BofA Europe is integrated into and adheres to the global management structure including risk management and oversight, as adapted to reflect local business, legal, and regulatory requirements. The BofA Europe Board adopted the BAC 2021 Risk Framework in March 2021.

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

4.2. Risk Management Approach

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

The Risk Framework applies to all employees. It provides an understanding of BofA Europe’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 BofA Europe. The Risk Framework sets forth roles and responsibilities for the management of risk by front line units (“FLUs”), independent risk management, other control functions, and Corporate Audit.

BofA Europe’s risk management approach is appropriate given its size, complexity, structure, activities, and risk profile. The following are the five components of BofA Europe’s risk management approach:

- Culture of managing risk well
- Risk appetite and risk limits
- 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 BofA Europe, namely: Strategic, Credit, Market, Liquidity, Operational, Compliance, and Reputational risks.

4.2.1. Culture of Managing Risk Well

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

The following principles form the foundation of BofA Europe’s culture of managing risk well:

1. Managing risk well protects BofA Europe and its reputation and enables BofA Europe to deliver on its purpose and strategy

2. BofA Europe treats customers fairly and acts with integrity to support the long-term interests of its employees, and customers. BofA Europe understands that improper conduct, behaviour, or practices by BofA Europe, its employees or representatives could harm BofA Europe, the customers, or damage the integrity of the financial markets
3. As BofA Europe helps its customers 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 BofA Europe employs models and methods to assess risk and better inform BofA Europe's decisions, proactive debate and a thorough challenge process lead to the best outcomes
6. Lines of business and other FLUs are first and foremost responsible for managing all aspects of their businesses, including all types of risk
7. Independent risk management provides independent oversight and effective challenge, while Corporate Audit provides independent assessment and validation
8. BofA Europe strives to be best-in-class by continually working to improve risk management practices and capabilities

4.2.2. BofA Europe Risk Profile and Appetite

Risk Profile

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

As at 31 December 2020, BofA Europe's total assets prepared in accordance with Irish Companies Law and GAAP totalled €54.0B, comprised principally of loans and advances and cash placements with central banks.

As at 31 December 2020, BofA Europe had €11.3B of regulatory Capital Resources, consisting of CET1 capital of €9.6B. As at 31 December 2020, BofA Europe had a Tier 1 capital ratio of 22.3%, BofA Europe's leverage ratio was 13.6% and 12-month average LCR was 157%.

BofA Europe's largest Counterparty and Credit Risk industry sector based on regulatory capital exposures is Financial and Insurance Activity Companies which represents 45% of exposures, with 96% of BofA Europe's Counterparty and Credit Risk requirement based on exposures within EMEA region. The residual maturity of 41% of Counterparty and Credit Risk related exposures is between one and five years, 35% is on demand and 17% is below one year.

BofA Europe enters into transactions with affiliated companies within Bank of America, primarily as a result of its own risk management purposes. BofA Europe also typically deposits cash with affiliates, and provides / receives intercompany loans for general liquidity management purposes.

Credit risk is assessed as outlined in Section 4.3.2. Credit Risk. The weighted average facility rating for the portfolio aligns to an Investment Grade external rating. 40% of exposure in BofA Europe at 31 December 2020 was to counterparties not rated by external rating agencies.

BofA Europe 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 BofA Europe, indicates the amount of capital, earnings, or liquidity BofA Europe 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 below section.

Risk Appetite and Limits

The RAS ensures that BofA Europe 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 BofA Europe business and aligned with the risk management practices of BAC. The RAS is reviewed and approved by the BofA Europe Board at least annually.

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

- **Overall risk capacity:** BofA Europe's overall capacity to take risk is limited; therefore, we prioritise the risks we take. Our risk capacity informs our risk appetite, which is the level and types of risk we are willing to take to achieve our business objectives
- **Financial strength to absorb adverse outcomes:** BofA Europe must maintain a strong and flexible financial position so we can weather challenging economic times and take advantage of organic growth opportunities. Therefore, we set objectives and targets for capital and liquidity that permit BofA Europe to continue to operate in a safe and sound manner at all times, including during periods of stress
- **Risk-reward evaluation:** Risks taken must fit BofA Europe's risk appetite and offer acceptable risk-adjusted returns for shareholders
- **Acceptable risks:** BofA Europe considers all types of risk including those that are difficult to quantify. Qualitative guidance within the RAS describes our approach to managing such risks throughout BofA Europe in a manner consistent with our culture. For example, actions considered in a line of business that unduly threaten BofA Europe's reputation should be escalated and restricted appropriately
- **Skills and capabilities:** BofA Europe seeks to assume only those risks which it has the skills and capabilities to Identify, Measure, Monitor, and Control ("IMMC")

The quantitative framework for BofA Europe's RAS is designed to articulate the risks it will take in pursuit of strategic objectives that are both consistent with BofA Europe's financial resources and will avoid excessive risk taking. It comprises the Board and BofA Europe Management Risk Committee ("BofA Europe MRC") approved limits indicating the amount of risk BofA Europe is willing to take.

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 lines of business or risk types as part of ongoing efforts to ensure concentrations are effectively identified, measured, monitored, and controlled.

Robust monitoring and reporting processes for BofA Europe Board-owned and MRC-owned limits are in place, with limit 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.

BofA Europe Management, MRC, Board Risk Committee ("BofA Europe BRC"), and the Board monitor risk metrics relative to risk appetite limits and take action as necessary to proactively and effectively manage risk.

Risk appetite is aligned with BofA Europe'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 lines of business, 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 BofA Europe'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.

The RAS covers the seven key risk types as defined in the Risk Framework. There are detailed qualitative statements for all of the key risk types within the Risk Framework and RAS. In addition, there is a suite of quantitative metrics for the following risk types:

- **Strategic Risk:** Metrics relating to Capital, Leverage and Large Exposures 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 & Operational Risk:** Metrics for Non-Litigation Operational Losses, Residual Risk Level & Direction, Past Due Issues, Performance of Outsourced Services and Potential Information Security Events (Global)

There are no quantitative risk appetite metrics for Reputational Risk but there are qualitative statements within the RAS.

The performance against the BofA Europe risk appetite is reviewed on a monthly basis by the BofA Europe MRC. Limits are monitored by FLUs and risk management on a more frequent basis. Performance is also reported to the BofA Europe BRC and Board on a quarterly basis.

The BofA Europe Chief Risk Officer ("CRO") is the executive sponsor of the Risk Appetite Statement 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 the BofA Europe MRC, BofA Europe BRC, and BofA Europe Board.

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

4.2.3. Risk Management Process

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 BofA Europe, thereby ensuring risks are appropriately considered, evaluated, and responded to in a timely manner.

BofA Europe'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
- BofA Europe encourages a thorough challenge process and maintains processes to identify, escalate, and debate risks

- BofA Europe utilizes timely and effective escalation mechanisms for risk limit breaches

The FLUs have primary responsibility for managing risks inherent in their businesses. BofA Europe follows the BAC Risk Management process, referred to as IMMC, as part of its daily activities.

4.2.4. Risk Data Management, Aggregation, and Reporting

Effective risk data management, aggregation, and reporting is critical to provide a clear understanding of current and emerging risks and enables BofA Europe 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 BofA Europe
- Robust risk quantification methods
- Timely, accurate, and comprehensive view of all material risks, including appropriate levels of disaggregation

Functional risk managers arrange risk reporting to address the requirements of BofA Europe senior management, the Board and its committees as appropriate.

4.2.5. Risk Governance

BofA Europe's risk governance principles serve as the cornerstone of the risk governance framework. The Code of Conduct, Risk Framework, RAS, and strategic plans are overarching documents that are firmly embed in BofA Europe'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 BofA Europe defines and manages risk. The RAS clearly indicates the risks BofA Europe is willing to accept. The strategic plans for BofA Europe document strategies for the next five-year period.

Three Lines of Defence

BofA Europe has clear ownership and accountability for managing risk across three lines of defence: FLUs, independent risk management (i.e., Global Risk Management ("GRM"), including Global Compliance and Operational Risk), and Corporate Audit. BofA Europe also has control functions outside of FLUs and independent risk management (e.g., Legal and Global Human Resources), that provide guidance and subject matter expertise in support of managing risks it faces.

FLUs	Own and proactively manage all risks in business activities
Independent Risk Management	Oversee risk-taking activities within the FLUs and across BofA Europe, 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 BofA Europe'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 carried out by conducting independent assessments and validation through testing of key processes and controls.

Corporate Audit 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 control functions in each location. Corporate Audit prepares an annual audit plan with consideration to external and internal risk factors, risk assessment of a business

and legislative and regulatory requirements. The annual planning process directs timely and flexible testing of BofA Europe's key risks and risk management processes (inclusive of risk appetite).

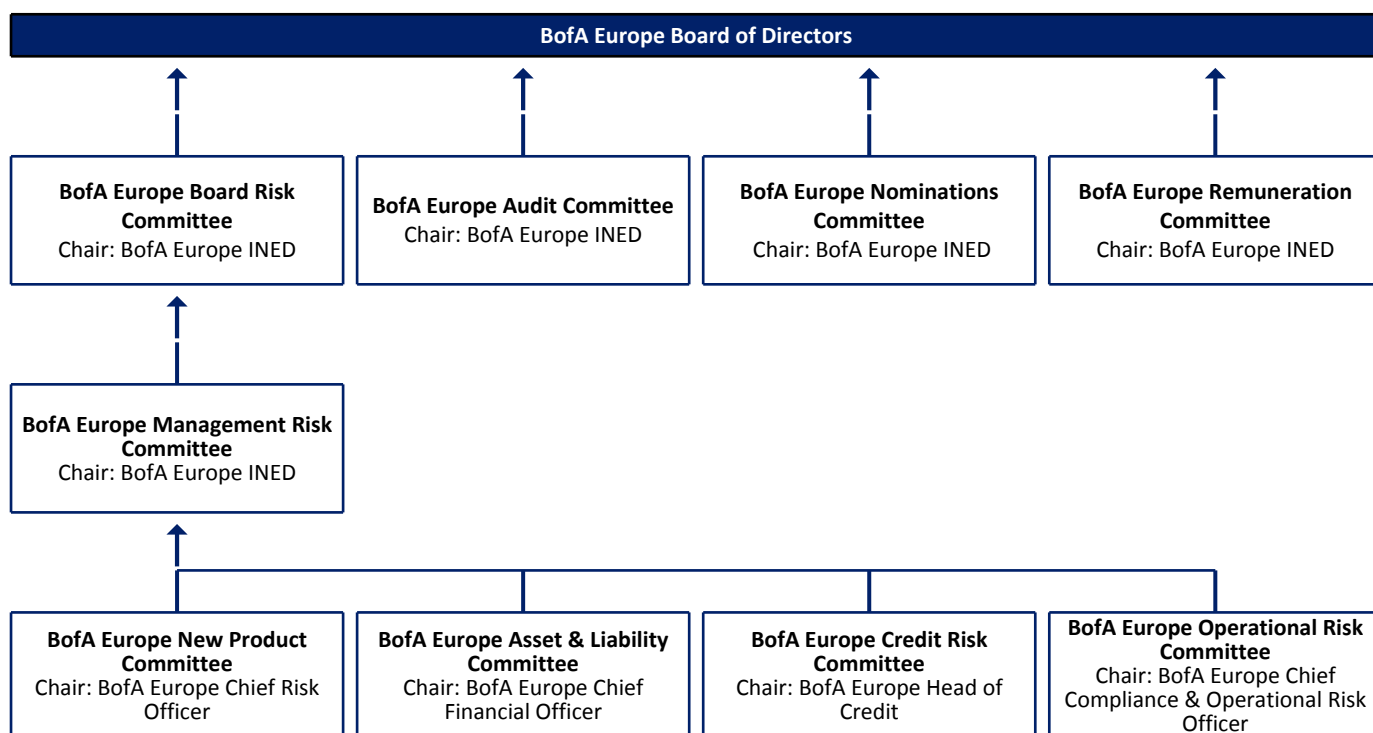
Corporate Audit is not responsible for setting or approving of limits for risks which BofA Europe is exposed to. However Corporate Audit conducts reviews, as appropriate, of the controls and monitoring of such limits.

Corporate Audit maintain independence from the BofA Europe's Businesses and Governance & Control Functions by reporting directly to the BofA Europe Audit Committee of the Board.

Risk Governance Committees

The BofA Europe Board ensures suitable risk management and controls through the BRC, BofA Europe Audit Committee, BofA Europe Remuneration Committee, and BofA Europe Nominations Committee of the Board (the "Nominations Committee"). The BofA Europe Board is supported in its work by a series of Risk Management committees, including the MRC, BofA Europe Operational Risk Committee ("BofA Europe ORC"), BofA Europe New Product Committee ("BofA Europe NPC"), BofA Europe Asset and Liability Committee ("BofA Europe ALCO"), and the BofA Europe Credit Risk Committee ("BofA Europe CRC"). All BofA Europe Risk Management committees conduct periodic reviews of risk management strategies to ensure their continuing effectiveness.

Figure 4.2.5.F1. – Risk Governance Structure



Note: In 2020 the ORC met eight times, the NPC met five times, the ALCO met twelve times, and the CRC met eleven times.

The BofA Europe BRC assists the Board in fulfilling its responsibility for reviewing all BofA Europe wide risk-creating activities and to ensure that they are restricted to those activities that can be prudently managed. BofA Europe BRC met five times during 2020.

The BofA Europe Audit Committee assists the Board in fulfilling its oversight responsibilities relating to BofA Europe's internal financial controls; the preparation and integrity of BofA Europe's financial statements; BofA Europe's relationship with its statutory auditor, including pre-approval of any non-audit services; and the performance and independence of BofA Europe's Internal Audit and Compliance and Operational Risk. BofA Europe Audit Committee met six times during 2020.

The BofA Europe MRC reports to the BRC and is responsible for providing management oversight and approval of (or reviewing and recommending to the BRC, the Board or other committees, as appropriate) market risk, credit risk, operational risk (in conjunction with the BofA Europe ORC), balance sheet, capital and liquidity management, country risk, stress testing and concentration risk management activities of BofA Europe (including any branches and subsidiaries). Its duties also include review of reporting, including regulatory reporting and remediation plans, and to escalate reporting to the BofA Europe BRC, Board, or other committees, as appropriate. The BofA Europe MRC met eleven times during 2020.

The BofA Europe ORC reports to the BofA Europe MRC and is responsible for providing management oversight of Operational Risk within the activities of BofA Europe.

The BofA Europe NPC reports to the BofA Europe MRC and is responsible for the review and approval of New Products as defined in the New Product Review and Approval - Enterprise Policy.

The BofA Europe ALCO reports to the BofA Europe MRC and is a business-focused forum to achieve effective strategic balance sheet management and responsible growth taking into account regulatory and market conditions. The BofA Europe ALCO supports the execution of the MRC's strategic decision-making through efficient management of financial resources and earnings within the risk appetite.

The BofA Europe CRC reports to the BofA Europe MRC and is responsible for management oversight of the Credit Risk of BofA Europe and escalation of relevant matters to the MRC.

BofA Europe Director Selection and Diversity Policy

The Nominations Committee of the BofA Europe Board assists the BofA Europe Board in fulfilling its oversight relating to the governance of the Board of Directors relating to nominations to the Board, reviewing and reporting to the Board on matters of corporate governance principles applicable to BofA Europe, reviewing and reporting to the Board on senior management talent planning and succession, and leading the Board and its committees in their assessments of their performance.

The Nominations Committee, in consultation with BofA Europe's shareholder, BofA Europe's Chief Executive Officer ("CEO") and Chair, identifies and evaluates individual candidates for their qualifications to become directors and recommends qualified candidates to the Board to fill vacancies as the need arises. Before any appointment is made by the BofA Europe Board, the Nominations Committee is responsible for evaluating the balance of skills, knowledge, experience, and diversity on the 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 its charter, the Nominations Committee shall consider the overall knowledge, skills, experience, and expertise represented on the BofA Europe 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 Nominations 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 BofA Europe Board. In addition, pursuant to the terms of its charter, the Nominations Committee is responsible for deciding on a target for the representation of the underrepresented gender on the BofA Europe Board and how to meet it (as required). The Nominations Committee set a minimum requirement of 25% and a target of 30% for the underrepresented gender (women) for the Board. At 31 December 2020 there were three women (33.33%) and six men on the Board, meeting the target set by the Nominations Committee.

General

All appointments to the BofA Europe Board are made in compliance with the Global Background Check - Enterprise Policy and are subject to successful completion of the following background checks: Identification, Credit, Criminal, Global Sanctions, Media, Directorship, Employment, and Education checks, as required and legally permissible. In addition all persons being appointed to the BofA Europe Board and Board Committees require preapproval in line

with the CBI's Fitness and Probity Regime, which came into effect in 2011, and related requirements regarding suitability, and must agree to abide with the Fitness and Probity Standards, while they remain on the Board.

Board member experience is detailed within individual director biographies in Appendix 1 - Directors Board Membership and Experience.

In 2020, there were no changes to the BofA Europe CRO, BofA Europe Chief Compliance and Operational Risk Officer, and BofA Europe Head of Corporate Audit.

4.2.6. Risk Declaration

The BofA Europe board, supported by the BRC, confirms that the risk management arrangements outlined are adequate to facilitate the management of risk in the context of BofA Europe's profile and strategy.

4.3. Key Risk Types

The Risk Management processes outlined above allow BofA Europe to manage risks across the seven key risk types; Strategic, Credit, Market, Liquidity, Operational, Compliance, and Reputational. Further details on how risk is managed within BofA Europe are given below.

4.3.1. 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 BofA Europe operates (such as competitor actions, changing customer preferences, product obsolescence, and technology developments).

Strategic Risk Management

Strategic risk is managed through the assessment of effective delivery of strategy. Strategic risk is monitored continuously by the Executive Management Team through a number of existing processes ranging from monitoring of financial and operating performance, through to the management of the Recovery Plan and also with the regular assessment of earnings and risk profile throughout the year. The Executive Management Team provides the BofA Europe 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.

Strategy execution and risk management involves a formal planning and approval process. The BofA Europe Strategic Plan is set within the context of overall risk appetite and the strategic planning process includes an evaluation of the internal and external environment and its strengths, weaknesses, opportunities, and threats.

Strategic Risk Governance

The BofA Europe Strategic Plan is reviewed and signed-off by the BofA Europe Board. Strategic decisions relating to BofA Europe are presented and discussed at the BofA Europe BRC and Board.

Routines exist to discuss the Strategic Risk implications of new, expanded, or modified businesses, products, or services and other strategic initiatives, and to provide approvals where appropriate. Material risks are considered for capital and liquidity planning. Independent risk management, Corporate Audit, and other control functions provide input, challenge, and oversight to FLUs and strategic decisions and initiatives relating to BofA Europe.

Strategic Risk Reporting

Regular updates to the BofA Europe Board on business performance and management of strategic risk take into account analyses of performance relative to the Strategic Plan, risk appetite, the strength of capital and liquidity positions, and stress tests (which address potential macroeconomic events, changing regulatory requirements, and various market growth rate assumptions). This also includes an assessment of the level of inherent risk, control effectiveness, as well as the residual risk outlook.

4.3.2. Credit Risk

Definition

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 BofA Europe commits to, or enters in to, an agreement with a borrower or counterparty. BofA Europe defines credit exposure to a borrower or counterparty as the loss potential arising from loans, leases, derivatives, and other extensions of credit.

The primary source of credit risk for BofA Europe is the risk arising from lending activities to its client base which is mainly composed of large international corporates.

Credit Risk Management Process

BofA Europe manages credit risk to a borrower or counterparty based on its 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.

BofA Europe uses a number of actions to mitigate 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 BofA Europe's credit risks, thus providing executive management with the information required to guide or redirect front line units and the strategic plan, if necessary.

Credit Origination

BofA Europe's credit portfolio consists of commercial lending (encompassing drawn and undrawn corporate and institutional lending facilities to clients) and traded products activities.

BofA Europe's credit processes align with BAC's credit policies and credit risk appetite across front line units and are aligned to applicable EU laws and regulations. Credit risk management oversees decisions about the amount of credit to extend to borrowers consistent with BofA Europe's credit risk appetite.

When BofA Europe is booking new business, the primary focus when granting credit facilities is the capacity to repay rather than placing primary reliance on credit risk mitigants. Borrowers' credit risk profiles continue to be 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 within front line units remains within approved credit risk limits.

Counterparty Credit Risk in BofA Europe arises from the creditworthiness of BofA Europe's trading partners and varies by type of transaction. Credit Risk Management manages counterparty risk with specific policies, limits, and controls. In order to determine the potential future credit exposure for derivative contracts, the notional amount is multiplied by prescribed percentages as set out in the Capital Requirements Regulation.

BofA Europe has a clearly-established process in place for approving new credits as well as the amendment, renewal, and re-financing of existing credits. Policies and processes for assuming credit risk are well documented without undue reliance on external credit assessments. Credit limits are in place at individual exposure and connected exposure level across all borrowers and counterparties in the portfolio. Based on risk profiles, limits and tenors are set at the individual counterparty level and aggregate family level. Mark-to-market exposure and potential exposure are measured taking applicable collateral into account. Counterparty concentration limits are also set at country, industry, and risk rating levels. The principle 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 realized over the life of a transaction. For lending-based credit exposures, credit risk is measured as the amount of binding, advised, or guidance limits to a counterparty.

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

Portfolio Management

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 and monitoring limits. Credit risk may be hedged to mitigate exposure and remain within credit risk appetite and return 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, aggregate losses, credit performance, and concentrations in 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 commercial portfolio. In addition, targeted and portfolio stress testing and scenario analysis are performed and reviewed.

Loss and Credit Risk Mitigation Activities

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.

BofA Europe maintains more than sufficient capital in compliance with all applicable regulatory requirements to absorb unexpected losses. During a credit cycle, BofA Europe may experience a concentration of losses and must intensify efforts to mitigate losses, balancing fiduciary responsibilities to protect asset values with BofA Europe's principles to serve its customers.

BofA Europe maintains policies and processes to apply netting where appropriate and may treat contractual netting agreements as risk-reducing for purposes of EU Capital Requirements Regulations subject to certain conditions.

See Section 2.5.2. Differences between the Financial Statements' Carrying Value Amounts and the Exposure Amounts used for Regulatory Purposes, under subsection Netting Rules, of the Pillar 3 statement for a description and extent of netting; as well as Table A2.T16. – EU CCR5-A Impact of Netting and Collateral Held on Exposures Values, for impact on netting exposures.

BofA Europe employs a range of techniques to actively mitigate counterparty credit risk. BofA Europe accepts collateral that it is permitted by documentation such as repurchase agreements or a Credit Support Annex to an International Swaps and Derivatives 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. For a description of the main types of collateral taken by the institution please see Notes to the Financial Statements for the Year Ended 31 December 2020, section “Collateral held and other credit enhancements”.

BofA Europe nets collateral against the applicable derivative fair value 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 (a) (i) the enforceability of close-out netting under a Master Agreement, (ii) enforceability of credit support agreements (if applicable) in the jurisdiction of incorporation of the counterparty in each case for the relevant type of counterparty, (b) where applicable for Uncleared Margin Rules (“UMR”) purposes or otherwise, (i) the enforceability of collateral arrangements in respect of BofA Europe, the counterparty and the custodian including in the event of bankruptcy, insolvency or other similar proceeding; and (ii) the ability of the collateral provider and collateral taker to recover collateral held by the custodian. 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.

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 loan advance rates and maintaining collateral values. It also addresses risk mitigation, documentation, monitoring, control, and compliance with legal and regulatory requirements related to liquid assets securing commercial credits. 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.

The Commercial Real Estate Valuations Policy establishes the requirements for evaluating real estate when taken as collateral. An independent current valuation must be secured prior to transaction closing date of a transaction. Business Units maintain procedures for monitoring collateral values in accordance with the policy and relevant regulatory guidance on review frequency. As a credit deteriorates, there is a need for timely information to assess real estate collateral and more frequent valuations may be necessary. Leasing exposures operate under policies that outline requirements for residual values to be prudently determined, as well as standards for the frequency of appraisals and inspections.

Daily valuations are carried out on market trading activities such as collateralized over-the-counter (“OTC”) 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.

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 group. Where CRM 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 CRM provider.

At a portfolio level BofA Europe has a Risk Appetite Statement, approved by the BofA Europe Board, which sets quantitative limits on Single-Name exposures, Risk Ratings, Industry, and Country. Monitored daily, excesses follow a predefined escalation path to internal stakeholders, committees, and regulators depending on severity.

At an individual client level internal guidelines set exposure thresholds by Risk Rating, beyond which those clients are considered an exception and subject to heightened management attention. A framework exists for managing client and portfolio concentration - through the use of strategies which include the purchase of Credit Default Swap ("CDS") or other approved products. Such strategies are implemented through means such as: (1) maximum loss limit framework based on public debt ratings; and (2) booking election that depend on exposure size, credit profile, and availability of liquid hedging options. Hedging is conducted by Global Loan Portfolio Management and is organised as a buy-side trading unit that resides on the public side of the Information Wall.

CRM taken by BofA Europe to reduce credit risk may result in credit or market risk concentrations as per Section 4.4. Other Risk Considerations. Guarantees that are treated as eligible CRM 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 BAC enterprise policy. Derivatives exposure will increasingly be routed through Central Counterparty Clearing Houses ("CCPs") in response to regulation changes being phased-in globally.

Credit Risk Governance

BofA Europe credit risk is integrated into the governance structure as described earlier in the document. This structure enables a system of risk escalation, which includes the hierarchy and process to be followed for approvals on an exceptional basis, limit excesses, policy variances, and internally identified issues and emerging risks.

Credit risk policies form an important part of BofA Europe'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, rules, 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 specialized 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 front line unit level, independent risk management oversees credit risk management processes and governance in accordance with BofA Europe's requirements and authority levels. Credit risk teams oversee credit risk management processes in accordance with BAC's subsidiary governance requirements. This includes reporting to various risk governance committees, executive management, and boards of directors.

Credit Risk Reporting

Transparency of credit risk is critical to effective risk management. To ensure that appropriate transparency and escalation to Board and senior management, comprehensive and actionable credit risk internal reports are produced, which contain the required granularity of content for each level of seniority.

Regular reporting for management and board committees includes monitoring of credit risk exposure against Board-approved Risk Appetite limits, as well as more detailed credit information covering total outstanding volumes, key counterparty exposures, and credit quality trends. Credit risk reporting enables appropriate risk escalation.

4.3.3. Market Risk

Definition

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:

- Price risk is the 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. These portfolios typically are subject to daily price movements and are accounted for primarily on a mark-to-market basis. This risk occurs most significantly from market-making, dealing and capital markets activity in interest rate, foreign exchange, and credit markets
- Interest rate risk is the risk to current or projected financial condition and resilience arising from movements in interest rates. Interest rate risk results from differences between the timing of rate changes and the timing of cash flows (repricing risk), from changing rate relationships among different yield curves affecting bank activities (basis risk), from changing rate relationships across the spectrum of maturities (yield curve risk), and from interest-related options embedded in bank products (options risk)
- Market risk has expanded existing risk management processes to incorporate consideration of climate and environmental risks

Market Risk Measurement

At the asset and liability level, market risk is assessed by evaluating the impact of individual risk factors on individual exposures. At the aggregate level, price risk is assessed primarily through risk models, including Value at Risk ("VaR") models. BofA Europe's aggregate potential economic exposure, as well as earnings and capital sensitivity, to interest rate risk in the banking book is also assessed.

The Joint Supervisory Team, which comprises the CBI and ECB, had communicated their 'non-objection' of the use of IMA in BofA Europe based on the IMA permission issued by the U.K. Prudential Regulation Authority to Merrill Lynch International, during a period of 'temporary tolerance.' This permitted the temporary use of the following internally developed models in calculating BofA Europe's Pillar 1 regulatory capital requirements for market risk: VaR, Stressed VaR, Incremental Risk Charge, and Comprehensive Risk Measure. During use of these models, the capital requirement for trading book positions that do not meet the conditions for inclusion within the IMA was calculated using standardised rules. Following discussions with the JST on the suitability of existing booking model for the continued use of IMA, the JST were notified of the intention to discontinue the use of IMA in the calculation of regulatory capital on 27 March 2020. Therefore, BofA Europe's market risk capital requirements are solely based on standard capital charges from this date onwards.

Value at Risk

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. BofA Europe uses a historical simulation approach to calculate VaR. 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 and Full Revaluation for benchmarking.

VaR is used for management reporting purposes ("Trading VaR"). Two measures are calculated: a version using three-years of historic data and a version which uses a one-year period in order to reflect more recent market volatility. Both are calculated based on a 99% confidence level and a one-day holding period.

While the historical simulation does not require explicit assumptions about the distribution of the underlying market variables, the general mathematical process that governs each risk factor's behaviour is modelled. The Specific Risk of debt positions is captured in the VaR calculation by measuring each issuer's risk using its own history wherever possible.

Where it is not possible, in the case of credit specific risk, the VaR model overlays a parameterized stochastic residual component to capture idiosyncratic risk. VaR calculations are performed for portfolios on a fully integrated basis, so no further assumption regarding correlation is necessary. In order 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.

For positions with insufficient historical data for the VaR calculation, the process for establishing an appropriate proxy is based on fundamental and statistical analysis of the position. This analysis identifies reasonable alternatives that replicate both the expected volatility and correlation to other market risk factors that the missing data would be expected to experience.

Market Risk Management

FLUs are responsible for managing their risk (for instance through risk mitigating hedging), and any trading, hedging and investment activity is governed by policies which are designed to ensure all regulatory requirements are met. As one of the independent business risk teams in Global Risk Management and, along with other Governance and Control Functions, Global Markets Risk Management is responsible for establishing and overseeing the risk management governance structure for the Businesses which includes policies, limits, standards, controls, metrics, and thresholds within the defined enterprise-wide and business-specific RAS.

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

BofA Europe manages and monitors its market risk exposures in a way that reflects BofA Europe's Risk Framework. Assessing key exposures and setting and monitoring limits to ensure that BofA Europe operates within the approved risk appetite are at the core of BofA Europe's approach to managing market risk.

Robust monitoring and reporting processes for limits are in place, with limit breaches triggering appropriate notification and escalation. The BofA Europe MRC and BRC review and recommend Risk Appetite limits for approval to the Board. VaR, stress and sensitivity limits are set at various levels of granularity, ensuring extensive coverage of risks as well as accounting for correlations among risk factors.

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 or historical, and applied to individual instruments or the aggregate BofA Europe portfolio.

Market Risk Governance

Market risk is identified, monitored, and controlled by Global Markets Risk Management. The responsibilities of this independent control function include ownership of markets risk policy, calculating aggregated risk measures, establishing and monitoring position limits consistent with risk appetite, conducting daily reviews and analysis of trading inventory, approving material risk exposures and new trades and fulfilling regulatory requirements.

Market Risk Reporting

Transparency of market risks is critical to effective risk management. BofA Europe produces regular reports on exposure, including VaR, Stress, and Risk Factor sensitivities.

Market risk reports are distributed to senior management within Markets Risk Management and, where appropriate, to relevant stakeholders - including FLUs. Markets Risk Management also contributes to governance committee reports.

Exposures to Interest Rate Risk in the Banking Book

BofA Europe defines IRRBB “as the risk to its current or anticipated earnings or capital arising from movements in interest rates.” Interest rate risk represents the most significant market risk exposure to our banking-book balance sheet. Client-facing activities, primarily lending and deposit-taking, create interest rate sensitive positions on our balance sheet.

Interest rate risk is evaluated and monitored from the perspective of both Earnings at Risk (“EaR”) and Economic Value of Equity (“EVE”) under a number of both (i) internal and (ii) regulatory defined interest rate shock scenarios (i.e., parallel, steepener, flattener, short rates up / down shock scenarios) at least monthly. The risk to anticipated earnings under a number of stress scenarios are also evaluated on a quarterly basis.

Forward-looking forecasts of EaR are prepared, where the baseline forecast takes into consideration expected future business growth of client facing activities such as lending and deposit taking, Asset Liability Management positioning and the direction of interest rate movements as implied by the market-based forward rate paths. The impact that alternative interest rate scenarios have on the baseline forecast is then measured and evaluated 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. BofA Europe’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 BofA Europe’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. Non-maturity deposits (“NMDs”) are assigned a behavioural life that is consistent with EBA guidance on the treatment of NMDs.

In addition to EaR and EVE risk measurement, sub-components of IRRBB are also evaluated:

- 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
- Optionality is evaluated annually to identify any potential prepayment and withdrawal risk / early redemption risk for materiality to be measured and monitored where required

BofA Europe’s overall goal is to manage interest rate risk so that movements in interest rates do not significantly adversely affect earnings or capital.

Table 4.3.3.T1. – IRRBB Sensitivity 2020

(€ in Millions)	EVE	
	-100bps	+100bps
EUR	101	-152
GBP	1	-13
SEK	1	—
USD	—	3
Other	—	—
Total	104	-162

(€ in Millions)	EaR	
	-100bps	+100bps
EUR	—	—
GBP	-1	9
SEK	2	3
USD	-5	59
Other	-1	10
Total	-5	81

4.3.4. Liquidity Risk

Definition

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.

Liquidity Risk Management

The BofA Europe Liquidity Risk Policy (“LRP”) defines the approach to managing BofA Europe’s liquidity, aligned to group processes and tailored to meet BofA Europe’s business mix, strategy, activity profile, risk appetite, and regulatory requirements and is approved by the BofA Europe Board. The BofA Europe MRC reviews and recommends Risk Appetite limits to the BofA Europe BRC, which in turn reviews and recommends to the BofA Europe Board for approval.

Each of the FLUs are accountable for managing liquidity risk within the BofA Europe Liquidity Risk Appetite. Global Risk Management provides independent oversight and supervision of FLU activities, an independent view of the liquidity risk of FLU activities, and assesses the effectiveness of BofA Europe’s liquidity risk management processes.

The BofA Europe Liquidity 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 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
- Long Term Funding Ratio = Ratio that ensures sufficient long term funding is available to fund loans with a residual maturity of greater than one year
- Net Stable Funding Ratio = Available Stable Funding divided by Required Stable Funding

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 liquidity risk management. The BofA Europe LRP further describes the Liquidity Risk roles and responsibilities including requirements for liquidity risk limits, stress testing, analytics and reporting, and recovery and resolution planning.

Liquidity Risk Governance

The BofA Europe 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 and appropriate funding metrics. GRM is responsible for maintaining a liquidity risk limits framework to ensure that the entity is managed within its liquidity risk appetite. In line with the BAC Risk Framework, liquidity risk limits are classified as:

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

Limits are monitored and reported daily, and a clear escalation path to senior management, the BofA Europe MRC, BofA Europe BRC, and BofA Europe Board by limit category and breach type exists.

Liquidity Risk Reporting

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 BofA Europe MRC, BofA Europe ALCO, BofA Europe Board, BofA Europe BRC, and senior management.

4.3.5. Compliance and Operational Risk

Definition

BofA Europe operates in a highly regulated environment. The complexity and volume of BofA Europe's products, services, and customers mean BofA Europe is subject to numerous laws, rules, and regulations that define the regulatory requirements that it must satisfy across the jurisdictions in which it 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 BofA Europe's operational risk profile that must be anticipated and managed to mitigate adverse impacts to BofA Europe.

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to the reputation of BofA Europe arising from the failure of BofA Europe to comply with the requirements of applicable laws, rules and regulations and internal policies and procedures. BofA Europe is committed to the highest level of compliance and has no appetite for violations of legislative or regulatory requirements. We seek to anticipate and assess compliance risks to our core businesses and respond to these risks effectively should they materialize. While we strive to prevent compliance violations in everything we do, we cannot fully eliminate compliance risk, but manage it by establishing risk management processes to reduce exposure to financial loss, reputational harm or regulatory sanctions.

Operational risk is the risk of loss resulting from inadequate or failed processes, people and systems, or from external events. We have designed an operational risk management programme, that incorporates and documents the process for identifying, measuring, monitoring, controlling, and reporting operational risk information to executive management and the BofA Europe Board, or appropriate board-level committees. We manage operational risk by establishing permissible thresholds to reduce exposure to financial loss, reputational harm, or regulatory sanctions.

BofA Europe adopts the Standardised Approach for calculating Pillar 1 regulatory capital requirements for Operational Risk. As part of the annual ICAAP, the adequacy of the Pillar 1 regulatory capital requirement is assessed via scenario analysis and stress testing that considers the material Compliance and Operational Risks documented within the BofA Europe Risk Self Assessment.

Compliance and Operational Risk Management

BofA Europe is committed to maintaining strong compliance and operational risk management practices across all front line units and control functions. We manage compliance and operational risk through an integrated set of controls and processes to address external and internal risks, including a complex and dynamic regulatory environment and the evolving products, services, and strategies of the front line units and control functions. Every employee has a responsibility to understand these risks and identify, mitigate, and escalate compliance and operational risk and issues.

Front line units and control functions are first and foremost responsible for managing all aspects of their businesses, including their compliance and operational risks. Front line units and control functions are required to understand their business processes and related risks and controls, including third party dependencies, the 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. Front line units and control functions must also adhere to operational risk appetite limits to meet strategic, capital, and financial planning objectives. Finally, front line units and control functions are responsible for the proactive identification, management, and escalation of compliance and operational risks across BofA Europe. When third party capabilities are required to support our processes, products, and services, we manage third party risk with a similar level of accountability as if managed internally.

BofA Europe has combined the Compliance and Operational Risk management control functions into a single integrated function under common leadership. This combination allows the BofA Europe 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 control functions, with the ability to develop 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.

The BofA Europe Chief Compliance and Operational Risk officer leads the combined organisation, which, together with the FLUs and control functions, has responsibility for knowing what it means to conduct BofA Europe's daily activities within the limits of the compliance and operational risk appetites. Global Compliance and Operational Risk sets enterprise wide policies and standards and provides independent challenge and oversight to the front line units and control functions. The Compliance and Operational Risk teams comprise subject matter experts who understand the front to back processes and controls by which BofA Europe delivers products and services, understand applicable laws, rules, and regulations and know whether the processes and controls are operating effectively. These teams independently assess compliance and operational risk, monitor business activities and processes, determine and develop tests to be conducted by the Enterprise Independent Testing unit, and report on the state of the control environment. Compliance and Operational Risk also collaborates with other control functions to provide additional support for specific remediation efforts (e.g., Risk Mitigation Programmes) and shares responsibility with the front line units, Global Risk Management, and other control functions for mitigating risks, such as reputational risks and risks associated with improper conduct.

In addition, teams in Compliance and Operational Risk cover areas such as financial crimes, privacy, and information security / cybersecurity that affect multiple front line units or control functions. These horizontal teams are responsible for, among other things, reviewing the front line units and control functions risk management practices related to these specific areas to gauge the effectiveness and consistency of the controls across business units, monitoring losses and reporting and overseeing processes for accuracy and adherence to the Compliance and Operational Risk standards.

In regard to conduct risk, protocols, and structures have been established so that conduct risk is governed and reported across BofA Europe. To enable appropriate and effective oversight of conduct risk, conduct-related information is evaluated by FLUs and control functions, and escalated to management, BofA Europe & BofASE Conduct Risk Council, or board governance routines as appropriate. BofA Europe has no tolerance for violations of conduct policies and procedures and while we strive to prevent conduct violations in everything we do, we cannot fully eliminate such risks. When potential employee misconduct is detected, we gather relevant information to evaluate the findings and take the appropriate disciplinary action. Furthermore, we evaluate trends and themes to determine whether any additional remedial actions or control improvements are needed.

Compliance and Operational Risk Governance

Compliance and Operational Risk employs a governance structure to escalate material risks and issues, as well as the changes to BofA Europe's compliance and operational risk policies and procedures. The BofA Europe ORC is responsible for providing management oversight of Operational Risk within the activities of BofA Europe. The BofA Europe ORC reports to the MRC where compliance and operational risk issues are reviewed, and to the Audit Committee, BRC and 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 BofA Europe.

Compliance and Operational Risk Identification and Reporting

Compliance and Operational Risks which require heightened transparency and escalation to management and / or BofA Europe governance committees are referred to as identified risks. Identified risks which meet or exceed minimum materiality thresholds as outlined in the Risk Identification subsection (under the BofA Europe ICAAP Risk Management chapter), will be designated material risks. All identified risk are documented in the BofA Europe Risk ID Inventory and all material Compliance and Operational Risks are further documented in the BofA Europe Risk Self Assessment process.

Compliance and Operational Risk reporting and escalation to senior management and the BofA Europe Board is critical to ensuring a clear understanding of current and emerging risks across BofA Europe, as well as whether we are operating within Risk Appetite so we can promptly take action to address out of tolerance risks.

Reporting includes results of compliance and operational risk assessments, monitoring and testing results, 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 the BofA Europe Board.

BofA Europe establishes and monitors operational risk appetite metrics for Non-Litigation Operational Losses, Residual Risk Level & Direction, Past Due Issues, Performance of Outsourced Services, Potential Information Security Events, Top Tier Business & Technical Recovery Tests Successful, Availability of Unified Critical Application List Systems, High Residual Risk Model Use Breaches, and Financial Crimes.

BofA Europe is committed to the highest level of compliance and has no appetite for violations of legislative or regulatory requirements and no separate compliance risk appetite metrics were set, with compliance risk being managed by establishing risk management processes to reduce our exposure to financial loss, reputational harm, or regulatory sanctions.

4.3.6. Reputational Risk

Definition

Reputational risk is the risk that negative perceptions of BofA Europe's conduct or business practices will adversely affect its profitability or operations.

Reputational Risk can stem from many of BofA Europe's activities, including those related to the management of the strategic, operational, compliance, and other risks. As a result, BofA Europe 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, manages 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.

At the enterprise level, reputational risk is reviewed by the Enterprise Risk Committee and the 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 of Directors.

Reputational Risk items relating to BofA Europe are considered as part of the EMEA Reputational Risk Committee (the "Reputational Risk Committee"), whose mandate includes consideration of reputational risk issues and to provide guidance and approvals for activities that represent specific Reputational Risks which have been referred for discussion by other current control frameworks or lines of business.

Activities will be escalated to the Reputational Risk Committee for review and approval where elevated levels of Risk are present, examples of such activities include;

- Business activities that present significant legal, regulatory, or headline risk
- Violations of, or deviations from, BofA Europe 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 BofA Europe might have an undisclosed or significant conflict of interest
- Business activities from which BofA Europe 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 BofA Europe'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 BofA Europe or any of the parties involved
- 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 BofA Europe or another firm that have caused reputational harm
- Any potential reputational risk associated with the introduction, modification, or discontinuation of products, services, lines of business, or delivery channels
- Any reputational risk concerns that are specific to the business, region, or the markets in which the business operates

Ultimately, to 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, BofA Europe does not set quantitative limits to define its associated Risk Appetite. Through proactive risk management, BofA Europe seeks to minimise both the frequency and impact of Reputational Risk events.

Reputational Risk Governance

BAC has a well established organisational and governance structure in place that ensures strong oversight at both the Enterprise and business levels.

The Reputational Risk Committee membership consists of executive representation from Global Markets, Global Corporate and Investment Banking and control functions (i.e., Legal, Compliance, and Risk), this includes senior representatives from BofA Europe. The committee is co-chaired by the Regional Head and the CRO. The Reputational Risk Committee charter requires that a majority of members must be present, including a co-chair and all control functions, in order for meetings to proceed.

The EMEA Reputational Risk Committee is a sub-committee of both 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 BofA Europe reputational risk issues is captured as part of the management routines for the Reputational Risk Committee. Tracking of items presented to this Committee is maintained through reporting protocol, which provides detail 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, the Reputational Risk Committee provides updates to the BofA Europe BRC on a quarterly basis through a standing agenda item.

4.4. Other Risk Considerations

The risk management approach outlined in Section 4.2. Risk Management Approach also allows BofA Europe to manage the other risk considerations set out below.

4.4.1. Wrong-Way Risk

Wrong-way risk exists when there is adverse correlation between the 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.

BofA Europe implements firm-wide policy and reporting to identify and monitor wrong-way risk across the portfolio. The Correlation and Concentration Risk Policy describes the governance, limits framework, 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 BAC's Risk Management Framework, several processes exist to control and monitor wrong-way risk including reviews at the BAC Global Markets Risk Committee and BAC Credit Risk Committee.

4.4.2. Contingent Market Risk

Contingent Market Risk ("CMR") arises from concentrated positions with a single counterparty or a subset of counterparties.

Traditional exposure metrics, like potential exposure and CVA trend towards zero with the rise of over collateralization and central clearing, while tail risk remains. This risk is captured by measuring concentrated positions while remaining agnostic to specific market scenarios and counterparty worthiness.

BofA Europe is subject to various enterprise-level CMR limits by asset class and risk factor, based on appropriate measures and levels, taking into account market liquidity, risk appetite stress scenarios, and business rationale. Limits are reviewed and monitored by Counterparty Credit Risk Portfolio Management. Permanent limits are approved at the BAC Global Markets Risk Committee, or by delegated authority from that committee.

4.4.3. Equities Exposure 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. BofA Europe does not conduct material activity in equities in either the trading or non-trading books.

4.4.4. Climate Change

Climate-related and environmental risk is the risk that climate change and environmental degradation or actions taken to mitigate climate change and environmental degradation could adversely affect BofA Europe's operations, business, and clients.

Climate-related and environmental risk is divided into two major categories:

- **Physical Risks:** Risks related to the physical impacts of climate change, driven by extreme weather events such as hurricanes and floods, as well as chronic longer-term shifts, such as temperature increases and sea level rises
- **Transition Risks:** Risks related to the transition to a lower-carbon economy, which may entail extensive policy, legal, technology, or market changes

Like all risks, climate-related and environmental risks require coordinated governance, clearly defined roles and responsibilities, and well-developed processes to ensure they are identified, measured, monitored and controlled appropriately and in a timely manner. Both physical and transitional climate-related and environmental risks may manifest in BofA Europe's seven key risk types. In November 2020, the ECB published its final Guide on Climate-related and Environmental Risks. The ECB requires banks to perform a self-assessment against the regulatory expectations and submit related actions plans in May 2021 ahead of supervisory review. BofA Europe is enhancing its risk management framework including risk governance, in order to manage climate-related and environmental risk in line with enterprise standards as well as regulatory requirements and expectations, including the ECB's stated expectations. The changes being made are proportionate to the nature, scale, and complexity of BofA Europe's businesses and over time the framework is expected to mature from a largely qualitative to a more quantitative basis. BofA Europe currently applies a judgemental approach to the assessment of this type of financial risk.

A cross functional steering group has been established which is responsible for providing management oversight of activities related to climate-related and environmental risk and other Environmental, Social, and Governance ("ESG") related regulatory requirements impacting Bank of America's EMEA legal entities. This steering group includes senior leaders from across the three lines of defence as well as subject matter experts, and is connected to the global ESG and climate risk governance framework. The steering group is co-chaired by the Chief Risk Officer of BofA Europe. BofA Europe's Chief Risk Officer reports to the Board and the Board Risk Committee as well as providing updates to the Management Risk Committee of BofA Europe on matters related to climate-related and environmental risk.

As part of a global bank, BofA Europe is working to meet the regulatory expectations on managing climate-related and environmental risk in line with the global climate risk management function that has been established within Bank of America. That function resides within Global Risk Management and oversees climate risk practices and shapes the approach to managing climate-related risks in alignment with the Risk Framework. Further detail on climate risk management, including strategy and scenario planning, risk management, governance, metrics, and

targets, is included in Bank of America's Task Force for Climate-related Financial Disclosures ("TCFD") Report and in the Environmental and Social Risk Policy Framework. Both of these documents are available at www.bankofamerica.com.

4.4.5. Coronavirus

The global COVID-19 outbreak dominated markets, introducing significant volatility and weakening across the asset classes, particularly credit. Routines, governance enhancements, and increased reporting put in place at the beginning of the pandemic remain in place and are key risk management tools to identify and mitigate areas of enhanced risk. Additionally, internal communication protocols were established between Risk teams and the lines of business to ensure management awareness of credit exposure, market volatility, liquidity, and funding risks. There has been enhanced regulatory engagement since the beginning of the COVID-19 period, with regular calls between the BofA Europe management and the JST.

The impact of the COVID-19 pandemic on BofA Europe's operational risk environment has been identified, measured, and monitored through a combination of existing and new activities. During March 2020, front line units and control functions were required to consider the potential impact of COVID-19 through the quarterly Risk Identification process as well as Risk Self-Assessment process.

Compliance and Operational Risk, in conjunction with front line unit and control function partners, will continue to closely monitor if the pandemic environment is creating additional or elevated compliance or operational risk.

4.4.6. Impact of a Credit Rating Downgrade on OTC Collateral

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

Based on the terms of various over-the-counter derivatives contracts and other trading agreements, a credit rating downgrade may result in BofA Europe posting additional collateral to counterparties or counterparties choosing to unwind or terminate specific transactions. In either case, BofA Europe 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 BofA Europe's internal liquidity stress testing and regulatory liquidity requirements. As of 31 December 2020, BofA Europe was in excess of both internal and regulatory liquidity requirements, with a one-notch and two-notch downgrade scenario resulting in nil and €1M of incremental additional outflows, respectively in line with contractual obligations in OTC derivative contracts.

4.4.7. Securitisation

Securitisation risk is defined as the risks arising from securitisation transactions in relation to which institutions are originator, sponsor or investor, including reputational risks, such as arise in relation to complex structures, or products.

BofA Europe securitisation risk is managed through a comprehensive review approach that is enforced through existing policies and procedures. All securitisations are monitored on an ongoing basis, including:

- Weekly monitoring of maturities, amortization, LOB / asset class limits, etc.
- Monthly examination of Asset Backed Securitisation Finance ("ABSF") lending portfolio which includes deal specific performance metrics, utilisation vs. commitment, review of residual value performance, etc.

- Annual reviews of all facilities highlighting any changes in transaction structure, collateral quality, underwriting criteria, risk rating, etc.

Further to this, prior to approval of any new transactions, a comprehensive credit review is conducted to ensure the facility complies with existing policies and procedures.

BofA Europe does not have any re-securitisation exposure.

Following a review of the securitisation portfolio, BofA Europe does not deem there to be any other risks which the portfolio is exposed to which are not already mitigated through rigorous adherence to existing policies and procedures.

4.4.8. New Products

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

BofA Europe complies with the New Product Review and Approval - Enterprise Policy, which establishes requirements designed to identify and mitigate risks associated with New Products. This Policy requires that New Products be assessed across all risk categories, including consistency with Risk Appetite, prior to product implementation.

The BofA Europe NPC reports to the MRC, and is responsible for the review and approval of New Products as defined in the New Product Review and Approval - Enterprise Policy.

Under this Policy, businesses are required to develop and maintain a New Product review and approval process and related procedures that address the identification, review, approval, and monitoring, including post implementation review of New Products and meets pre-defined minimum requirements in respect of Governance, Risk Assessment, Post Implementation review, reporting, and required documentation.

Bank of America Europe Designated Activity Company Pillar 3 Disclosure

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

As at 31 December 2020

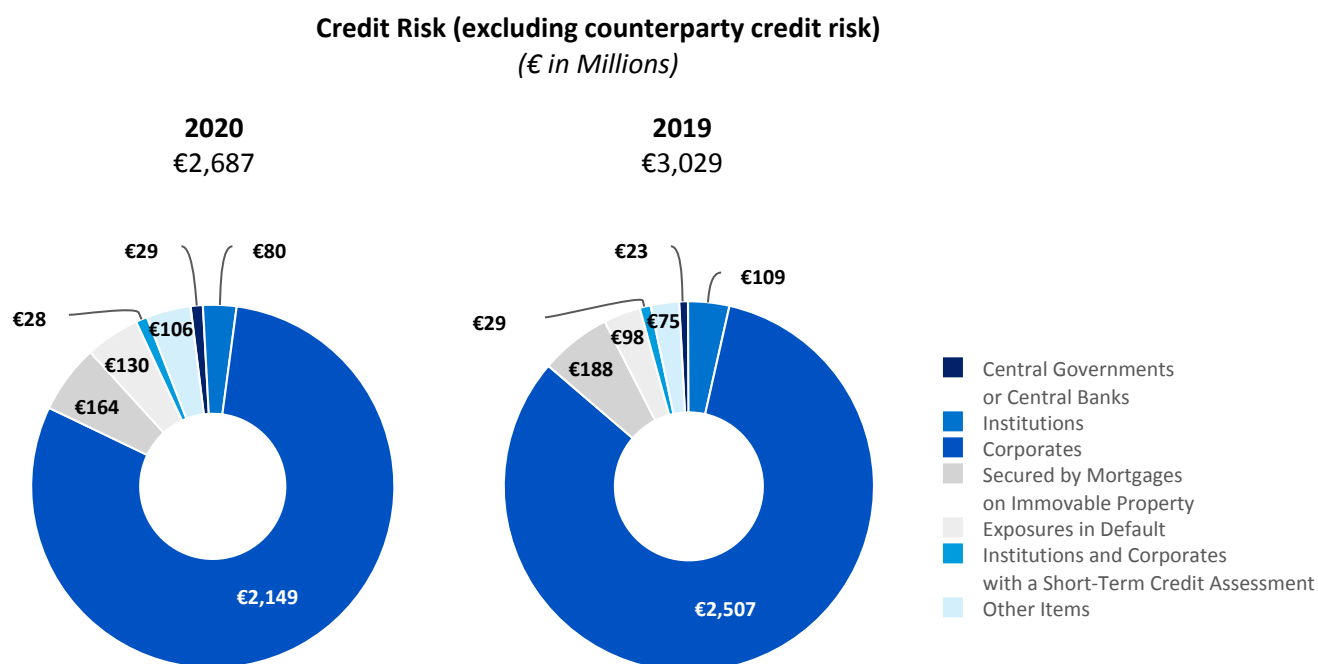
5.1. Minimum Capital Requirement Summary

BofA Europe's Minimum Capital Requirement is principally comprised of credit risk, counterparty credit risk, and operational risk requirements.

BofA Europe's credit risk exposure is largely comprised of exposure to corporate clients in EMEA. Further details can be found in Section 5.4. Counterparty and Credit Risk.

BofA Europe's market risk capital requirement is principally driven by capital requirements on Position Risk. Further detail on Market Risk can be found in Section 5.3. Market Risk.

Figure 5.1.F1. – Minimum Capital Requirement Detail: Credit Risk (excluding counterparty credit risk)



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, 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 ("MREL").

Firms that are material subsidiaries of non EU Global Systemically Important Institutions ("G-SIIs") per the CRR definition are required to hold a minimum amount of MREL, BAC is a non EU G-SII and BofA Europe does not meet the definition of a material subsidiary. As at 31 December 2020 BofA Europe continued to meet the minimum MREL requirement for material subsidiaries as per the CRR as advised by the Central Bank of Ireland.

For BofA Europe, the institution specific internal MREL requirement has been set by the Single Resolution Board ("SRB") and will meet the transitional provisions from January 2022.

MREL resources are comprised of qualifying own funds 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 residual maturity of at least one year and being subordinated to other operating liabilities.

EU Internal Loss Absorbing Capacity (“ILAC”) discloses the own funds and eligible liabilities, the total risk exposure amount and the total exposure amount, the ratio of own funds and eligible liabilities and the requirements.

EU Total Internal Loss Absorbing Capacity (“TLAC”) 2b discloses the creditor ranking for internal MREL by maturity and the insolvency ranking of the creditor. The ranking is presented from the most junior to the more senior. The amount attributable to each ranking is further broken down into amounts owned by the resolution entity and other. The total amount of each row is filled into the last column of each row.

Table 5.2.T1. – Key Metrics – MREL Requirements

<i>(€ in Millions)</i>	Q4 2020	Q2 2020
Total MREL Resources Available	12,891	13,954
Total RWA	43,157	49,104
MREL as a percentage of RWA	29.9 %	28.4 %
Leverage Ratio Exposure Measure	70,844	77,467
MREL as a percentage of Leverage Ratio Exposure Measure	18.2 %	18.0 %
Excluded Liabilities	40,847	35,935

Table 5.2.T2. – EU ILAC Internal Loss Absorbing Capacity: Internal MREL and, where applicable, Requirement for Own Funds and Eligible Liabilities for Non-EU G-SIIs

		Minimum Requirement for Own Funds and Eligible Liabilities (Internal MREL)	Non-EU G-SII Requirements for Own Funds and Eligible Liabilities (Internal TLAC)	Qualitative Information
Applicable Requirement and Level of Application				
EU-1	Is the entity subject to a Non-EU G-SII Requirement for own funds and eligible liabilities? (Y / N)			Y
EU-2	If EU-1 is answered by "Yes", is the requirements applicable on a consolidated or individual basis? (C / I)			I
EU-2a	Is the entity subject to an internal MREL requirement? (Y / N)			Y
EU-2b	If EU-2a is answered by "Yes", is the requirement applicable on a consolidated or individual basis? (C / I)			I
Own Funds and Eligible Liabilities				
EU-3	Common Equity Tier 1 capital ("CET1")	9,632		
EU-4	Eligible Additional Tier 1 instruments	—		
EU-5	Eligible Tier 2 instruments	1,630		
EU-6	Eligible own funds	11,261		
EU-7	Eligible liabilities	1,630		
EU-8	Of which permitted guarantees	—		
EU-9a	(Adjustments)	—		
EU-9b	Own funds and eligible liabilities items after adjustments	12,891		
Total Risk Exposure Amount and Total Exposure Measure				
EU-10	Total risk exposure amount	43,157		
EU-11	Total exposure amount	70,844		
Ratio of Own Funds and Eligible Liabilities				
EU-12	Own funds and eligible liabilities (as a percentage of TREA)	29.9 %		
EU-13	Of which permitted guarantees	— %		
EU-14	Own funds and eligible liabilities (as a percentage of leverage exposure)	18.2 %		
EU-15	Of which permitted guarantees	— %		
EU-16	CET1 (as a percentage of TREA) available after meeting the entity's requirements	0.1 %		
EU-17	Institution-specific combined buffer requirement			
Requirements				
EU-18	Requirement expressed as a percentage of the total risk exposure amount	16.2 %		
EU-19	Of which may be met with guarantees	— %		
EU-20	Internal MREL expressed as percentage of the total exposure amount	9.9 %		
EU-21	Of which may be met with guarantees	— %		
Memorandum Items				
EU-22	Total amount of excluded liabilities referred to in Article 72a(2) CRR			

Table 5.2.T3. – EU ILAC Prior Internal Loss Absorbing Capacity: Internal MREL and, where applicable, Requirement for Own Funds and Eligible Liabilities for Non-EU G-SIIs

		Minimum Requirement for Own Funds and Eligible Liabilities (Internal MREL)	Non-EU G-SII Requirements for Own Funds and Eligible Liabilities (Internal TLAC)	Qualitative Information
Applicable Requirement and Level of Application				
EU-1	Is the entity subject to a Non-EU G-SII Requirement for own funds and eligible liabilities? (Y / N)			Y
EU-2	If EU-1 is answered by "Yes", is the requirements applicable on a consolidated or individual basis? (C / I)			I
EU-2a	Is the entity subject to an internal MREL requirement? (Y / N)			Y
EU-2b	If EU-2a is answered by "Yes", is the requirement applicable on a consolidated or individual basis? (C / I)			I
Own Funds and Eligible Liabilities				
EU-3	Common Equity Tier 1 capital ("CET1")	10,382		
EU-4	Eligible Additional Tier 1 instruments	—		
EU-5	Eligible Tier 2 instruments	1,786		
EU-6	Eligible own funds	12,168		
EU-7	Eligible liabilities	1,786		
EU-8	Of which permitted guarantees	—		
EU-9a	(Adjustments)	—		
EU-9b	Own funds and eligible liabilities items after adjustments	13,954		
Total Risk Exposure Amount and Total Exposure Measure				
EU-10	Total risk exposure amount	49,104		
EU-11	Total exposure amount	77,467		
Ratio of Own Funds and Eligible Liabilities				
EU-12	Own funds and eligible liabilities (as a percentage of TREA)	28.4 %		
EU-13	Of which permitted guarantees	— %		
EU-14	Own funds and eligible liabilities (as a percentage of leverage exposure)	18.0 %		
EU-15	Of which permitted guarantees	— %		
EU-16	CET1 (as a percentage of TREA) available after meeting the entity's requirements	— %		
EU-17	Institution-specific combined buffer requirement			
Requirements				
EU-18	Requirement expressed as a percentage of the total risk exposure amount	16.2 %		
EU-19	Of which may be met with guarantees	— %		
EU-20	Internal MREL expressed as percentage of the total exposure amount	10.3 %		
EU-21	Of which may be met with guarantees	— %		
Memorandum Items				
EU-22	Total amount of excluded liabilities referred to in Article 72a(2) CRR			

Table 5.2.T4. – EU TLAC2b Creditor Ranking: Entity that is Not a Resolution Entity

		Insolvency Ranking				Sum of 1 to 2
		1	1	2	2	
		(Most Junior)	(Most Junior)			
		Resolution Entity	Other	Resolution Entity	Other	
1	Empty set in the EU					
2	Description of insolvency rank (free text)	Subordinated to Senior Liabilities		Subordinated to Senior Liabilities		
3	Empty set in the EU					
4	Empty set in the EU					
5	Empty set in the EU					
6	Own funds and eligible liabilities for the purpose of internal MREL	1,630	—	1,630	—	3,260
7	Of which residual maturity ≥ 1 year < 2 years	—	—	1,630	—	1,630
8	Of which residual maturity ≥ 2 years < 5 years	—	—	—	—	—
9	Of which residual maturity ≥ 5 years < 10 years	1,630	—	—	—	1,630
10	Of which residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	—
11	Of which perpetual securities	—	—	—	—	—

5.3. Market Risk**Summary**

Market risk is the potential change in an instrument's value caused by fluctuations in interest and currency exchange rates, credit spreads, or other risks. BofA Europe has established trading book guidelines which set out the policies and procedures for the overall management of the trading book in accordance with the requirements of CRR.

Table 5.3.T1. presents a breakdown of BofA Europe's Market Risk under the standardised approach.

Table 5.3.T1. – EU MR1 Market Risk Under the Standardised Approach

		Q4 2020		Q2 2020	
		a	b	a	b
(€ in Millions)		RWAs	Capital requirements	RWAs	Capital requirements
	Outright products				
1	Interest rate risk (general and specific)	933	75	1,035	83
2	Equity risk (general and specific)	—	—	—	—
3	Foreign exchange risk	216	17	219	17
4	Commodity risk	—	—	—	—
	Options				
5	Simplified approach	—	—	—	—
6	Delta-plus method	—	—	—	—
7	Scenario approach	—	—	—	—
8	Securitisation (specific risk)	—	—	—	—
9	Total	1,148	92	1,254	100

Standardised market risk RWAs decreased by just over €0.1B from €1.2B at 2nd Quarter 2020 to €1.1B at 4th Quarter 2020, driven by a decrease in interest rate risk €(0.1)B.

5.3.1. Capital Requirements under Standardised Approaches

Capital Requirements under the Standardised Approaches

In BofA Europe, regulatory capital required on traded debt instruments are split into two components, General Market Risk and Specific Risk:

- General market risk is based on a portfolio by currency basis. Positions are grouped by maturity ranging from maturity of less than one month to maturity of greater than 20 years, with a corresponding weighting applied depending on the maturity band
- Specific risk looks at each security in terms of type of issuer (corporate / government), credit quality, and maturity

FX Market Risk

FX Market Risk Requirement is the regulatory capital requirement calculated on the open net foreign currency exposure of the balance sheet.

Market risk is the potential change in an instrument's value caused by fluctuations in interest and currency exchange rates, credit spreads, or other risks. BofA Europe uses a standardised rules maturity based calculation for general market risk. MR1 discloses BofA Europe's market risk under the standardised approach for RWAs and capital requirements.

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 requirements are derived from risk-weighted exposures, determined using the standardised approach. BofA Europe has Counterparty and Credit Risk exposure as a result of loans and advances, derivative trades, securities financing transactions ("SFTs"), and other trading and non-trading book exposures.

BofA Europe measures counterparty and credit risk exposure on derivatives using a mark-to-market method, defined as mark-to-market plus a notional add-on.

The following section provides detailed information on BofA Europe regulatory counterparty and credit risk exposures using the above mentioned approach. All exposures, unless stated otherwise, are post Credit Risk Mitigation and the application of Credit Conversion Factors.

5.4.1. Counterparty and Credit Risk by Type

EU CRB-D discloses net credit exposures by industry and exposure classes. The majority of risk weighted exposures for BofA Europe are in respect of transactions with Corporates. The ratings of counterparties are derived by referring to external credit ratings provided by Moody's, Fitch, and S&P for all exposure classes.

A credit quality step ("CQS") is a scale as set out in CRR. This mapping table is provided by the EBA and can be accessed through the following link:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02016R1799-20191224>.

The CQS is derived using External Credit Assessment Institutions which include Moody's, Fitch, and S&P, where available.

EU CRB-D disclosures exposures broken down by industry or counterparty type. The split is as per EBA asset class and is further analysed to show the breakdown by exposure class.

Table 5.4.1.T1. – EU CRB-D Concentration of Exposures by Industry or Counterparty Types

	Q4 2020																			
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	u
	Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Electricity, gas, steam and air conditioning supply	Water supply	Construction	Wholesale and retail trade	Transport and storage	Accommodation and food service activities	Information and communication	Financial and insurance activities	Real estate activities	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defence, compulsory social security	Education	Human health services and social work activities	Arts, entertainment and recreation	Other services	Total
(€ in Millions)																				
Central governments or central banks																				
Institutions																				
Corporates																				
Retail																				
Equity																				
Total IRB approach																				
Central governments or central banks	—	—	—	—	—	—	—	—	—	—	10,660	—	—	—	2,230	—	—	—	—	12,889
Regional governments or local authorities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0
Public sector entities	—	—	—	—	—	—	—	0	—	—	—	—	—	—	—	—	—	—	—	0
Multilateral development banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0
International organisations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0	—	—	—	—	0
Institutions	—	—	—	—	—	—	—	—	—	—	2,098	—	—	—	—	—	—	—	—	2,098
Corporates	1	1,040	14,664	2,322	156	207	3,901	2,130	325	3,370	15,226	536	1,302	1,956	—	32	119	571	12	47,867
Retail	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0
Secured by mortgages on immovable property	—	—	9	—	—	—	—	—	187	—	513	1,385	7	—	—	—	—	—	—	2,101
Exposures in default	0	46	333	75	—	32	79	7	361	30	194	76	4	0	—	—	—	3	—	1,239
Items associated with particularly high risk	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0
Covered bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0
Claims on institutions and corporates with a short-term credit assessment	—	0	140	6	—	—	14	1	19	182	1,045	4	39	0	—	—	—	—	—	1,450
Collective investments undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0

	Q4 2020																			
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	u
	Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Electricity, gas, steam and air conditioning supply	Water Supply	Construction	Wholesale and retail trade	Transport and storage	Accommodation and food service activities	Information and communication	Financial and insurance activities	Real estate activities	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defence, compulsory social security	Education	Human health services and social work activities	Arts, entertainment and recreation	Other services	Total
(€ in Millions)																				
Equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0
Other exposures	—	76	137	15	—	—	260	4	—	76	643	—	3	13	—	—	2	—	—	1,229
Total standardised approach	1	1,162	15,283	2,418	156	238	4,253	2,142	891	3,658	30,379	2,001	1,355	1,969	2,230	32	121	574	12	68,875
Total	1	1,162	15,283	2,418	156	238	4,253	2,142	891	3,658	30,379	2,001	1,355	1,969	2,230	32	121	574	12	68,875

Table 5.4.1.T2. – EU CRB-D Prior Concentration of Exposures by Industry or Counterparty Types

	Q4 2019																			
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	u
	Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Electricity, gas, steam and air conditioning supply	Water supply	Construction	Wholesale and retail trade	Transport and storage	Accommodation and food service activities	Information and communication	Financial and insurance activities	Real estate activities	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defence, compulsory social security	Education	Human health services and social work activities	Arts, entertainment and recreation	Other services	Total
(€ in Millions)																				
Central governments or central banks																				
Institutions																				
Corporates																				
Retail																				
Equity																				
Total IRB approach																				
Central governments or central banks	—	—	—	—	—	—	—	—	—	—	8,153	—	—	—	1,954	—	—	—	—	10,107
Regional governments or local authorities	—	—	—	—	—	—	—	0	—	—	—	—	—	—	—	—	—	—	—	0
Public sector entities	—	—	—	—	—	—	—	0	—	—	—	—	—	—	—	—	—	—	—	0
Multilateral development banks	—	—	—	—	—	—	—	—	—	—	2	—	—	—	—	—	—	—	—	2
International organisations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Institutions	—	—	—	—	—	—	—	—	—	—	2,322	—	—	37	—	—	—	—	—	2,359
Corporates	1	1,282	14,017	3,041	156	394	4,434	2,481	1,519	4,571	17,291	583	1,533	2,571	—	43	106	556	10	54,588
Retail	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Secured by mortgages on immovable property	—	—	—	—	—	—	—	—	193	—	1,501	1,158	—	—	—	—	—	—	—	2,852
Exposures in default	0	—	209	75	—	47	83	7	11	35	237	198	82	0	—	—	—	—	—	986
Items associated with particularly high risk	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Covered bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Claims on institutions and corporates with a short-term credit assessment	—	—	100	140	—	4	15	1	19	78	671	5	38	61	—	—	—	—	—	1,132
Collective investments undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

	Q4 2019																			
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	u
	Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Electricity, gas, steam and air conditioning supply	Water Supply	Construction	Wholesale and retail trade	Transport and storage	Accommodation and food service activities	Information and communication	Financial and insurance activities	Real estate activities	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defence, compulsory social security	Education	Human health services and social work activities	Arts, entertainment and recreation	Other services	Total
(€ in Millions)																				
Equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other exposures	—	7	47	—	—	4	45	45	—	19	684	—	8	16	—	—	9	—	—	885
Total standardised approach	1	1,289	14,374	3,257	156	450	4,577	2,534	1,741	4,703	30,862	1,944	1,662	2,684	1,954	43	115	556	10	72,911
Total	1	1,289	14,374	3,257	156	450	4,577	2,534	1,741	4,703	30,862	1,944	1,662	2,684	1,954	43	115	556	10	72,911

BofA Europe had relatively small exposure in default during the period. From the total BofA Europe exposure, almost half of the portfolio is held with Financial and insurance Activities.

The decrease in Total net Value from €72.9B in 4th Quarter 2019 to €68.9B in 4th Quarter 2020 was mainly driven by the Financial and Insurance Activities, Information and communication, and Accommodation and food service activities.

5.4.2. Counterparty and Credit Exposure Geographic Distribution and Maturity Profile Detail

EU CRB-C disclosures exposures broken down by significant geographical areas and exposure classes. The geographical distribution is reported by analysing the residence of the counterparty and is further analysed to show the breakdown by exposure class.

Table 5.4.2.T1. – EU CRB-C Geographical Breakdown of Exposures

	Q4 2020																					
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v
	Net value																					
	EMEA	UNITED KINGDOM	FRANCE	NETHERLANDS	GERMANY	LUXEMBOURG	SWITZERLAND	BELGIUM	SPAIN	IRELAND	ITALY	SWEDEN	SAUDI ARABIA	OTHER COUNTRIES	AMERICAS	UNITED STATES	CAYMAN ISLANDS	OTHER COUNTRIES	ASIA	CHINA	OTHER COUNTRIES	TOTAL
(€ in Millions)																						
Central governments or central banks																						
Institutions																						
Corporates																						
Retail																						
Equity																						
Total IRB approach																						
Central governments or central banks	12,889	1,007	865	1,017	6,009	0	1,487	280	32	1,765	55	0	365	7	0	0	0	0	0	0	0	12,889
Regional governments or local authorities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public sector entities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Multilateral development banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
International organisations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Institutions	1,569	285	421	131	12	0	0	98	0	25	0	0	122	475	165	165	0	0	364	364	0	2,098
Corporates	46,339	11,413	6,986	4,133	6,597	1,783	1,967	1,035	2,023	1,332	2,544	1,075	746	4,704	1,341	520	484	338	189	0	188	47,867
Retail	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Secured by mortgages on immovable property	2,096	61	154	84	565	292	0	0	503	6	202	156	0	71	5	0	5	0	0	0	0	2,101
Exposures in default	1,187	163	52	24	5	351	221	1	137	0	69	19	0	144	53	8	45	0	0	0	0	1,239
Items associated with particularly high risk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Institutions and corporates with a short-term credit assessment	1,051	912	24	0	73	0	0	1	5	14	2	2	17	0	399	355	0	44	0	0	0	1,450
Collective investments undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other exposures	1,186	438	217	28	60	22	0	0	326	68	6	7	0	13	43	39	0	5	0	0	0	1,229
Total standardised approach	66,317	14,279	8,719	5,418	13,321	2,448	3,675	1,415	3,027	3,211	2,879	1,260	1,251	5,415	2,006	1,086	534	387	553	364	188	68,875
Total	66,317	14,279	8,719	5,418	13,321	2,448	3,675	1,415	3,027	3,211	2,879	1,260	1,251	5,415	2,006	1,086	534	387	553	364	188	68,875

Other Countries in EMEA are Turkey, Austria, Jersey, South Africa, Denmark, United Arab Emirates, Guernsey, Qatar, Norway, Finland, Russia, Portugal, Israel, Isle Of Man, Czech Republic, Mauritius, Liechtenstein, Slovakia, Bahrain, Liberia, Poland, Cyprus, Hungary, Greece, Romania, Malta, Morocco, Slovenia, Georgia.

Other Countries in Americas are Bermuda, The Virgin Islands, Mexico, Canada, Panama, Chile.

Other Countries in Asia are Singapore, Japan, The Marshall Islands, Australia, India, Hong Kong, New Zealand, Malaysia, Indonesia, Korea.

Table 5.4.2.T2. – EU CRB-C Prior Geographical Breakdown of Exposures

	Q4 2019																					
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v
	Net Value																					
	EMEA	UNITED KINGDOM	FRANCE	NETHERLANDS	GERMANY	Switzerland	SPAIN	LUXEMBOURG	BELGIUM	IRELAND	ITALY	SWEDEN	UNITED ARAB EMIRATES	JERSEY	Other countries	Americas	UNITED STATES	CAYMAN ISLANDS	Other countries	Asia	CHINA	Total
(€ in Millions)																						
Central governments or central banks																						
Institutions																						
Corporates																						
Retail																						
Equity																						
Total IRB approach																						
Central governments or central banks	10,107	1,331	1,337	1,422	4	0	1,830	2,390	20	1,230	30	0	399	113	0	0	0	0	0	0	0	10,107
Regional governments or local authorities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public sector entities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Multilateral development banks	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
International organisations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Institutions	1,678	270	106	150	56	0	0	99	0	42	0	0	0	954	231	227	0	4	450	374	75	2,359
Corporates	52,509	13,362	7,507	5,400	5,070	3,514	2,474	1,067	2,353	1,313	2,638	1,101	742	5,968	1,871	667	601	602	209	0	209	54,588
Retail	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Secured by mortgages on immovable property	2,852	28	359	109	66	1,253	0	0	531	0	233	153	0	120	0	0	0	0	0	0	0	2,852
Exposures in default	979	341	124	67	5	7	65	0	138	0	65	0	0	166	7	7	0	0	0	0	0	986
Items associated with particularly high risk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Claims on institutions and corporates with a short-term credit assessment	353	281	51	4	10	0	0	0	6	0	0	2	0	0	773	772	0	1	5	0	5	1,132
Collective investments undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other exposures	847	61	99	36	25	26	0	0	90	434	0	24	0	53	37	37	0	0	0	0	0	885
Total standardised approach	69,328	15,676	9,583	7,188	5,236	4,800	4,369	3,555	3,139	3,020	2,967	1,280	1,141	7,376	2,920	1,711	601	608	663	374	289	72,911
Total	69,328	15,676	9,583	7,188	5,236	4,800	4,369	3,555	3,139	3,020	2,967	1,280	1,141	7,376	2,920	1,711	601	608	663	374	289	72,911

Other Countries in EMEA are Saudi Arabia, Turkey, South Africa, Guernsey, Denmark, Finland, Austria, Qatar, Norway, Greece, Portugal, Israel, Isle Of Man, Slovakia, Bahrain, Mauritius, Poland, Hungary, Oman, Czech Republic, Cyprus, Russia, Monaco, Morocco, Liberia, Slovenia, Kuwait, Bulgaria, Saint Martin (French Part), Liechtenstein, Romania, Malta, Georgia.

Other Countries in Americas are Bermuda, The Virgin Islands, Mexico, Canada, Panama, Brazil, Chile.

Other Countries in Asia are Singapore, Japan, The Marshall Islands, Australia, India, Hong Kong, New Zealand, Malaysia, Indonesia, Thailand, Korea.

The majority of BofA Europe exposure is allocated to EMEA. The movement in geographical distribution exposure from €72.9B in 4th Quarter 2019 to €68.9B in 4th Quarter 2020 is driven by Corporates in EMEA, predominately in United Kingdom, Netherlands, and Luxembourg.

EU CRB-E discloses net credit exposures by maturities and exposure classes.

Table 5.4.2.T3. – EU CRB-E Maturity of Exposures

	Q4 2020					
	a	b	c	d	e	f
	Net Exposure Value					
	On demand	Less than or equal to 1 year	Greater than 1 year, less than or equal to 5 years	Greater than 5 years	No stated maturity	Total
<i>(€ in Millions)</i>						
Central governments or central banks						
Institutions						
Corporates						
Retail						
Equity						
Total IRB approach						
Central governments or central banks	10,656	1,865	365	4	—	12,889
Regional governments or local authorities	—	—	—	—	—	—
Public sector entities	—	—	—	0	—	0
Multilateral development banks	—	—	—	—	—	—
International organisations	—	0	—	—	—	0
Institutions	109	888	242	317	—	1,557
Corporates	106	2,457	10,215	969	396	14,143
Retail	—	—	—	—	—	—
Secured by mortgages on immovable property	—	126	1,803	76	—	2,005
Exposures in default	9	39	824	94	—	966
Items associated with particularly high risk	—	—	—	—	—	—
Covered bonds	—	—	—	—	—	—
Claims on institutions and corporates with a short-term credit assessment	773	291	—	—	95	1,159
Collective investments undertakings	—	—	—	—	—	—
Equity	—	—	—	—	—	—
Other exposures	—	—	—	—	468	468
Total standardised approach	11,653	5,665	13,450	1,460	959	33,188
Total	11,653	5,665	13,450	1,460	959	33,188

Table 5.4.2.T4. – EU CRB-E Prior Maturity of Exposures

	Q4 2019					
	a	b	c	d	e	f
	Net exposure value					
	On demand	Less than or equal to one year	Greater than 1 year, less than or equal to 5 years	Greater than 5 years	No stated maturity	Total
<i>(€ in Millions)</i>						
Central governments or central banks						
Institutions						
Corporates						
Retail						
Equity						
Total IRB approach						
Central governments or central banks	8,150	1,550	404	4	—	10,107
Regional governments or local authorities	—	0	—	—	—	0
Public sector entities	—	0	—	—	—	0
Multilateral development banks	—	0	—	—	—	0
International organisations	—	—	—	—	—	—
Institutions	211	714	871	0	0	1,796
Corporates	175	3,742	12,215	1,982	303	18,416
Retail	—	—	—	—	—	—
Secured by mortgages on immovable property	—	324	1,742	109	—	2,175
Exposures in default	32	155	379	99	—	665
Items associated with particularly high risk	—	—	—	—	—	—
Covered bonds	—	—	—	—	—	—
Claims on institutions and corporates with a short-term credit assessment	353	256	—	—	151	760
Collective investments undertakings	—	—	—	—	—	—
Equity	—	—	—	—	—	—
Other exposures	—	—	—	—	524	524
Total standardised approach	8,920	6,743	15,609	2,195	977	34,445
Total	8,920	6,743	15,609	2,195	977	34,445

The majority of BofA Europe's Credit Risk exposure matures in between one and five years and on demand. The movement in residual maturity from €34.4B in 4th Quarter 2019 to €33.2B in 4th Quarter 2020 is driven by a decrease in Corporate exposure under five years that was partially offset by an increase Central Governments or Central Banks exposures on demand.

5.4.3. Counterparty and Credit Exposure Total and Average Exposure

EU CRB-B discloses the total and average net credit risk exposures broken down by regulatory exposure class.

Table 5.4.3.T1. – EU CRB-B Total and Average Net Amount of Exposures

		Q4 2020	
		a	b
(€ in Millions)		Net value of exposures at the end of the period	Average net exposures over the period
1	Central governments or central banks		
2	Institutions		
3	Corporates		
4	<i>Of which: Specialised lending</i>		
5	<i>Of which: SMEs</i>		
6	Retail		
7	<i>Secured by real estate property</i>		
8	<i>SMEs</i>		
9	<i>Non-SMEs</i>		
10	<i>Qualifying revolving</i>		
11	<i>Other retail</i>		
12	<i>SMEs</i>		
13	<i>Non-SMEs</i>		
14	Equity		
15	Total IRB approach		
16	Central governments or central banks	12,889	13,343
17	Regional governments or local authorities	0	1
18	Public sector entities	0	0
19	Multilateral development banks	0	1
20	International organisations	0	1
21	Institutions	2,098	2,009
22	Corporates	47,867	50,402
23	<i>Of which: SMEs</i>	12	28
24	Retail	0	0
25	<i>Of which: SMEs</i>	0	0
26	<i>Secured by mortgages on immovable property</i>	2,101	2,554
27	<i>Of which: SMEs</i>	0	0
28	Exposures in default	1,239	1,153
29	Items associated with particularly high risk	0	0
30	Covered bonds	0	0
31	Claims on institutions and corporates with a short-term credit assessment	1,450	1,742
32	Collective investments undertakings	0	0
33	Equity	0	0
34	Other exposures	1,229	995
35	Total standardised approach	68,875	72,202
36	Total	68,875	72,202

Table 5.4.3.T2. – EU CRB-B Prior Total and Average Net Amount of Exposures

		Q4 2019	
		a	b
(€ in Millions)		Net value of exposures at the end of the period	Average net exposures over the period
1	Central governments or central banks		
2	Institutions		
3	Corporates		
4	<i>Of which: Specialised lending</i>		
5	<i>Of which: SMEs</i>		
6	Retail		
7	<i>Secured by real estate property</i>		
8	<i>SMEs</i>		
9	<i>Non-SMEs</i>		
10	<i>Qualifying revolving</i>		
11	<i>Other retail</i>		
12	<i>SMEs</i>		
13	<i>Non-SMEs</i>		
14	Equity		
15	Total IRB approach		
16	Central governments or central banks	10,107	11,734
17	Regional governments or local authorities	0	0
18	Public sector entities	0	8
19	Multilateral development banks	2	2
20	International organisations	0	0
21	Institutions	2,359	2,138
22	Corporates	54,588	54,830
23	Of which: SMEs	39	31
24	Retail	0	0
25	Of which: SMEs	0	0
26	Secured by mortgages on immovable property	2,852	2,946
27	Of which: SMEs	0	0
28	Exposures in default	986	852
29	Items associated with particularly high risk	0	0
30	Covered bonds	0	0
31	Claims on institutions and corporates with a short-term credit assessment	1,132	1,512
32	Collective investments undertakings	0	0
33	Equity	0	121
34	Other exposures	885	922
35	Total standardised approach	72,911	75,066
36	Total	72,911	75,066

The majority of BofA Europe exposure in 4th Quarter 2020 is within Corporates. BofA Europe Total Net Value decrease from €72.9B in 4th Quarter 2019 to €68.9B in 4th Quarter 2020 was driven by a decrease in Corporates exposure in the period.

5.4.4. Credit Quality of Assets

Definition of Default

BofA Europe considers a financial asset to be in default when:

- Material exposures are more than 90 days past-due and / or
- The borrower is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due

The materiality threshold used to determine whether an exposure is considered as material is the higher of a threshold of €500 past due or 1% of the outstanding amount owed by a borrower.

Once the legal obligation for a mandatory payment has been established, the counting of days past due starts as soon as any amount of principal, interest or fee has not been paid at the date when it was due.

BofA Europe bases its assessment of unlikeliness to pay on guidance issued by the ECB in 2017. It classifies an exposure as Non-performing exposure ("NPE") if specific "hard" triggers are in evidence and there is no strong mitigant in place. It assesses specific "soft" triggers of unlikeliness to pay as part of its credit assessment process.

BofA Europe considers exposures to have ceased being Non-Performing Exposures, i.e., be re-designated as performing, when all of the following conditions are met:

- a. the exposure is not considered as impaired or defaulted
- b. the situation of the borrower has improved to the extent that full repayment, according to the original or when applicable the modified conditions, is likely to be made
- c. the borrower does not have any amount past-due by more than 90 days
- d. three months have passed since the exposure was designated as non-performing / defaulted in line with the criteria for the return to a non-defaulted status as set out in the EBA Guidelines on the application of the definition of default

At each reporting date, BofA Europe assesses whether financial assets carried at amortised cost and debt financial assets carried at fair value through other comprehensive income ("FVOCI") are credit-impaired. 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:

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

A loan that has been renegotiated due to a deterioration in the borrower's condition will be tested for credit impairment.

Any exposure which is deemed to be in default as per Article 178 of the CRR is deemed to be Non-Performing. BofA Europe treats non-performing exposures as defaulted exposures for provisioning, capital and financial reporting purposes. There is no difference between the accounting and regulatory definition of default.

In assessing whether a borrower is in default, BofA Europe considers qualitative indicators such as breaches of covenants, as well as quantitative indicators such as overdue status and non-payment on other obligations of the same issuer. Data from external sources is also used in the consideration of whether a borrower is in default.

Restructured / Forborne Exposures

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer.

If the terms of a financial asset or financial liability are modified, BofA Europe any evaluates whether the new terms of the modified instrument are substantially different to the original terms. If the new terms are substantially different, then the original instrument is derecognised and a new instrument, based on the modified terms, is recognised at fair value. Differences in the carrying amount are recognised in profit or loss as a gain or loss on derecognition.

If the contractual terms of the modified asset or liability carried at amortised cost are not substantially different, then the modification does not result in derecognition. Instead the Company recalculates the gross carrying amount of the financial instrument based on the revised cash flows of the financial instrument and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

If such a modification of a financial asset is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases it is presented as interest income.

Where modification does result in derecognition, the date of renegotiation is considered to be the date of initial recognition for impairment calculation purposes, including for the purposes of determining where a significant increase in credit risk has occurred.

Expected credit loss ("ECL") are reported as general credit risk adjustment in Table A2.T20. – EU CR2-A Changes in the Stock of General and Specific Credit Risk Adjustments in Appendix 2 - Supplementary Disclosure Templates.

EU CR1-A discloses the gross carrying amount of defaulted and non-defaulted exposures, specific and general credit risk adjustments and the credit risk adjustment charge for the period split by exposure class and instrument.

Table 5.4.4.T1. – EU CR1-A Credit Quality of Exposures by Exposure Class and Instrument

(€ in Millions)		Q4 2020						
		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
		Defaulted exposures	Non-defaulted exposures					
1	Central governments or central banks							
2	Institutions							
3	Corporates							
4	Of which: Specialised lending							
5	Of which: SMEs							
6	Retail							
7	Secured by real estate property							
8	SMEs							
9	Non-SMEs							
10	Qualifying revolving							
11	Other retail							
12	SMEs							
13	Non-SMEs							
14	Equity							
15	Total IRB approach							
16	Central governments or central banks	—	12,889		0	—	(1)	12,889
17	Regional governments or local authorities	—	—		—	—	—	—
18	Public sector entities	—	—		—	—	—	—
19	Multilateral development banks	—	—		—	—	—	—
20	International organisations	—	—		—	—	—	—
21	Institutions	—	2,098		4	—	0	2,095
22	Corporates	—	47,868		217	—	54	47,650
23	Of which: SMEs	—	12		—	—	—	12
24	Retail	—	—		—	—	—	—
25	Of which: SMEs	—	—		—	—	—	—
26	Secured by mortgages on immovable property	—	2,101		19	—	6	2,082
27	Of which: SMEs	—	—		—	—	—	—
28	Exposures in default	1,239	—		67	79	(33)	1,172
29	Items associated with particularly high risk	—	—		—	—	—	—
30	Covered bonds	—	—		—	—	—	—
31	Claims on institutions and corporates with a short-term credit assessment	—	1,450		4	—	0	1,446
32	Collective investments undertakings	—	—		—	—	—	—
33	Equity	—	—		—	—	—	—
34	Other exposures	—	1,229		—	—	—	1,229
35	Total standardised approach	1,239	67,636		312	79	25	68,563
36	Total	1,239	67,636		312	79	25	68,563
37	Of which: loans	966	17,796		200	79	(31)	18,563
38	Of which: Debt securities	—	1,693		—	—	—	1,693
39	Of which: Off-balance sheet exposures	273	35,414		112	—	55	35,575

Table 5.4.4.T2. – EU CR1-A Prior Credit Quality of Exposures by Exposure Class and Instrument

(€ in Millions)		Q2 2020					
		a	b	c	d	e	f
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period
		Defaulted exposures	Non-defaulted exposures				
							g (a+b-c-d)
1	Central governments or central banks						
2	Institutions						
3	Corporates						
4	Of which: Specialised lending						
5	Of which: SMEs						
6	Retail						
7	Secured by real estate property						
8	SMEs						
9	Non-SMEs						
10	Qualifying revolving						
11	Other retail						
12	SMEs						
13	Non-SMEs						
14	Equity						
15	Total IRB approach						
16	Central governments or central banks	—	13,873	—	1	—	1
17	Regional governments or local authorities	—	—	—	—	—	(0)
18	Public sector entities	—	0	—	—	—	—
19	Multilateral development banks	—	2	—	—	—	(0)
20	International organisations	—	0	—	0	—	0
21	Institutions	—	2,030	—	4	—	1
22	Corporates	—	51,760	—	164	—	71
23	Of which: SMEs	—	34	—	—	—	—
24	Retail	—	—	—	—	—	—
25	Of which: SMEs	—	—	—	—	—	—
26	Secured by mortgages on immovable property	—	2,770	—	13	—	10
27	Of which: SMEs	—	—	—	—	—	—
28	Exposures in default	1,090	—	—	101	83	66
29	Items associated with particularly high risk	—	—	—	—	—	—
30	Covered bonds	—	—	—	—	—	—
31	Claims on institutions and corporates with a short-term credit assessment	—	1,862	—	5	—	5
32	Collective investments undertakings	—	—	—	—	—	—
33	Equity	—	—	—	—	—	—
34	Other exposures	—	955	—	0	—	(0)
35	Total standardised approach	1,090	73,252	—	287	83	154
36	Total	1,090	73,252	—	287	83	154
37	Of which: loans	800	29,794	—	240	83	159
38	Of which: Debt securities	—	2,976	—	—	—	(0)
39	Of which: Off-balance sheet exposures	290	33,720	—	56	—	1

The decrease in total net value under standardised approach from €74.1B in 2nd Quarter 2020 to €68.6B in 4th Quarter 2020 was mainly driven by a decrease in non-defaulted exposure with Corporates.

5.5. Securitisation

5.5.1. Securitisation Activities

BofA Europe's exposures to securitisations are held in the non-trading book. BofA Europe acts as an investor and originator in securitisations.

As an investor its objective is to provide balance sheet financing through securitised loans / loan notes and warehouse facilities secured over underlying loans / bonds. The majority of BofA Europe's exposure consists of loans to Special Purpose Entities ("SPEs") that are held as loans on the balance sheet, typically enhanced to an investment grade level. Where BofA Europe acts as derivative counterparty to a securitisation, the derivatives are typically interest rate and foreign exchange swaps. No detailed disclosures are made in respect of derivative exposures as the information provided by such disclosure is not regarded as material. In its role as investor in non-trading book securitisations, BofA Europe principally acts as the senior lender to SPEs engaged in securitisation activity. BofA Europe facilitates the process by financing the SPEs acquisition of underlying assets.

As an investor it provides balance sheet financing through securitised loans / loan notes and warehouse facilities secured over underlying loans / bonds. In its role as investor in non-trading book securitisations, BofA Europe principally acts as the senior lender to SPEs engaged in securitisation activity. BofA Europe facilitates the process by financing the SPEs acquisition of underlying assets.

The process of securitising assets typically involves a company such as a bank or financial institution (as originator) selling a pool of assets with future cash flows to a Securitisation Special Purpose Entity ("SSPE"). The SSPE is typically created specifically for the purpose of the securitisation and is established such that its activities are limited to what is necessary to undertake the transaction. This seeks to ensure that it remains bankruptcy-remote. The SSPE (Issuer) funds the purchase by issuing tradable securities, which are sold to investors. Investors receive interest and principal payments generated from the cash flows of the underlying assets. One of the key benefits of term securitisation is that it delinks the credit risk of the securitisation from that of the originator.

As an originator its objective is to generate a return from the cash flow of the underlying loans. BofA Europe engages in securitisations to enable a lender or a creditor to refinance a set of loans, exposures, or receivables, by transforming them into tradable securities to separate the credit risk of the securitisation from that of the originator.

BofA Europe further holds a portfolio of senior mortgage loans ("Retention Loans") in order to comply with risk retention requirements in accordance with Article 6 of Regulation (EU) 2017/2402 (the "EU Securitisation Regulation") in relation to commercial mortgage-back securitisations ("CMBS") originated by BofA Europe. Retention Loans generally represent loans where BofA Europe has underwritten a commercial real estate loan to a customer and then sells that loan to a SPE in a CMBS. BofA Europe, as original lender, retains, on an ongoing basis, a material net economic interest of not less than 5% in the securitisation in accordance with the text of Article 6(1) of the EU Securitisation Regulation. Such retained material net economic interest will comprise not less than 5% of the nominal value of each of the tranches sold or transferred to investors in accordance with Article 6(3)(a) of the EU Securitisation Regulation, held in the form an Issuer Loan, which has a nominal value equal to at least 5% of the aggregate Principal Amount Outstanding of the Notes of all Classes and the principal balance of the Issuer Loan in each case or a pari passu interest of not less than 5% of the nominal value of the original loan.

The loans are tranching to distribute the risk of the collateral among different tranches that match different investor risk profiles and relating demand. These tranches have different risk / return profiles (achieved through various forms of credit enhancement) and levels of seniority, as well as different degrees of priority with respect to cash inflows (which tranche is satisfied first from the receivables) and loss write-offs. Initial losses are absorbed by the equity or junior tranche up to the level where it is depleted, followed by mezzanine tranches which take some additional losses, again followed by more senior tranches. As a result, the most senior claims (which are enhanced to be the safest and thus get the highest credit rating) are expected to be insulated to an extent from the default risk of the asset pool.

The asset portfolio will usually be divided into several slices, called tranches, each of which has a different level of risk associated with it. Both investment return (principal and interest repayment) and losses are allocated among the various tranches according to their seniority.

BofA Europe does not use the Internal Assessment Approach for securitisations. BofA Europe does not have any re-securitisation exposures. BofA Europe did not have any impaired or past due securitised assets. BofA Europe has not provided financial support to securitisation vehicles within the terms of Article 248(1). BofA Europe does not have any retained or purchased banking or trading book securitisations. BofA Europe does not have any exposures to securitisations in the trading book.

The total amount of outstanding securitised exposures at 31 December 2020 was €2.9B (2019 €2.6B). As at 31 December 2020 BofA Europe had no synthetic exposures and did not act as a sponsor to securitisations. BofA Europe neither transfers nor retains substantially all the risks and rewards of ownership, and has not retained control, in which case the assets are derecognised in their entirety and BofA Europe recognises separately as assets or liabilities any rights and obligations created or retained in the transfer, otherwise if BofA Europe has retained control, the assets continue to be recognised to the extent of BofA Europe's continuing involvement. BofA Europe did not have any assets awaiting securitisation as at 31 December 2020, did not have any exposures to securitisations which are subject to early amortisation treatment and did not deduct from Common Equity Tier 1 capital the exposure value of securitisations subject to a 1,250% risk weight.

BofA Europe acted as originator for two new securitisations in 2020 (2019: four). The total value of the loans sold to SPEs was €0.9B (2019: €1.0B) with a gain on the sales of €4.8M (2019: €14.0M).

5.5.2. Regulatory Capital Treatment

BofA Europe uses the Standardised Approach ("SEC-SA") per the hierarchy of approaches and the External Ratings Based Approach ("SEC-ERBA") where required per Article 254 of Regulation (EU) 2017/2401, to calculate the capital requirements on its securitisation positions.

BofA Europe uses ratings from three ECAs, Moody's, S&P, and Fitch.

5.5.3. Accounting Treatment

5.5.3.1. Consolidation

BofA Europe accounts for its interests in 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 BofA Europe and an SPE, for example, when the nature of BofA Europe'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.

BofA Europe currently does not have SPE exposure that meets the consolidation requirements of IFRS 10.

5.5.3.2. De-Recognition

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

The 'de-recognition' criteria are satisfied if:

- Substantially all the risks and rewards associated with the assets have been transferred, in which case, they are derecognised in full; or
- BofA Europe neither transfers nor retains substantially all the risks and rewards of ownership, and has not retained control, in which case the assets are derecognised in their entirety and BofA Europe recognises separately as assets or liabilities any rights and obligations created or retained in the transfer, otherwise if BofA Europe has retained control, the assets continue to be recognised to the extent of BofA Europe's continuing involvement

Transactions where de-recognition of the assets transferred to an 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 de-recognition requirements in IFRS 9 are treated as financing arrangements and will remain on BofA Europe'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.

BofA Europe's retained interests in securitisation transactions are valued in accordance with BofA Europe's Accounting Policies, as set out in the Financial Statements. These interests mainly comprise of loans, which are classified as loans and advances to customers or trading assets and measured at amortised cost or fair value through profit or loss. BofA Europe does not provide non-contractual financial support to the SPEs.

5.5.4. Securitisation Exposures

SEC 1 discloses securitisation exposures in the banking book broken down by the bank acting as originator, sponsor, and investor and further broken down by traditional and synthetic and split by type. It discloses the carrying value for all exposures.

SEC 3 discloses securitisation exposures in the banking book with the associated regulatory capital requirements for when the bank is acting as originator or as sponsor broken down by risk weight and regulatory approach, split by type. It discloses the exposure value, risk-weighted assets and capital requirements for exposure where the risk transference recognition criteria are met.

Overall BofA Europe banking book securitisations exposure increased by €0.7B from €6.3B in 2nd Quarter 2020 to €7.0B in 4th Quarter 2020. This increase was primarily driven by the bank acting as investor in residential mortgage backed securitisation positions under the SEC-SA approach.

The following tables provide a summary of the types of securitisation within BofA Europe as at 31 December 2020.

Table 5.5.4.T1. – SEC 1 Securitisation Exposures in the Banking Book

		Q4 2020								
		a	b	c	e	f	g	i	j	k
		Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
(€ in Millions)										
1	Retail (total)	—	—	—	—	—	—	1,093	—	—
2	Residential mortgages	—	—	—	—	—	—	1,093	—	—
3	Wholesale (total)	112	—	—	—	—	—	5,774	—	—
4	Of which:	—	—	—	—	—	—	—	—	—
5	Leasing	—	—	—	—	—	—	3,140	—	—
6	Commercial mortgages	112	—	—	—	—	—	89	—	—
7	Other assets	—	—	—	—	—	—	40	—	—
8	Trade receivables	—	—	—	—	—	—	167	—	—
9	Consumer loans	—	—	—	—	—	—	2,338	—	—

Table 5.5.4.T2. – SEC 1 Prior Securitisation Exposures in the Banking Book

		2019								
		a	b	c	e	f	g	i	j	k
		Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
(€ in Millions)										
1	Retail (total)	—	—	—	—	—	—	611	—	—
2	Residential mortgages	—	—	—	—	—	—	611	—	—
3	Wholesale (total)	71	—	—	—	—	—	5,616	—	—
4	Of which:	—	—	—	—	—	—	—	—	—
5	Leasing	—	—	—	—	—	—	3,314	—	—
6	Commercial mortgages	71	—	—	—	—	—	94	—	—
7	Other assets	—	—	—	—	—	—	43	—	—
8	Trade receivables	—	—	—	—	—	—	166	—	—
9	Consumer loans	—	—	—	—	—	—	1,999	—	—

Table 5.5.4.T3. – SEC 3 Securitisation Exposures in the Banking Book and Associated Regulatory Capital Requirements – Bank Acting as Originator or Sponsor

		Q4 2020																
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure Values (by risk weight bands)					Exposure Values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
		≤20%	>20% to 50%	>50% to 100%	>100% to <1250% RW	1250%	SEC-IRBA	SEC-SA	SEC-ERBA	1250%	SEC-IRBA	SEC-SA	SEC-ERBA	1250%	SEC-IRBA	SEC-SA	SEC-ERBA	1250%
(€ in Millions)																		
1	Total exposures	112	—	—	—	—	—	112	—	—	—	17	—	—	—	1	—	—
2	Traditional securitisation	112	—	—	—	—	—	112	—	—	—	17	—	—	—	1	—	—
3	Of which securitisation	112	—	—	—	—	—	112	—	—	—	17	—	—	—	1	—	—
4	Of which retail underlying	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	Of which wholesale	112	—	—	—	—	—	112	—	—	—	17	—	—	—	1	—	—
6	Of which re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7	Of which senior	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8	Of which non-senior	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Synthetic securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Of which securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	Of which retail underlying	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
12	Of which wholesale	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Of which re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
14	Of which senior	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
15	Of which non-senior	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Table 5.5.4.T4. – SEC 3 Prior Securitisation Exposures in the Banking Book and Associated Regulatory Capital Requirements – Bank Acting as Originator or Sponsor

		Q4 2019																
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by risk weight bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
		≤20%	>20% to 50%	>50% to 100%	>100% to <1250% RW	1,250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1,250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1,250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1,250%
(€ in Millions)																		
1	Total exposures	71	—	—	—	—	—	71	—	—	—	11	—	—	—	1	—	—
2	Traditional securitisation	71	—	—	—	—	—	71	—	—	—	11	—	—	—	1	—	—
3	Of which securitisation	71	—	—	—	—	—	71	—	—	—	11	—	—	—	1	—	—
4	Of which retail underlying	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	Of which wholesale	71	—	—	—	—	—	71	—	—	—	11	—	—	—	1	—	—
6	Of which re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7	Of which senior	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8	Of which non-senior	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Synthetic securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Of which securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	Of which retail underlying	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
12	Of which wholesale	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Of which re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
14	Of which senior	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
15	Of which non-senior	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Table 5.5.4.T5. – SEC 4 Securitisation Exposures in the Banking Book and Associated Capital Requirements – Bank Acting as Investor

		Q4 2020																
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by risk weight bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
		≤20%	>20% to 50%	>50% to 100%	>100% to <1250% RW	1250%	SEC-IRBA	SEC-SA	SEC-ERBA	1250%	SEC-IRBA	SEC-SA	SEC-ERBA	1250%	SEC-IRBA	SEC-SA	SEC-ERBA	1250%
(€ in Millions)																		
1	Total exposures	3,296	1,888	1,643	40	—	—	6,671	196	—	—	2,152	350	—	—	172	28	—
2	Traditional securitisation	3,296	1,888	1,643	40	—	—	6,671	196	—	—	2,152	350	—	—	172	28	—
3	Of which securitisation	3,296	1,888	1,643	40	—	—	6,671	196	—	—	2,152	350	—	—	172	28	—
4	Of which retail underlying	892	—	201	—	—	—	1,092	—	—	—	247	—	—	—	20	—	—
5	Of which wholesale	2,404	1,888	1,442	40	—	—	5,579	196	—	—	1,905	350	—	—	152	28	—
6	Of which re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7	Of which senior	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8	Of which non-senior	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Synthetic securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Of which securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	Of which retail underlying	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
12	Of which wholesale	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Of which re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
14	Of which senior	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
15	Of which non-senior	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Table 5.5.4.T6. – SEC 4 Prior Securitisation Exposures in the Banking Book and Associated Capital Requirements – Bank Acting as Investor

		Q2 2019																
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by risk weight bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
		≤20%	>20% to 50%	>50% to 100%	>100% to <1250% RW	1,250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	12.5	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1,250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1,250%
(€ in Millions)																		
1	Total exposures	2,349	2,585	1,250	43	—	—	6,028	199	—	—	2,165	367	—	—	173	29	—
2	Traditional securitisation	2,349	2,585	1,250	43	—	—	6,028	199	—	—	2,165	367	—	—	173	29	—
3	Of which securitisation	2,349	2,585	1,250	43	—	—	6,028	199	—	—	2,165	367	—	—	173	29	—
4	Of which retail underlying	331	—	280	—	—	—	611	—	—	—	213	—	—	—	17	—	—
5	Of which wholesale	2,018	2,585	970	43	—	—	5,417	199	—	—	1,952	367	—	—	156	29	—
6	Of which re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7	Of which senior	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8	Of which non-senior	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Synthetic securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Of which securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	Of which retail underlying	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
12	Of which wholesale	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Of which re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
14	Of which senior	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
15	Of which non-senior	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

5.6. Capital Buffers

The CCyB was introduced through CRD IV, as amended by CRD V, and is defined as the amount of CET1 capital BofA Europe must hold in accordance with CRD IV, as amended by CRD V, as implemented by the CBI. The CCyB is equal to BofA Europe's total risk exposure amount multiplied by the weighted average of the CCyB rates that apply to exposures in the jurisdictions where BofA Europe'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 CCyB, ranging from 0% to 2.5% of risk weighted assets, may be put in place for specified jurisdictions.

Under CRD IV, as amended by CRD V, BofA Europe should face the same CCyB rates as domestic institutions on its cross-border exposures under the international reciprocity process.

To support the supply of Credit, as a result of COVID-19, France, Ireland, and Lithuania reduced the CCyB to 0%; while Belgium, Germany, and Slovakia revoked the previously announced CCyB activations. Slovakia subsequently further reduced its CCyB to 1%. Reciprocity arrangements require banks to apply the CCyB rate of the country in which the exposures are located, irrespective of the bank's location. As a result, euro bank requirements have not only been lowered due to CCyB reductions in euro area countries, but also due to those in the Czech Republic, Denmark, Hong Kong, Iceland, Norway, Sweden, and United Kingdom.

Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer and Amount of institution-specific countercyclical capital buffer are from Commission Delegated Regulation (EU) 2015/1555 published on 28 May 2015.

Table 5.6.T1. – Geographical Distribution of Credit Exposure Relevant for the Calculation of the Countercyclical Buffer

(€ in Millions)	General Credit Exposures		Trading Book Exposures		Securitisation Exposures		Own Funds Requirements				Own funds requirement weights	Countercyclical capital buffer rate
	Exposure value for SA	Exposure value for IRB	Sum of long and short positions of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	of which: General credit exposures	of which: Trading book exposures	of which: securitisation exposures	Total		
	10	20	30	40	50	60	70	80	90	100	110	120
Breakdown by Country												
UNITED KINGDOM	6,936	—	80	—	2,926	—	517	7	55	579	20.79 %	0 %
GERMANY	4,632	—	44	—	—	—	345	4	—	349	12.53 %	0.00 %
FRANCE	4,005	—	57	—	1,227	—	259	6	52	318	11.43 %	0 %
NETHERLANDS	2,868	—	36	—	391	—	226	3	10	240	8.61 %	0 %
SPAIN	2,535	—	9	—	—	—	210	1	—	211	7.58 %	0 %
ITALY	2,119	—	—	—	29	—	166	—	—	166	5.96 %	0 %
LUXEMBOURG	1,816	—	54	—	1,033	—	158	4	31	193	6.94 %	0 %
SWITZERLAND	1,264	—	—	—	—	—	93	—	—	93	3.34 %	0 %
IRELAND	906	—	—	—	807	—	67	—	45	112	4.03 %	0.0 %
SWEDEN	854	—	29	—	—	—	68	3	—	71	2.55 %	0.0 %
SAUDI ARABIA	703	—	—	—	—	—	54	—	—	54	1.92 %	0 %
BELGIUM	594	—	—	—	399	—	40	—	5	45	1.61 %	0 %
DENMARK	512	—	2	—	—	—	41	—	—	41	1.48 %	0 %
UNITED ARAB EMIRATES	457	—	—	—	—	—	19	—	—	19	0.70 %	0 %
CAYMAN ISLANDS	449	—	—	—	—	—	37	—	—	37	1.34 %	0 %
JERSEY	321	—	—	—	167	—	29	—	2	31	1.11 %	0 %
TURKEY	308	—	—	—	—	—	27	—	—	27	0.97 %	0 %
GUERNSEY	232	—	—	—	—	—	19	—	—	19	0.67 %	0 %
BERMUDA	228	—	—	—	—	—	18	—	—	18	0.65 %	0 %
NORWAY	220	—	1	—	—	—	12	—	—	12	0.43 %	1 %
UNITED STATES	211	—	50	—	—	—	10	5	—	15	0.54 %	0 %
RUSSIAN FEDERATION	201	—	—	—	—	—	16	—	—	16	0.58 %	0 %
SOUTH AFRICA	166	—	—	—	—	—	13	—	—	13	0.48 %	0 %
AUSTRIA	140	—	1	—	—	—	11	—	—	11	0.39 %	0.0 %
FINLAND	129	—	—	—	—	—	10	—	—	10	0.37 %	0 %
ISLE OF MAN	113	—	8	—	—	—	9	1	—	10	0.35 %	0 %
QATAR	108	—	—	—	—	—	9	—	—	9	0.31 %	0 %
Other Countries	745	—	29	—	—	—	64	3	2	67	2.35 %	3 %
Total ¹	33,772	—	400	—	6,979	—	2,547	37	202	2,786	100 %	3.75 %

¹ Other Countries, below €100M SA exposure value, include Portugal, Slovakia, Singapore, Israel, Bahrain, Mexico, Mauritius, Czech Republic, British Virgin Islands, Poland, Cyprus, Greece, Liechtenstein, Romania, Estonia, Liberia, Canada, Hungary, Morocco.

General Credit Exposures decreased by €5.6B to €33.8B, driven by lower activity in the year.

Table 5.6.T2. – Amount of Institution-specific Countercyclical Capital Buffer

(€ in Millions)	Q4 2020	Q4 2019
Total risk exposure amount	43,157	51,732
Institution-specific CCyB rate	0.03 %	0.42 %
Institution-specific CCyB requirement	11	219

Institution-specific CCyB requirement decreased by €208M to €11M, driven by lower rates to support the supply of credit resulting from COVID-19.

5.7. Capital Resources

The below table shows a reconciliation between the accounting balance sheet values and the regulatory capital values of the items included in BofA Europe's Capital Resources.

BofA Europe adopted IFRS 9 for the accounting of financial instruments. The introduction of the ECL model did not result in a material adjustment to equity as at the date of adoption of IFRS 9. For this reason BofA Europe is not applying the transitional arrangements for IFRS 9 as specified in Article 473a of the CRR. BofA Europe's own funds, capital and leverage ratios already reflect the full impact of IFRS 9. Euro - US Dollar exchange rate used at year end was 1.2271.

BofA Europe in accordance with paragraphs 213 to 232 of Part 2 of Annex V to Commission Implementing Regulation (EU) No 680/2014, has taken the following approach in respect of coverage of exposures classified as NPE's:

- For secured NPEs older than 7 years, a 60% coverage is achieved by year-end 2020, with a linear adjustment path to full coverage by year-end 2024
- For unsecured NPEs older than 2 years, 70% coverage is achieved by year end 2020, with a linear adjustment path to full coverage by year-end 2023

Application of the approach covers all NPEs as at 31 March 2018 and aims to phase in towards full application of 100% coverage for NPEs.

BofA Europe has reviewed the non-performing exposures population and exposures classified as NPE's on 31 March 2018 and also considered the Addendum to the ECB Guidance to bank on non-performing loans and Regulation (EU) 2019/630 amending regulation (EU) No 575/2013 as regards minimum loss coverage for non-performing exposures.

BofA Europe has taken a deduction of CET 1 capital of €124M as at year end.

Table 5.7.T1. – Regulatory Capital Resources & Reconciliation to Accounting Balance Sheet

<i>(€ in Millions)</i>	Q4 2020	Q2 2020
<i>Balance per audited Financial Statements</i>		
Called up Share Capital	26	29
Share Premium Account	7,383	8,091
Other Reserves	71	67
Profit and Loss Account	2,345	2,389
<i>Adjustments to Balance Sheet Items for Regulatory Own Funds</i>		
Debit Valuation Adjustment	(2)	(1)
Prudential Valuation Adjustment	(68)	(74)
NPE Minimum Coverage deduction	(124)	(117)
Other Current Year Audited (Gains) / Losses	—	(2)
Tier 1 Capital	9,632	10,382
Additional Tier 1	—	—
Tier 2 Capital	1,630	1,786
Total Capital Resources (net of deductions)	11,261	12,168

Reconciliation consists of balance per audited Financial Statements, including Ordinary Share Capital, Share Premium, Other Equity, Accumulated other comprehensive Income and Retained earnings; adjusting for regulatory own funds of Debit and Prudential Validation Adjustments, NPE Minimum Coverage deduction and Other Current Year Audited Gains / Losses; plus Tier 2 Capital; to agree to Regulatory Own Funds.

The Capital instruments main features template is from Commission Implementing Regulation (EU) No 1423/2013 published on 20 December 2013. A description of the main features of the CET1, Tier 2, and Eligible Liability are disclosed in the table below. In addition and as per Article 437 (1) (c) of the CRR, the full terms and conditions of the CET1, Tier 2, and Eligible Liability issued by BofA Europe are published on the Investor Relations section of BAC's corporate website:

<http://investor.bankofamerica.com>

Table 5.7.T2. – Capital Instrument Main Features

Capital Instruments Main Features		1	2	3	4
		CET1	T2	T2	Eligible Liability
1	Issuer	Bank of America Europe Designated Activity Company	Bank of America Europe Designated Activity Company	Bank of America Europe Designated Activity Company	Bank of America Europe Designated Activity Company
2	Unique identifier (e.g., CUSIP, ISIN, or Bloomberg identifier for private placement)	N/A	N/A	N/A	N/A
2a	Public or private placement	Private Placement	Private Placement	Private Placement	Private Placement
3	Governing law(s) of the instrument	Irish	Irish	Irish	Irish
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes (as per Article 64 of BRRD)	Yes	Yes	Yes
Regulatory Treatment					
4	Transitional CRR rules	CET1	T2	T2	Eligible Liability
5	Post-transitional CRR rules	CET1	T2	T2	Eligible Liability
6	Eligible at solo / (sub-)consolidated / solo & (sub-)consolidated	Solo	Solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares with full voting rights	Subordinated Loan	Subordinated Loan	Subordinated Loan Non T2
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	\$32 million comprising nominal	\$1 billion	\$1 billion	\$2 billion
9	Nominal amount of instrument	32,067,011 issued shares @ \$1.00	\$1 billion	\$1 billion	\$2 billion
EU-9a	Issue price	32,067,011 @ \$1.00	\$1 billion	\$1 billion	\$2 billion
EU-9b	Redemption price	N/A	\$1 billion	\$1 billion	\$2 billion
10	Accounting classification	Shareholders equity	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	Original allotment 21 Feb 1995, further allotments took place on 13 Jun 1995, 25 Aug 1995, 29 and 30 Sep 2006, 13 Mar 2007 and 1 Dec 2018.	23/5/2016	22/3/2017	10/2/2020
12	Perpetual or dated	Perpetual	Dated	Dated	Dated
13	Original maturity date	No maturity	23/5/2027	22/3/2028	10/2/2022

Capital Instruments Main Features		1	2	3	4
		CET1	T2	T2	Eligible Liability
14	Issuer call subject to prior supervisory approval	N/A	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	No issuer call date. However, may repay before maturity in the event of a Tax Event or a Capital Disqualification Event, subject to prior supervisory approval.	No issuer call date. However, may repay before maturity in the event of a Tax Event or a Capital Disqualification Event, subject to prior supervisory approval.	No issuer call date. However, may repay in whole or party at par on any date subject to prior supervisory approval.
16	Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons / Dividends					
17	Fixed or floating dividend/coupon	N/A	Floating	Floating	Floating
18	Coupon rate and any related index	N/A	3 month LIBOR plus 176bps per annum	3 month LIBOR plus 133bps per annum	Federal funds rate plus 69bps per annum
19	Existence of a dividend stopper	No	No	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Mandatory	Mandatory	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
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
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	No	No	Yes
31	If write-down, write-down trigger(s)	N/A	N/A	N/A	Single Resolution Board has the authority to trigger the write-down of the instrument under the contractual terms if they deem the entity is failing or likely to fail
32	If write-down, full or partial	N/A	N/A	N/A	Full and Partial
33	If write-down, permanent or temporary	N/A	N/A	N/A	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A

Capital Instruments Main Features		1	2	3	4
		CET1	T2	T2	Eligible Liability
34a	Type of subordination (only for eligible liabilities)	N/A	Contractual	Contractual	Contractual
EU-34b	Ranking of the instrument in normal insolvency proceedings	N/A	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated liability noted in column 2-3	Subordinated to Eligible Liabilities	Subordinated to Eligible Liabilities	Subordinated to Other Liabilities
36	Non-compliant transitioned features	No	No	No	No
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	http://investor.bankofamerica.com	http://investor.bankofamerica.com	http://investor.bankofamerica.com

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

Note: In line with Section 4 paragraph 17 of the EBA Guidelines, rows 2a, 3a, 34a, and EU-34b have been added to disclose the Eligible Liability.

The Own funds disclosure template is from Commission Implementing Regulation (EU) No 1423/2013 published on 20 December 2013. The table discloses CET 1 capital: instruments and reserves, CET 1 capital: regulatory adjustments, Tier 2 capital: instruments and provisions, capital ratios and buffers, amounts below the thresholds for deduction (before risk weighting), and applicable caps on the inclusion of provisions in Tier 2.

The Regulatory capital resources and reconciliation to accounting balance sheet template is as per Article 437(1) of the CRR. The templates disclose a reconciliation between the accounting balance sheet values and the regulatory capital values of the items included in BofA Europe's Capital Resources.

Table 5.7.T3. – Own Funds Disclosure Template

(€ in Millions)		Q4 2020	Q2 2020	Regulation (EU) No 575/2013 Article Reference
	Common Equity Tier 1 Capital: Instruments and Reserves			
1	Capital instruments and the related share premium accounts	7,410	8,120	26 (1), 27, 28, 29
	of which: Ordinary shares with full voting rights	26	29	EBA list 26 (3)
	of which: Share premium	7,383	8,091	EBA list 26 (3)
	of which: Capital contribution	—	—	EBA list 26 (3)
2	Retained earnings	2,415	2,443	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves)	—	12	26 (1)
3a	Funds for general banking risk	—	—	26 (1) (f)
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	—	—	486 (2)
5	Minority interests (amount allowed in consolidated CET1)	—	—	84
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	—	—	26 (2)
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	9,825	10,574	Sum of rows 1 to 5a
	Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(68)	(74)	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	—	—	36 (1) (b), 37
9	Empty set in the EU			
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) are met) (negative amount)	—	—	36 (1) (c), 38,
11	Fair value reserves related to gains or losses on cash flow hedges	—	—	33(1) (a)
12	Negative amounts resulting from the calculation of expected loss amounts	—	—	36 (1) (d), 40, 159
13	Any increase in equity that results from securitised assets (negative amount)	—	—	32 (1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(2)	(1)	33(1) (b)
15	Defined-benefit pension fund assets (negative amount)	—	—	36 (1) (e), 41
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	—	—	36 (1) (f), 42
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)	—	—	36 (1) (g), 44
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)	—	—	36 (1) (h), 43, 45, 46, 49 (2) (3), 79
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)	—	—	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79
20	Empty set in the EU	—	—	
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	—	—	36 (1) (k)
20b	of which: qualifying holdings outside the financial sector (negative amount)	—	—	36 (1) (k) (i), 89 to 91
20c	of which: securitisation positions (negative amount)	—	—	36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258

(€ in Millions)		Q4 2020	Q2 2020	Regulation (EU) No 575/2013 Article Reference
	Common Equity Tier 1 Capital: Instruments and Reserves			
20d	of which: free deliveries (negative amount)	—	—	36 (1) (k) (iii), 379 (3)
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	—	—	36 (1) (c), 38, 48 (1) (a)
22	Amount exceeding the 15% threshold (negative amount)	—	—	48 (1)
23	of which: 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	—	—	36 (1) (i), 48 (1) (b)
24	Empty set in the EU	—	—	
25	of which: deferred tax assets arising from temporary differences	—	—	36 (1) (c), 38, 48 (1) (a)
25a	Losses for the current financial year (negative amount)	—	—	36 (1) (a)
25b	Foreseeable tax charges relating to CET1 items (negative amount)	—	—	36 (1) (l)
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	—	—	36 (1) (j)
27a	Other regulatory adjustments (including IFRS 9 transitional adjustments when relevant)	(124)	(117)	3
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(194)	(192)	Sum of rows 7 to 20a, 21, 22 and 25a to 27
29	Common Equity Tier 1 (CET1) capital	9,632	10,382	Row 6 minus row 28
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts	—	—	51, 52
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) and the related share premium accounts subject to phase out from AT1	—	—	486 (3)
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	—	—	85, 86
35	of which: instruments issued by subsidiaries subject to phase out	—	—	486 (3)
36	Additional Tier 1 (AT1) capital before regulator adjustments	—	—	Sum of rows 30, 33 and 34
Additional Tier 1 (AT1) capital: regulatory adjustments				
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)			52 (1) (b), 56 (a), 57
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)			56 (b), 58
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)			56 (c), 59, 60, 79
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)			56 (d), 59, 79
41	Empty set in the EU			
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)			56 (e)
43	Total Regulatory adjustments to Additional Tier 1 (AT1) capital	—	—	Sum of rows 37 to 42
44	Additional Tier 1 (AT1) capital	—	—	Row 36 minus row 43
45	Tier 1 capital (T1 = CET1 + AT1)	9,632	10,382	Sum of row 29 and row 44
Tier 2 (T2) capital: Instruments and provisions				
46	Capital instruments and the related share premium accounts	1,630	1,786	62, 63
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	—	—	486 (4)
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	—	—	87, 88
49	of which: instruments issued by subsidiaries subject to phase out	—	—	486 (4)

(€ in Millions)		Q4 2020	Q2 2020	Regulation (EU) No 575/2013 Article Reference
Common Equity Tier 1 Capital: Instruments and Reserves				
50	Credit risk adjustments	—	—	62 (c) & (d)
51	Tier 2 (T2) capital before regulatory adjustments	1,630	1,786	
Tier 2 (T2) capital: regulatory adjustments				
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	—	—	63 (b) (i), 66 (a), 67
53	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)	—	—	66 (b), 68
54	Direct and indirect 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)	—	—	66 (c), 69, 70, 79
55	Direct and indirect 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)	—	—	66 (d), 69, 79
56	Empty set in the EU			
57	Total regulatory adjustments to Tier 2 (T2) capital	—	—	Sum of rows 52 to 56
58	Tier 2 (T2) capital	1,630	1,786	Row 51 minus row 57
59	Total capital (TC = T1 + T2)	11,261	12,168	Sum of row 45 and row 58
60	Total risk weighted assets	43,157	49,104	
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	22.3 %	21.1 %	92 (2) (a)
62	Tier 1 (as a percentage of total risk exposure amount)	22.3 %	21.1 %	92 (2) (b)
63	Total capital (as a percentage of total risk exposure amount)	26.1 %	24.8 %	92 (2) (c)
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount)	7.5 %	7.0 %	CRD 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement	2.5 %	2.5 %	
66	of which: countercyclical buffer requirement	0.0 %	0.0 %	
67	of which: systemic risk buffer requirement	0.0 %	0.0 %	
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.5 %	0.0 %	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	16.3 %	15.1 %	CRD 128
69	[non relevant in EU regulation]			
70	[non relevant in EU regulation]			
71	[non relevant in EU regulation]			
Amounts below the thresholds for deduction (before risk weighting)				
72	Direct and indirect holdings of the capital 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)	—	—	36 (1) (h), 46, 45, 56 (c), 59, 60, 66 (c), 69, 70
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 10% threshold and net of eligible short positions)	—	—	36 (1) (i), 45, 48
74	Empty set in the EU			
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	80	44	
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)	—	—	62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	430	491	62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	—	—	62

(€ in Millions)		Q4 2020	Q2 2020	Regulation (EU) No 575/2013 Article Reference
	Common Equity Tier 1 Capital: Instruments and Reserves			
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	—	—	62
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	—	—	484 (3), 486 (2) & (5)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	—	—	484 (3), 486 (2) & (5)
82	Current cap on AT1 instruments subject to phase out arrangements	—	—	484 (4), 486 (3) & (5)
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	—	—	484 (4), 486 (3) & (5)
84	Current cap on T2 instruments subject to phase out arrangements	—	—	484 (5), 486 (4) & (5)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	—	—	484 (5), 486 (4) & (5)

Note: In line with Section 4 paragraph 17 of the EBA Guidelines, row 27a has been added to disclose additional deductions of CET1 Capital due to vintage deductions for non-performing loans.

There are no own funds items or adjustments that are subject to pre-regulation (EU) No 575 / 2013 treatment or prescribed residual amount of regulation (EU) No 575 / 2013 in BofA Europe.

Total capital as at 4th Quarter 2020 amounted to €11.3B, consisting of a CET1 capital of €9.6B and Tier 2 capital of €1.6B. The decrease in Total capital from €12.2B in 2nd Quarter 2020 of €0.9B is driven by FX movement on the USD denominated share premium.

5.8. Leverage

5.8.1. Leverage Approach

The leverage ratio is a measure of Tier 1 capital as a percentage of exposure as defined under the CRR rules.

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.

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.

The leverage ratio exposure decreased by €6.7B to €70.8B in 4th Quarter 2020 from €77.5B in 2nd Quarter 2020 primarily driven by a decrease in securities due to matured positions and high level of repayments seen throughout the period.

Increase in Leverage Ratio from 13.4% in 2nd Quarter 2020 to 13.6% in 4th Quarter 2020 was driven by decrease in Leverage Ratio exposure compared to Tier 1 Capital in the period.

BofA Europe's fully loaded leverage ratio of 13.6%, takes into account a fully loaded Tier 1 capital of €9.6B over an applicable leverage ratio exposure measure of €70.8B as at 4th Quarter 2020 (€10.4B and €77.5B as at 2nd Quarter 2020 respectively).

5.8.2. Additional Detail on Leverage Ratio**Table 5.8.2.T1. – Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures**

<i>(€ in Millions)</i>		Q4 2020	Q2 2020
1	Total assets as per financial statements	54,012	62,387
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation		—
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)		—
4	Adjustments for derivative financial instruments	(1,786)	(1,763)
5	Adjustments for securities financing transactions (SFTs)	2	—
6	Adjustment for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	18,155	16,819
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	—	—
EU-6b	(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	—	—
7	Other adjustments	461	24
8	Total leverage ratio exposure	70,844	77,467

Table 5.8.2.T2. – Leverage Ratio Common Disclosure

(€ in Millions)		Q4 2020	Q2 2020
On-Balance Sheet Exposures (excluding derivatives and SFTs)			
1	On-balance Sheet Items (excluding Derivatives, SFTs and fiduciary assets, but including Collateral)	46,117	51,914
2	Asset Amounts Deducted in Determining Tier 1 Capital	(68)	(74)
3	Total On-Balance Sheet Exposures (excluding derivatives, SFTs and fiduciary assets)	46,050	51,840
Derivative Exposures			
4	Replacement Cost Associated with Derivatives Transactions (net of Eligible Cash Variation Margin)	989	1,327
5	Add-on Amounts for PFE Associated with Derivatives Transactions (Mark-to-Market method)	498	517
EU-5a	Exposure Determined under Original Exposure Method	—	—
6	Gross-up for Derivatives Collateral provided where deducted from the Balance Sheet Assets pursuant to the Applicable Accounting Framework	—	—
7	(Deductions of Receivables Assets for Cash Variation Margin provided in Derivatives Transactions)	(1,369)	(1,391)
8	(Exempted CCP leg of Client-Cleared Trade Exposures)	—	—
9	Adjusted Effective Notional Amount of Written Credit Derivatives	—	—
10	(Adjusted Effective Notional Offsets and Add-On Deductions for Written Credit Derivatives)	—	—
11	Total Derivative Exposure	119	453
Securities Financing Transaction Exposures			
12	Gross SFT Assets (With No Recognition of Netting), after Adjusting for Sales Accounting Transactions	6,519	8,355
13	(Netted Amounts of Cash Payables and Cash Receivables of Gross SFT Assets)	—	—
14	Counterparty Credit Risk Exposure for SFT Assets	2	—
EU-14a	Derogation For SFTs: Counterparty Credit Risk Exposure in accordance with Article 429B (4) and 222 of Regulation (Eu) NO. 575/2013	—	—
15	Agent Transaction Exposures	—	—
EU-15a	(Exempted CCP Leg of Client-Cleared SFT Exposure)	—	—
16	Total Securities Financing Transaction Exposures	6,521	8,355
Off-Balance Sheet Exposures			
17	Off-balance Sheet Exposures at Gross Notional Amount	37,177	34,900
18	Adjustments for Conversion to Credit Equivalent Amounts	(19,022)	(18,081)
19	Total Off-Balance Sheet Exposures	18,155	16,819
Exempted Exposures			
EU-19a	(Exemption of Intragroup Exposures (Solo Basis) in accordance with Article 429(7) of Regulation (EU) NO. 575/2013 (On And Off Balance Sheet))	—	—
EU-19b	(Exposures Exempted in accordance with Article 429 (14) of Regulation (EU) NO. 575/2013 (On And Off Balance Sheet))	—	—
Capital and Total Exposures			
20	Tier 1 Capital	9,632	10,382
21	Total Leverage Ratio Exposures	70,844	77,467
Leverage Ratio			
22	Leverage Ratio	13.6 %	13.4 %
Choice on Transitional Arrangements and Amount of Derecognised Fiduciary Items			
EU-23	Choice on Transitional Arrangements for the Definition of the Capital Measure	Fully phased-in	Fully phased-in
EU-24	Amount of derecognised fiduciary items in accordance with Article 429 (11) of Regulation (EU) No 575/2013	—	—

Table 5.8.2.T3. – Split of On-Balance Sheet Exposures (Excluding Derivatives and SFTs)

(€ in Millions)		Q4 2020	Q2 2020
EU-1	Total on-balance sheet exposures (excluding derivatives and SFTs), of which:	44,748	50,524
EU-2	Trading book exposures	1,291	1,724
EU-3	Banking book exposures, of which:	43,457	48,800
EU-4	Covered bonds	—	—
EU-5	Exposures treated as sovereigns	12,889	13,873
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	—	0
EU-7	Institutions	6,394	4,629
EU-8	Secured by mortgages of immovable properties; of which	2,005	2,612
EU-9	Retail exposures	—	—
EU-10	Corporate	14,143	20,242
EU-11	Exposures in default	966	800
EU-12	Other exposures (e.g., equity, securitisations, and other non-credit obligation assets)	7,059	6,644

5.8.3. Management of Risk of Excessive Leverage Ratio

BofA Europe sets a leverage ratio risk appetite limit at an appropriate level to manage the risk of excessive leverage. Leverage ratio metrics are monitored and reviewed for consistency with the strategic plan and risk appetite statement, as well as being reviewed quarterly by the BofA Europe Board. This will include the actual reported leverage ratio, compared against the BofA Europe Board's risk appetite limit and regulatory minimums. The leverage ratio reinforces risk based requirements and limits the build up of excessive leverage.

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

5.9. Additional details relating to COVID-19

On 2 April 2020, the EBA issued its Guideline on legislative and non-legislative moratoria on loan repayment applied in light of the COVID-19 crisis. Member states have introduced legislative moratoria on loan repayments and various forms of public guarantees to be applied to new lending, amongst other measures.

Information on loans and advances subject to legislative and non-legislative moratoria template, Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria template and Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis template are from EBA/GL/2020/07 published on 2 June 2020. Member states have introduced legislative moratoria on loan repayments and various forms of public guarantees to be applied to new lending, amongst other measures. These measures do not automatically trigger forbearance classification or do not automatically lead to the classification of default.

The tables below disclose the loans and advances subject to legislative and non-legislative moratoria (including residual maturity) and information on newly originated loans and advances provided under the public guarantee schemes.

Table 5.9.T1. – Information on Loans and Advances Subject to Legislative and Non-legislative Moratoria

	Gross Carrying Amount							Accumulated Impairment, Accumulated Negative Changes in Fair Value Due to Credit Risk							Gross Carrying Account
	Performing				Non-performing			Performing				Non-performing			Inflows to non-performing exposures
		Of which: Exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: Exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due ≤ 90 days			Of which: Exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: Exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due ≤ 90 days		
(€ in Millions)															
Loans and advances subject to moratorium	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which: Households	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which: Collateralised by residential immovable property	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which: Non-financial corporations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which: Small and Medium-sized Enterprises	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which: Collateralised by commercial immovable property	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Table 5.9.T2. – Prior Information on Loans and Advances Subject to Legislative and Non-legislative Moratoria

	Gross Carrying Amount							Accumulated Impairment, Accumulated Negative Changes in Fair Value Due to Credit Risk						Gross Carrying Account
	Performing				Non-performing			Performing			Non-performing			Inflows to non-performing exposures
		Of which: Exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: Exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due ≤ 90 days		Of which: Exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: Exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due ≤ 90 days		
(€ in Millions)														
Loans and advances subject to moratorium	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which: Households	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which: Collateralised by residential immovable property	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which: Non-financial corporations	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which: Small and Medium-sized Enterprises	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which: Collateralised by commercial immovable property	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Table 5.9.T3. – Breakdown of Loans and Advances Subject to Legislative and Non-legislative Moratoria by Residual Maturity of Moratoria

	Number of Obligors	Gross Carrying Amount							
			Of which: Legislative Moratoria	Of which: Expired	Residual Maturity of Moratoria				
					≤ 3 months	> 3 months ≤ 6 months	> 6 months ≤ 9 months	> 9 months ≤ 12 months	> 1 year
(€ in Millions)									
Loans and advances for which moratorium was offered	0	0							
Loans and advances subject to moratorium (granted)	0	0	0	0	0	0	0	0	0
of which: Households		0	0	0	0	0	0	0	0
of which: Collateralised by residential immovable property		0	0	0	0	0	0	0	0
of which: Non-financial corporations		0	0	0	0	0	0	0	0
of which: Small and Medium-sized Enterprises		0	0	0	0	0	0	0	0
of which: Collateralised by commercial immovable property		0	0	0	0	0	0	0	0

Table 5.9.T4. – Prior Breakdown of Loans and Advances Subject to Legislative and Non-legislative Moratoria by Residual Maturity of Moratoria

(€ in Millions)	Number of Obligors	Gross Carrying Amount							
			Of which: Legislative Moratoria	Of which: Expired	Residual Maturity of Moratoria				
					≤ 3 months	> 3 months ≤ 6 months	> 6 months ≤ 9 months	> 9 months ≤ 12 months	> 1 year
Loans and advances for which moratorium was offered	0	0							
Loans and advances subject to moratorium (granted)	0	0	0	0	0	0	0	0	0
of which: Households		0	0	0	0	0	0	0	0
<i>of which: Collateralised by residential immovable property</i>		0	0	0	0	0	0	0	0
of which: Non-financial corporations		0	0	0	0	0	0	0	0
<i>of which: Small and Medium-sized Enterprises</i>		0	0	0	0	0	0	0	0
<i>of which: Collateralised by commercial immovable property</i>		0	0	0	0	0	0	0	0

Table 5.9.T5. – Information on Newly Originated Loans and Advances Provided under Newly Applicable Public Guarantee Schemes Introduced in Response to COVID-19 Crisis

(€ in Millions)	Gross Carrying Amount		Maximum Amount of the Guarantee that can be Considered	Gross Carrying Amount
		Of which: Forborne	Public Guarantees Received	Inflows to Non-performing Exposures
Newly originated loans and advances subject to public guarantee schemes	38	31	32	0
of which: Households	0	0	0	0
<i>of which: Collateralised by residential immovable property</i>	0	0	0	0
of which: Non-financial corporations	9	9	8	0
<i>of which: Small and Medium-sized Enterprises</i>	0	0	0	0
<i>of which: Collateralised by commercial immovable property</i>	0	0	0	0

Table 5.9.T6. – Prior Information on Newly Originated Loans and Advances Provided under Newly Applicable Public Guarantee Schemes Introduced in Response to COVID-19 Crisis

	Gross Carrying Amount		Maximum Amount of the Guarantee that can be Considered	Gross Carrying Amount
		Of which: Forborne	Public Guarantees Received	Inflows to Non-performing Exposures
(€ in Millions)				
Newly originated loans and advances subject to public guarantee schemes	23	9	0	0
of which: Households	0	0	0	0
<i>of which: Collateralised by residential immovable property</i>	0	0	0	0
of which: Non-financial corporations	9	9	0	0
<i>of which: Small and Medium-sized Enterprises</i>	0	0	0	0
<i>of which: Collateralised by commercial immovable property</i>	0	0	0	0

As at 31 Dec 2020 BofA Europe, as shown in the nil disclosure in Tables 5.9.T1. and 5.9.T2., does not have any loans and advances subject to legislative and non-legislative moratoria. There are €38M of newly originated loans and advances, to other financial and non-financial corporation counterparties, provided under the newly applicable public guarantee schemes which are presented under Table 5.9.T5.

The increase in Gross Carrying Amount from €23M in 2nd Quarter 2020 to €38M in 4th Quarter 2020 is driven by one new counterparty of €15M in October.

Bank of America Europe Designated Activity Company Pillar 3 Disclosure

6. Additional Information on Remuneration Disclosure
As at 31 December 2020

6.1. Remuneration Disclosure

The BofA Europe remuneration disclosure, made in accordance with Article 450 of the Capital Requirements Regulation No 575/2013 and related EBA guidance, is separately published on BAC's corporate website (<http://investor.bankofamerica.com>) and should be deemed part of the Pillar 3 Disclosure for BofA Europe.

Bank of America Europe Designated Activity Company Pillar 3 Disclosure

7. Appendices
As at 31 December 2020

Appendix 1 - Directors Board Membership and Experience

		No. Of Directorships	
		Total	Excluding non-commercial and counting group appointments as one
Oliver Bussmann	Oliver Bussmann is a globally recognised technology thought leader and driver of large-scale transformation at multinational organisations. Mr. Bussmann is an Independent Non-Executive Director of BofA Europe since 31 July 2020. From 2013 to 2016 Bussmann was Group Chief Information Officer of UBS, where he successfully led a major IT transformation effort, instituted a new group-wide innovation framework and established UBS as a pioneer in the development of blockchain for use in financial services. Prior to joining UBS Bussmann was Global Chief Information Officer at SAP, where he also spearheaded significant technological transformation, and before that CIO for North America & Mexico at Allianz. Previous roles have included executive positions at Deutsche Bank and IBM.	7	3
Independent Non-Executive Director			
Sally James	Ms. James has practised law in both England and the United States, and has held senior legal roles within the investment banking sector in London and Chicago, including Managing Director and EMEA General Counsel for UBS Investment Bank from 2001 to 2008. Ms. James' previous directorships included six years as a Non-Executive Director and Chair of the Risk Committee of UBS Limited from 2009 to 2015. Ms. James currently serves as a Senior Independent Non-Executive Director for Rotork plc and Moneysupermarket.com Group plc and is an Independent Non-Executive Director for Hermes Fund Managers Limited. Ms. James is an Independent Non-Executive Director and Chairs the Nominations and Remuneration Committees of BofA Europe.	4	4
Independent Non-Executive Director			
Nick Jordan	Mr. Jordan has over 35 years' experience as an executive banking professional, and has held several senior leadership positions within the Royal Bank of Canada and the Royal Bank of Scotland ("RBS"). He has most recently worked within risk management as a Chief Risk Officer, Chief Credit Officer and Board Member of the RBS Corporate Banking Business. He is an experienced Independent Non-Executive Director and has considerable experience within the energy, transport, and infrastructure industries. Mr. Jordan was appointed as an Independent Non-Executive Director and Chair of the Board Risk Committee of BofA Europe on 2 October 2019, and also serves as a member of the Audit Committee. Additionally, he serves as an Independent Non-Executive Chairman, Chair of the Nominations Committee, and member of the Risk and Remuneration Committees of Hanley Economic Building Society and as an Independent Non-Executive Director of Hanley Financial Services Limited and Hanley Mortgage Services Limited. Mr. Jordan is also an Independent Non-Executive Director for Nordisk Renting AB.	5	3
Independent Non-Executive Director			
Rose McHugh	Ms. McHugh has extensive knowledge of the Irish financial sector with over 35 years' experience in the industry. She was appointed as an Independent Non-Executive Director of BofA Europe on 13 December 2019, and is the Chair of the Audit Committee and a member of the Remuneration and Nominations Committees. Ms. McHugh serves as a Non-Executive Director, Chair of the Audit Committee, and member of the Risk Committee for Irish Life Group Ltd, Irish Life Investment Managers Ltd, Setanta Asset Management Ltd, Canada Life Assurance Europe Plc and Canada Irish Life Holding Company Ltd. She is also a Non-Executive Director and a member of the Audit and Risk Committees for Irish Life Assurance plc. Ms. McHugh also serves as a Non-Executive Director and Chair of the Audit Committee of Irish Music Rights Organisation CLG and is the Non-Executive Chair of Crawford Art Gallery Cork.	9	2
Independent Non-Executive Director			
John G Murphy	Mr. Murphy is an Independent Non-Executive Director of BofA Europe, BofAML Securities Europe DAC and Bank of America Custodial Services (Ireland) Limited. Mr. Murphy is an Independent Non-Executive Director of CNP Europe Life DAC and is additionally a Non-Executive Director of Long Stone Asset Holdings Limited (in liquidation). He is currently a Non-Executive Director of GDAC Investments Limited, a private investment vehicle, set up for the sole purpose of managing Mr. Murphy's private economic interests, and is a Non-Executive Director of Triple Crest Limited and Fermat Point Limited which form part of this group of companies. He was formerly the Country Manager / CEO of the HypoVereinsbank group operations in Ireland between 1989 and 2000. Between 2000 and 2002 Mr. Murphy led a project team to establish a European Corporate Bank for Intel Corporation. He was Group Finance Director of the Jacob Fruitfield Food Group between 2002 and 2007 and is a Fellow of the Institute of Chartered Accountants in Ireland, a Certified Financial Planner and member of the Institute of Taxation and the Institute of Directors in Ireland.	8	3
Independent Non-Executive Director			
George Carp	Joined Bank of America in 1998. Mr. Carp is a qualified auditor ("CPA") and FINRA professional with over 35 years of professional experience in the Financial Services Industry. Over his long career Mr. Carp has continuously been involved in financial planning and analysis. First as an auditor for EY specialising in auditing broker-dealers and large multi-national Banking organisations, to later being a Legal Entity Controller for a section 20 broker-dealer, and then for the last 20 years covering Bank of America GBAM Finance in a variety of senior roles in financial planning and analysis. Mr. Carp is the Chief Financial Officer and Executive Director of BofA Europe.	1	1
Chief Financial Officer and Executive Director			
Anne Finucane	Joined Bank of America in 2004, Ms. Finucane is Vice Chairman of Bank of America Corporation and was Global Chief Strategy and Marketing Officer. Since joining the firm she has held a number of senior roles and is a member of the Company's executive management committee, she continues to lead globally on capital deployment, public policy, and environmental, social and governance. Ms. Finucane is Chair of BofA Europe and Group Non-Executive Director of BofA Securities Europe S.A. She is also a Group Non-Executive Director of Bank of America Charitable Foundation, Inc. She is a Non-Executive Director Carnegie Hall Society, Inc., National September 11 Memorial & Museum at the World Trade Centre Foundation, Inc., Brigham and Women's Hospital, Inc., Special Olympics, Inc., The Ireland Funds and Partners Healthcare System, Inc. Ms. Finucane is an Independent Non-Executive Director of CVS Health Corp.	10	2
Chair and Group Non-Executive Director			

		No. Of Directorships	
		Total	Excluding non-commercial and counting group appointments as one
Shannon Lilly	Mr. Lilly joined Bank of America in 2005. He is the Strategic Asset and Liability Management Executive for Bank of America and a member of the Treasury leadership team. Mr. Lilly was appointed as a Group Non-Executive Director of BofA Europe on 4 October 2019, and serves as an Executive Director and Deputy CEO of BofA Securities Europe S.A ("BofASE SA"). As deputy CEO, he is responsible to the CEO to oversee and be accountable for the effective management of BofASE SA, for implementing the BofASE SA strategy and for managing BofASE SA's risk profile through appropriate governance and control consistent with the risk management framework. In addition, Mr. Lilly is a Non-Executive Director of Merrill Lynch B.V.	3	1
Group Non-Executive Director			
Bruce Thompson	Mr. Thompson joined Bank of America in 1996, and he has held a number of senior positions within the firm; as Chief Risk Officer in 2010, and subsequently as Chief Financial Officer in 2011, a position he held until 2015. Mr. Thompson was appointed as Vice Chairman of Bank of America in 2016. He is Chief Executive Officer and Executive Director of BofA Europe and Non-Executive Director of BofA Securities Europe SA. Mr. Thompson is a member of the Darden School Foundation Board of Trustees at the University of Virginia serving on the Audit / Finance Committee, and is a member of the Board of Trustees of Allegheny College in Meadville, PA., serving on the Executive Committee. Mr. Thompson resigned as CEO and Executive Director of BofA Europe on 18 December 2020.	3	1
Chief Executive Officer and Executive Director			
Fernando Vicario	Mr. Vicario was appointed as CEO and Executive Director of BofA Europe on 18 December 2020. Mr. Vicario has worked for Bank of America for over 25 years and he has held a number of senior positions within the firm including head of Corporate and Investment Banking for the European Union ("EU") and head of Corporate Banking for EU, Switzerland, Central & Eastern Europe, Middle East, Africa & U.K. Over the years Mr. Vicario has led a significant number of growth initiatives in these roles. Mr. Vicario sits on the Regional Executive Committee, and is the co-Chair of the Regional Diversity & Inclusion ("D&I") Council.	1	1
Chief Executive Officer and Executive Director			

Appendix 2 - Supplementary Disclosure Templates

EU CR3 discloses exposures split by risk weight, broken down by regulatory exposure classes for CCR exposures.

Table A2.T1. – EU CR3 CRM Techniques Overview

	Q4 2020				
	a	b	c	d	e
	Exposures unsecured	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
(€ in Millions)	Carrying amount				
Total loans	27,014	10,944	5,757	5,173	14
Total debt securities	1,689	285			285
Total exposures	28,703	11,229	5,757	5,173	299
Of which defaulted	825				

Table A2.T2. – EU CR3 CRM Prior Techniques Overview

	Q2 2020				
	a	b	c	d	e
	Exposures unsecured	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
(€ in Millions)	Carrying amount				
Total loans	29,943	14,900	8,133	6,759	8
Total debt securities	3,229	261	—	—	261
Total exposures	33,173	15,161	8,133	6,759	268
Of which defaulted	673	—	—	—	—

The total unsecured and secured exposure decreased €8.4B to €39.9B due to increased repayments among Corporate counterparties and lower holding of sovereign bond liquidity positions.

EU CR5 discloses exposures split by risk weight, broken down by regulatory exposure classes for credit risk exposures. “Unrated” includes all exposures for which a credit assessment by a nominated ECAI is not available.

Table A2.T3. – EU CR5 Standardised Approach

(€ in Millions)		Q4 2020																	
		Risk weight																Total	Of which unrated
		Exposure classes	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
1	Central governments or central banks	12,351	—	—	—	365	—	—	—	—	94	—	80	—	—	—	—	12,889	173
2	Regional governments or local authorities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3	Public sector entities	—	—	—	—	—	—	0	—	—	—	—	—	—	—	—	—	—	—
4	Multilateral development banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	International organisations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	Institutions	—	34	—	—	475	—	908	—	—	456	—	—	—	—	—	—	1,873	634
7	Corporates	—	—	—	—	1,176	—	3,336	—	—	24,360	403	—	—	—	—	—	29,275	14,765
8	Retail	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Secured by mortgages on immovable property	—	—	—	—	—	—	—	—	—	2,053	—	—	—	—	—	—	2,053	2,053
10	Exposures in default	—	—	—	—	—	—	—	—	—	—	1,083	—	—	—	—	—	1,083	1,083
11	Higher-risk categories	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
12	Covered bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Institutions and corporates with a short-term credit assessment	—	—	—	—	1,099	—	87	—	—	81	1	—	—	—	—	—	1,268	—
14	Collective investment undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
15	Equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
16	Other items	—	—	—	—	—	—	—	—	—	1,034	195	—	—	—	—	—	1,229	957
17	Total	12,351	34	—	—	3,115	—	4,331	—	—	28,078	1,682	80	—	—	—	—	49,671	19,665

Table A2.T4. – EU CR5 Prior Standardised Approach

(€ in Millions)		Q2 2020																	
		Risk weight																Total	Of which unrated
Exposure classes	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1,250%	Others	Deducted			
1	Central governments or central banks	13,341	—	—	—	395	—	—	—	—	93	—	44	—	—	—	—	13,873	93
2	Regional governments or local authorities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3	Public sector entities	—	—	—	—	—	—	—	—	—	0	—	—	—	—	—	—	0	0
4	Multilateral development banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	International organisations	0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0	0
6	Institutions	—	113	—	—	435	—	514	—	—	797	—	—	—	—	—	—	1,859	677
7	Corporates	—	—	—	—	1,183	—	4,566	—	—	28,243	408	—	—	—	—	—	34,399	17,934
8	Retail	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Secured by mortgages on immovable property	—	—	—	—	—	—	—	—	—	2,691	—	—	—	—	—	—	2,691	2,691
10	Exposures in default	—	—	—	—	—	—	—	—	—	—	891	—	—	—	—	—	891	891
11	Higher-risk categories	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
12	Covered bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Institutions and corporates with a short-term credit assessment	—	—	—	—	759	—	609	—	—	21	0	—	—	—	—	—	1,389	—
14	Collective investment undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
15	Equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
16	Other items	—	—	—	—	—	—	—	—	—	831	125	—	—	—	—	—	955	290
17	Total	13,341	113	—	—	2,771	—	5,690	—	—	32,675	1,424	44	—	—	—	—	56,058	22,577

Standardised Credit Risk exposures Pre-CCF and CRM decreased by €6.4B to €49.7B (2nd Quarter 2020: €56B) driven by increased repayments over the period by Corporate counterparties partially offset by increased loan commitments within the 100% and 50% risk weight categories.

EU CCR1, EU CCR2, and EU CCR 8 disclose the methods used for calculating the regulatory requirements for CCR exposure. Exposures relevant for credit valuation adjustment (“CVA”) charges and exposures cleared through a central counterparty (“CCP”) are presented separately in table EU CCR2 and EU CCR8, respectively.

Table A2.T5. – EU CCR1 Analysis of CCR Exposure by Approach

	Q4 2020						
	a	b	c	d	e	f	g
	Notional	Replacement cost / current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
(€ in Millions)							
Mark to market	—	1,316	915	—	—	1,025	786
Original exposure	—	—	—	—	—	—	—
Standardised approach	—	—	—	—	—	—	—
IMM (for derivatives and SFT's)	—	—	—	—	—	—	—
Of which securities financing transactions	—	—	—	—	—	—	—
Of which derivatives and long settlement transactions	—	—	—	—	—	—	—
Of which from contractual crossproduct netting	—	—	—	—	—	—	—
Financial collateral simple method (for SFTs)	—	—	—	—	—	—	—
Financial collateral comprehensive method (for SFTs)	—	—	—	—	—	58	12
VaR for SFTs	—	—	—	—	—	—	—
Total	—	1,316	915	—	—	1,083	797

Table A2.T6. – EU CCR1 Prior Analysis of CCR Exposure by Approach

(€ in Millions)	Q2 2020						
	a	b	c	d	e	f	g
	Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
Mark to market	—	1,695	966	—	—	1,371	939
Original exposure	—	—	—	—	—	—	—
Standardised approach	—	—	—	—	—	—	—
IMM (for derivatives and SFT's)	—	—	—	—	—	—	—
Of which securities financing transactions	—	—	—	—	—	—	—
Of which derivatives and long settlement transactions	—	—	—	—	—	—	—
Of which from contractual crossproduct netting	—	—	—	—	—	—	—
Financial collateral simple method (for SFTs)	—	—	—	—	—	—	—
Financial collateral comprehensive method (for SFTs)	—	—	—	—	—	41	8
VaR for SFTs	—	—	—	—	—	—	—
Total	—	1,695	966	—	—	1,412	947

Counterparty Credit Risk RWAs (excluding CVA charges or exposures cleared through a CCP) decreased by €150m to €797m, and was driven by a decrease in the Derivative Exposure, as deposit balances associated with certain derivative transactions were previously recorded as part of the derivative assets balance. This has been reclassified to loans and advances to banks.

Table A2.T7. – EU CCR2 CVA Capital Charge

(€ in Millions)	Q4 2020		Q2 2020	
	a	b	a	b
	Exposure value	RWA	Exposure value	RWA
1 Total portfolios subject to the advanced method	—	—	—	—
2 (i) VaR component (including the 3× multiplier)	—	—	—	—
3 (ii) SVaR component (including the 3× multiplier)	—	—	—	—
4 All portfolios subject to the standardised method	824	509	1,160	1,039
5 Based on the original exposure method	—	—	—	—
6 Total subject to the CVA capital charge	824	509	1,160	1,039

CVA RWA decreased to €0.6B (June 2020: €1.0B) due to a decrease in derivative exposure of €0.4B from €1.2B, as deposit balances associated with certain derivative transactions were previously recorded as part of the derivative assets balance. This has been reclassified to loans and advances to banks.

Table A2.T8. – EU CCR8 Exposure to CCPs

(€ in Millions)		Q4 2020	
		a	b
		EAD post CRM	RWAs
1	Exposures to QCCPs (total)		35
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	34	35
3	(i) OTC derivatives	31	1
4	(ii) Exchange-traded derivatives	—	—
5	(iii) SFTs	2	0
6	(iv) Netting sets where cross-product netting has been approved	—	—
7	Segregated initial margin	—	
8	Non-segregated initial margin	22	0
9	Prefunded default fund contributions	37	34
10	Alternative calculation of own funds requirements for exposures		—
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	—	—

Table A2.T9. – EU CCR8 Prior Exposure to CCPs

(€ in Millions)		Q2 2020	
		a	b
		EAD post CRM	RWAs
1	Exposures to QCCPs (total)	—	4
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	87	4
3	(i) OTC derivatives	43	1
4	(ii) Exchange-traded derivatives	—	—
5	(iii) SFTs	44	1
6	(iv) Netting sets where cross-product netting has been approved	—	—
7	Segregated initial margin	—	—
8	Non-segregated initial margin	126	3
9	Prefunded default fund contributions	41	—
10	Alternative calculation of own funds requirements for exposures	—	—
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	—	—

Qualifying Central Counterparty's ("QCCP's") exposures at default ("EAD") post CRM for SFT and non-segregated initial margin decreased by €54M to €34M and by €104M to €22M respectively, and was driven by lower centrally cleared SFT activity.

EU CCR3 discloses exposures split by risk weight, broken down by regulatory exposure classes for CCR exposures. “Unrated” includes all exposures for which a credit assessment by a nominated ECAI is not available.

Table A2.T10. – EU CCR3 Standardised Approach CCR Exposures by Regulatory Portfolio and Risk

(€ in Millions)		Q4 2020													
		Risk weight												Total	Of which unrated
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Deducted		
Exposure classes															
1	Central Governments or Central Banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2	Regional Governments or Local Authorities	—	—	—	—	—	57	—	—	254	—	—	—	311	62
3	Public Sector Entities	—	—	—	—	—	153	—	—	—	—	—	—	153	—
4	Multilateral Development Banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	International Organisations	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	Institutions	—	34	—	—	54	138	—	—	—	—	—	—	228	32
7	Corporates	—	—	—	—	—	7	—	—	296	—	—	—	303	90
8	Retail	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Institutions and Corporates with a Short-term Credit Assessment	—	—	—	—	80	4	—	—	34	3	—	—	121	—
10	Other Items	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	Total	—	34	—	—	134	359	—	—	586	3	—	—	1,116	184

Table A2.T11. – EU CCR3 Prior Standardised Approach CCR Exposures by Regulatory Portfolio and Risk

(€ in Millions)		Q2 2020													
		Risk weight												Total	Of which unrated
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Deducted		
	Exposure classes														
1	Central Governments or Central Banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2	Regional Governments or Local Authorities	—	—	—	—	—	68	—	—	289	—	—	—	356	67
3	Public Sector Entities	—	—	—	—	—	166	—	—	—	—	—	—	166	—
4	Multilateral Development Banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	International Organisations	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	Institutions	—	100	—	—	48	489	—	—	0	—	—	—	638	34
7	Corporates	—	—	—	—	1	26	—	—	247	—	—	—	273	83
8	Retail	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Institutions and Corporates with a Short-term Credit Assessment	—	—	—	—	62	4	—	—	12	0	—	—	78	—
10	Other Items	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	Total	—	100	—	—	111	753	—	—	548	0	—	—	1,512	183

Counterparty credit risk EAD decreased by €0.4B to €1.1B due to decrease in the Derivative Exposure, as deposit balances associated with certain derivative transactions were previously recorded as part of the derivative assets balance. This has been reclassified to loans and advances to banks.

Table A2.T12. – EU CCR5-B Composition of Collateral for Exposures to CCR

EU CCR5-B discloses a breakdown of all types of collateral posted or received to support or reduce CCR exposures related to derivatives and SFT. For SFT, collateral refers to both legs of the transaction as collateral received and collateral posted.

(€ in Millions)	Q4 2020					
	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash	—	702	—	1,376	6,650	2
Total	—	702	—	1,376	6,650	2

Table A2.T13. – EU CCR5-B Prior Composition of Collateral for Exposures to CCR

(€ in Millions)	Q2 2020					
	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash	—	729	—	1,385	8,475	—
Total	—	729	—	1,385	8,475	—

SFT collateral received decreased €1.8B to €6.7B primarily due to lower centrally cleared reverse repo activity due to reduced deployment of excess funding.

EU CR4 discloses exposures pre and post CCF and Credit Risk Mitigation, on- and off-balance sheet, RWA and RWA density for credit risk, broken down by regulatory exposure classes.

Table A2.T14. – EU CR4 Standardised Approach Credit Risk Exposure and CRM Effects

(€ in Millions)		Q4 2020					
		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
		On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
1	Central governments or central banks	12,889	—	12,889	—	365	3 %
2	Regional governments or local authorities	—	—	—	—	—	0 %
3	Public sector entities	—	—	—	—	—	50 %
4	Multilateral development banks	—	—	—	—	—	0 %
5	International organisations	—	—	—	—	—	0 %
6	Institutions	1,557	542	1,564	309	1,006	54 %
7	Corporates	14,143	33,725	14,157	15,118	26,868	92 %
8	Retail	—	—	—	—	—	0 %
9	Secured by mortgages on immovable property	2,005	96	2,005	48	2,053	100 %
10	Exposures in default	966	273	952	131	1,624	150 %
11	Higher-risk categories	—	—	—	—	—	0 %
12	Covered bonds	—	—	—	—	—	0 %
13	Institutions and corporates with a short-term credit assessment	1,159	290	1,160	108	346	27 %
14	Collective investment undertakings	—	—	—	—	—	0 %
15	Equity	—	—	—	—	—	0 %
16	Other items	468	761	468	761	1,326	108 %
17	Total	33,188	35,687	33,195	16,475	33,589	68 %

Table A2.T15. – EU CR4 Prior Standardised Approach Credit Risk Exposure and CRM Effects

(€ in Millions)		Q2 2020					
		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
		On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
1	Central governments or central banks	13,873	—	13,873	—	281	2 %
2	Regional governments or local authorities	—	—	—	—	—	0 %
3	Public sector entities	0	—	0	—	0	100 %
4	Multilateral development banks	—	2	—	—	—	0 %
5	International organisations	0	0	0	0	—	0 %
6	Institutions	1,497	533	1,497	362	1,143	62 %
7	Corporates	20,242	31,518	20,242	14,158	31,374	91 %
8	Retail	—	—	—	—	—	0 %
9	Secured by mortgages on immovable property	2,612	158	2,612	79	2,691	100 %
10	Exposures in default	800	290	800	91	1,337	150 %
11	Higher-risk categories	—	—	—	—	—	0 %
12	Covered bonds	—	—	—	—	—	0 %
13	Institutions and corporates with a short-term credit assessment	1,070	792	1,070	319	477	34 %
14	Collective investment undertakings	—	—	—	—	—	0 %
15	Equity	—	—	—	—	—	0 %
16	Other items	528	427	528	427	1,018	107 %
17	Total	40,622	33,720	40,622	15,436	38,322	68 %

Credit Risk RWA density remained stable at 68%.

EU CCR5-A discloses the gross positive fair values before any credit risk mitigation, the impact of legally enforceable master netting agreements and eligible collateral received for derivatives and SFT.

Table A2.T16. – EU CCR5-A Impact of Netting and Collateral Held on Exposures Values

		Q4 2020				
		a	b	c	d	e
		Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1	Derivatives	2,316	1,000	1,316	702	614
2	SFTs	6,519	—	6,519	6,460	60
3	Cross-product netting	—	—	—	—	—
4	Total	8,835	1,000	7,835	7,162	673

Table A2.T17. – EU CCR5-A Prior Impact of Netting and Collateral Held on Exposures Values

		Q2 2020				
		a	b	c	d	e
		Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1	Derivatives	2,718	1,023	1,695	753	943
2	SFTs	8,355	—	8,355	8,271	84
3	Cross-product netting	—	—	—	—	—
4	Total	11,073	1,023	10,050	9,023	1,026

Net carrying amount decreased €2.2B to €8.8B primarily due to a decrease in the net carrying amount of SFTs, which was mostly offset by corresponding decrease in SFT collateral held of €1.8B resulting in overall €353M decrease to net credit exposure.

EU CCR6 discloses the exposure of the credit derivative transactions split between bought and sold and by product type.

Table A2.T18. – EU CCR6 Credit Derivatives Exposure

(€ in Millions)	Q4 2020		
	a	b	c
	Credit Derivative Hedges		Other Credit Derivatives
	Protection Bought	Protection Sold	
Notionals			
Single-name credit default swaps	1,357	71	—
Index credit default swaps	—	—	—
Total return swaps	92	—	—
Credit options	—	—	—
Other credit derivatives	—	—	—
Total notionals	1,448	71	—
Fair values		—	—
Positive fair value (asset)	25	—	—
Negative fair value (liability)	27	—	—

Table A2.T19. – EU CCR6 Prior Credit Derivatives Exposure

(€ in Millions)	Q2 2020		
	a	b	c
	Credit Derivative Hedges		Other Credit Derivatives
	Protection Bought	Protection Sold	
Notionals			
Single-name credit default swaps	2,086	50	—
Index credit default swaps	—	—	—
Total return swaps	92	—	—
Credit options	—	—	—
Other credit derivatives	—	—	—
Total notionals	2,178	50	—
Fair values			
Positive fair value (asset)	45	—	—
Negative fair value (liability)	35	—	—

Credit derivatives notional decreased from €2.2B in 2nd Quarter 2020 to €1.5B in 4th Quarter 2020 primarily driven by a decrease in Single name index credit default swaps.

EU CR2-A discloses the changes in specific and general credit risk adjustments for the period.

Table A2.T20. – EU CR2-A Changes in the Stock of General and Specific Credit Risk Adjustments

(€ in Millions)		Q4 2020		Q2 2020	
		a	b	a	b
		Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
1	Opening balance	—	287	—	133
2	Increases due to amounts set aside for estimated loan losses during the period	—	247	—	188
3	Decreases due to amounts reversed for estimated loan losses during the period	—	(183)	—	(94)
4	Decreases due to amounts taken against accumulated credit risk adjustments	—	(5)	—	(14)
5	Transfers between credit risk adjustments	—	—	—	—
6	Impact of exchange rate differences	—	—	—	—
7	Business combinations, including acquisitions and disposals of subsidiaries	—	—	—	—
8	Other adjustments ¹	—	(34)	—	74
9	Closing balance	—	312	—	287
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	—	—	—	—
11	Specific credit risk adjustments directly recorded to the statement of profit or loss	—	—	—	—

¹ Other adjustments include changes due to update in the methodology used for estimation of credit risk adjustments

Accumulated general credit risk adjustment increased by €25M to €0.3B during 4th Quarter 2020.

EU CR2-B discloses the changes in defaulted and impaired loans and debt securities.

Table A2.T21. – CR2-B Changes in the Stock of Defaulted and Impaired Loans and Debt Securities

		Q4 2020	Q2 2020
		a	a
		Gross carrying value defaulted exposures	Gross carrying value defaulted exposures
<i>(€ in Millions)</i>			
1	Opening balance	963	818
2	Loans and debt securities that have defaulted or impaired since the last reporting period	633	353
3	Returned to non-defaulted status	(147)	(47)
4	Amounts written off	(98)	(55)
5	Other changes	(255)	(106)
6	Closing balance	1,097	963

The majority of other charges include decrease in unfunded commitments

Gross carrying value of defaulted exposures increased by €0.1B to €1.1B, driven by increases arising from Loans and Debt securities that have defaulted or impaired in the period of €0.3B; partially offset by decreases in exposures that have returned to non-defaulted status of €0.1B and in other changes of €0.1B.

Non-performing exposures (“NPE’s”) templates 1, 3, 4, and 9 are from the EBA guidelines on disclosures of non-performing and forborne exposures (EBA/GL/2018/10) published on 17 December 2018. These templates disclose key recommendations related to NPEs as provided by ECB guidance on NPEs (Appendix 7) published in March 2017.

Template NPE 1 discloses the credit quality of forborne exposures broken down on type of counterparties. The exposure is further split between performing, non-performing, defaulted and impaired exposures with the provisions, collateral, and guarantees against them.

Template NPE 3 shows credit quality of performing and non-performing exposures by buckets of past due days.

Template NPE 4 shows performing and non-performing exposures and their related provisions, split between IFRS 9 stages.

Template NPE 9 provides information on the instruments that were cancelled in exchange for the collateral obtained by taking possession and on the value of the collateral obtained by taking possession. The split provides details on the accumulated “Value at initial recognition” and “Accumulated negative changes” of the collateral obtained.

Table A2.T22. – NPE Template 1 Credit Quality of Forborne Exposures

	Q4 2020							
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
		Of which defaulted	Of which impaired					
(€ in Millions)								
Loans and advances	601	769	769	618	(35)	(58)	699	319
Central banks	—	—	—	—	—	—	—	—
General governments	—	—	—	—	—	—	—	—
Credit institutions	—	—	—	—	—	—	—	—
Other financial corporations	204	31	31	31	(9)	(2)	90	30
Non-financial corporations	397	738	738	587	(26)	(56)	609	289
Households	—	—	—	—	—	—	—	—
Debt securities	—	—	—	—	—	—	—	—
Loan commitments given	247	80	80	80	(4)	(2)	—	—
Total	848	849	849	698	(39)	(60)	699	319

Table A2.T23. – NPE Template 1 Prior Credit Quality of Forborne Exposures

	Q2 2020							
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired				
(€ in Millions)								
Loans and advances	824	548	548	548	(33)	(63)	602	246
<i>Central banks</i>	—	—	—	—	—	—	—	—
<i>General governments</i>	—	—	—	—	—	—	—	—
<i>Credit institutions</i>	—	—	—	—	—	—	—	—
<i>Other financial corporations</i>	68	180	180	180	(1)	(9)	179	111
<i>Non-financial corporations</i>	756	367	367	367	(32)	(54)	423	134
<i>Households</i>	—	—	—	—	—	—	—	—
Debt securities	—	—	—	—	—	—	—	—
Loan commitments given	183	38	38	38	(2)	—	—	—
Total	1,007	586	586	586	(33)	(63)	602	246

The decrease in Performing forborne of €0.2B from €1.0B in 2nd Quarter 2020 is driven by a decrease in Non-Financial Corporations of €0.3B; partially offset by an increase in Other Financial Corporations of €0.1B.

The increase in Non-Performing forborne of €0.2B from €0.6B in 2nd Quarter 2020 is driven by a increase in Non-Financial Corporations of €0.3B; partially offset by a decrease in Other Financial Corporations of €0.1B.

This is also reflected in an increase in Collateral received / financial guarantees received - also within Non-Financial Corporations.

There are no exposures relating to Collateral obtained by taking possession for either reporting period.

Table A2.T24. – NPE Template 3 Credit Quality of Performing and Non-performing Exposures by Past Due Days

		Q4 2020											
		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
(€ in Millions)			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 year < 5 years	Past due > 5 year < 7 years	Past due > 7	Of which defaulted
1	Loans and advances	36,386	36,358	28	825	825	—	—	—	—	—	—	825
2	Central banks	—	—	—	—	—	—	—	—	—	—	—	—
3	General governments	367	367	—	—	—	—	—	—	—	—	—	—
4	Credit institutions	13,640	13,640	—	—	—	—	—	—	—	—	—	—
5	Other financial corporations	12,621	12,614	7	81	81	—	—	—	—	—	—	81
6	Non-financial corporations	9,758	9,737	21	744	744	—	—	—	—	—	—	744
7	Of which SME's	4	4	—	—	—	—	—	—	—	—	—	—
8	Households	—	—	—	—	—	—	—	—	—	—	—	—
9	Debt securities	1,689	1,689	—	—	—	—	—	—	—	—	—	—
10	Central banks	—	—	—	—	—	—	—	—	—	—	—	—
11	General governments	1,689	1,689	—	—	—	—	—	—	—	—	—	—
12	Credit institutions	—	—	—	—	—	—	—	—	—	—	—	—
13	Other financial corporations	—	—	—	—	—	—	—	—	—	—	—	—
14	Non-financial corporations	—	—	—	—	—	—	—	—	—	—	—	—
15	Off-balance-sheet exposures	36,906			272								272
16	Central banks	—			—								—
17	General governments	—			—								—
18	Credit institutions	484			—								—
19	Other financial corporations	10,863			49								49
20	Non-financial corporations	25,559			223								223
21	Households	—			—								—
22	Total	74,981	38,047	28	1,097	825	—	—	—	—	—	—	1,097

Table A2.T25. – NPE Template 3 Prior Credit Quality of Performing and Non-performing Exposures by Past Due Days

		Q2 2020											
		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
(€ in Millions)			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 year < 5 years	Past due > 5 year < 7 years	Past due > 7	Of which defaulted
1	Loans and advances	43,305	43,297	7	673	673	—	—	—	—	—	—	673
2	Central banks	—	—	—	—	—	—	—	—	—	—	—	—
3	General governments	548	548	—	—	—	—	—	—	—	—	—	—
4	Credit institutions	9,726	9,726	—	—	—	—	—	—	—	—	—	—
5	Other financial corporations	18,586	18,584	2	268	268	—	—	—	—	—	—	268
6	Non-financial corporations	14,445	14,440	5	405	405	—	—	—	—	—	—	405
7	Of which SME's	17	16	—	—	—	—	—	—	—	—	—	—
8	Households	—	—	—	—	—	—	—	—	—	—	—	—
9	Debt securities	2,975	2,975	—	—	—	—	—	—	—	—	—	—
10	Central banks	—	—	—	—	—	—	—	—	—	—	—	—
11	General governments	2,975	2,975	—	—	—	—	—	—	—	—	—	—
12	Credit institutions	—	—	—	—	—	—	—	—	—	—	—	—
13	Other financial corporations	—	—	—	—	—	—	—	—	—	—	—	—
14	Non-financial corporations	—	—	—	—	—	—	—	—	—	—	—	—
15	Off-balance-sheet exposures	34,609			291								291
16	Central banks	—			—								—
17	General governments	—			—								—
18	Credit institutions	473			—								—
19	Other financial corporations	9,115			34								34
20	Non-financial corporations	25,021			257								257
21	Households	—			—								—
22	Total	80,889	46,272	7	964	673	—	—	—	—	—	—	964

Note: The comparative values have been re-stated, reflecting the exclusion of certain cash exposures.

The decrease in Performing exposures from €80.9B in 2nd Quarter 2020 to €75.0B in 4th Quarter 2020 of €5.9B is driven by a decrease in drawn exposures across Other Financial Corporations and Non-Financial Corporations partially offset by an increase in Undrawn exposures relating to Other Financial Corporations.

Table A2.T26. – NPE Template 4 Performing and Non-performing Exposures and Related Provisions

		Q4 2020														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		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
(€ in Millions)			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			
1	Loans and advances	36,386	29,755	4,141	825	—	674	(154)	(40)	(114)	(60)	—	(61)	(56)	10,592	338
2	Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3	General governments	367	2	—	—	—	—	—	—	—	—	—	—	—	—	—
4	Credit institutions	13,640	12,630	367	—	—	—	(4)	(2)	(2)	—	—	—	—	133	—
5	Other financial corporations	12,620	11,026	734	81	—	81	(54)	(22)	(32)	(2)	—	(2)	(11)	4,943	49
6	Non-financial corporations	9,758	6,097	3,040	744	—	593	(96)	(16)	(80)	(59)	—	(59)	(45)	5,516	289
7	Of which SME's	4	4	—	—	—	—	—	—	—	—	—	—	—	—	—
8	Households	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Debt securities	1,689	1,689	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Central banks	—	—					—	—		—				—	—
11	General governments	1,689	1,689					—	—		—				—	—
12	Credit institutions	—	—					—	—		—				—	—
13	Other financial corporations	—	—					—	—		—				—	—
14	Non-financial corporations	—	—					—	—		—				—	—
15	Off-balance-sheet exposures	36,906	29,917	6,989	272	—	272	(106)	(43)	(63)	(7)	—	(7)		—	—
16	Central banks	—	—	—	—	—	—	—	—	—	—	—	—		—	—
17	General governments	—	—	—	—	—	—	—	—	—	—	—	—		—	—
18	Credit institutions	484	385	99	—	—	—	(1)	—	(1)	—	—	—		—	—
19	Other financial corporations	10,863	8,580	2,283	49	—	49	(28)	(8)	(20)	—	—	—		—	—
20	Non-financial corporations	25,559	20,952	4,607	223	—	223	(77)	(35)	(42)	(7)	—	(7)		—	—
21	Households	—	—	—	—	—	—	—	—	—	—	—	—		—	—
22	Total	74,981	61,361	11,130	1,097	—	946	(260)	(83)	(177)	(67)	—	(68)	(56)	10,592	338

Table A2.T27. – NPE Template 4 Prior Performing and Non-performing Exposures and Related Provisions

		Q2 2020														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						m	Collateral and financial guarantees received	
(€ in Millions)		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	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			
1	Loans and advances	43,305	36,295	4,026	673	—	673	(145)	(60)	(85)	(95)	—	(95)	(62)	14,550	343
2	Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3	General governments	548	153	—	—	—	—	—	—	—	—	—	—	—	—	—
4	Credit institutions	9,726	9,094	275	—	—	—	(5)	(4)	(1)	—	—	—	—	133	—
5	Other financial corporations	18,586	16,417	1,294	268	—	268	(47)	(26)	(21)	(32)	—	(32)	(16)	6,787	173
6	Non-financial corporations	14,445	10,629	2,456	405	—	405	(93)	(31)	(62)	(64)	—	(64)	(46)	7,631	169
7	Of which SME's	17	2	15	—	—	—	—	—	—	—	—	—	—	11	—
8	Households	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Debt securities	2,975	2,975	—	—	—	—	(1)	(1)	—	—	—	—	—	—	—
10	Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	General governments	2,975	2,975	—	—	—	—	(1)	(1)	—	—	—	—	—	—	—
12	Credit institutions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other financial corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
14	Non-financial corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
15	Off-balance-sheet exposures	34,609	33,267	1,343	291	—	291	(50)	(40)	(10)	(5)	—	(5)		—	—
16	Central banks	—	—	—	—	—	—	—	—	—	—	—	—		—	—
17	General governments	—	—	—	—	—	—	—	—	—	—	—	—		—	—
18	Credit institutions	473	373	100	—	—	—	—	—	—	—	—	—		—	—
19	Other financial corporations	9,115	8,638	476	34	—	34	(10)	(5)	(5)	—	—	—		—	—
20	Non-financial corporations	25,021	24,255	766	256	—	256	(40)	(35)	(5)	(5)	—	(5)		—	—
21	Households	—	—	—	—	—	—	—	—	—	—	—	—		—	—
22	Total	80,889	72,537	5,369	964	—	964	(196)	(101)	(95)	(100)	—	(100)	(62)	14,550	343

Note: The comparative values have been re-stated, reflecting the exclusion of certain cash and non-amortised cost exposures identified, and updating for data disclosed in 2nd Quarter 2020 for Collateral and financial guarantees received.

The decrease in Performing exposures of €5.9B from €80.9B in 2nd Quarter 2020 is driven by a decrease in drawn exposures across Other Financial Corporations and Non-Financial Corporations partially offset by an increase in undrawn exposures relating to Other Financial Corporations.

The decrease in Stage 1 Performing Exposures of €11.1B from €72.5B in 2nd Quarter 2020 is driven by overall decrease in the performing book of €5.9B and a shift out of Stage 1 and into Stage 2.

Table A2.T28. – NPE Template 9 Collateral Obtained by Taking Proceession and Execution Processes

(€ in Millions)		Q4 2020		Q2 2020	
		a	b	a	b
		Collateral obtained by taking possession		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
1	Property, plant and equipment (PP&E)	—	—	—	—
2	Other than PP&E	—	—	—	—
3	Residential immovable property	—	—	—	—
4	Commercial Immovable property	—	—	—	—
5	Movable property (auto, shipping, etc.)	—	—	—	—
6	Equity and debt instruments	—	—	—	—
7	Other	—	—	—	—
8	Total	—	—	—	—

EU CR1-B discloses the gross carrying amount of defaulted and non-defaulted exposures, specific and general credit risk adjustments and the credit risk adjustment charge for the period split by industry.

Table A2.T29. – CR1-B Credit Quality of Exposures by Industry and Counterparty Type

		Q4 2020						
		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment	Net values
		Defaulted exposures	Non-defaulted exposures				charges of the period	(a+b-c-d)
(€ in Millions)								
1	Agriculture, forestry and fishing	—	1		—	—	0	1
2	Mining and quarrying	46	1,116		4	20	(1)	1,158
3	Manufacturing	333	14,950		79	—	5	15,204
4	Electricity, gas, steam and air conditioning supply	75	2,343		12	—	4	2,406
5	Water Supply	—	156		—	—	0	156
6	Construction	32	206		8	—	(12)	230
7	Wholesale and retail trade	79	4,174		22	—	2	4,231
8	Transport and storage	7	2,136		9	—	4	2,134
9	Accommodation and food service activities	360	530		30	—	9	860
10	Information and communication	30	3,628		15	—	6	3,643
11	Financial and insurance activities	194	30,185		76	14	(9)	30,303
12	Real estate activities	76	1,925		13	46	(7)	1,988
13	Professional, scientific and technical activities	4	1,351		16	—	11	1,339
14	Administrative and support service activities	—	1,969		22	—	11	1,947
15	Public administration and defence, compulsory social security	—	2,230		—	—	(1)	2,230
16	Education	—	32		—	—	0	32
17	Human health services and social work activities	—	121		1	—	—	120
18	Arts, entertainment and recreation	3	571		5	—	2	569
19	Other services	—	12		—	—	0	12
20	Total	1,239	67,636	—	312	79	25	68,563

Table A2.T30. – CR1-B Prior Credit Quality of Exposures by Industry or Counterparty Type

		Q2 2020						
		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
		Defaulted exposures	Non-defaulted exposures					
(€ in Millions)								(a+b-c-d)
1	Agriculture, forestry and fishing	—	1	—	0	—	0	1
2	Mining and quarrying	—	1,475	—	5	21	2	1,470
3	Manufacturing	209	17,061	—	74	—	48	17,196
4	Electricity, gas, steam and air conditioning supply	75	3,203	—	8	—	3	3,270
5	Water Supply	—	158	—	0	—	0	158
6	Construction	35	221	—	20	—	13	236
7	Wholesale and retail trade	111	3,970	—	20	—	10	4,061
8	Transport and storage	6	1,981	—	5	—	3	1,982
9	Accommodation and food service activities	72	826	—	20	—	19	878
10	Information and communication	41	4,834	—	9	—	(0)	4,866
11	Financial and insurance activities	339	29,900	—	85	16	32	30,154
12	Real estate activities	150	2,010	—	21	46	17	2,139
13	Professional, scientific and technical activities	23	1,353	—	5	—	0	1,371
14	Administrative and support service activities	11	2,076	—	11	—	6	2,076
15	Public administration and defence, compulsory social security	—	3,507	—	1	—	1	3,506
16	Education	—	39	—	0	—	0	39
17	Human health services and social work activities	—	122	—	1	—	(0)	121
18	Arts, entertainment and recreation	18	507	—	3	—	1	522
19	Other services	—	9	—	0	—	0	9
20	Total	1,090	73,253	—	287	83	154	74,055

Non defaulted exposures decreases €5.6B to €67.6B primarily driven by “Manufacturing” due to higher repayments in the period and “Public administration and defence” due to lower holdings of sovereign bond liquidity position.

CR1-C discloses asset quality information of the Group’s on- and off-balance sheet exposures subject to the credit risk framework broken down by significant geographical regions as well as countries.

Table A2.T31. – CR1-C Credit Quality of Exposures by Geography

		Q4 2020						
		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values (a+b-c-d)
(€ in Millions)		Defaulted exposures	Non-defaulted exposures					
1	EMEA	1,186	65,130		307	79	23	66,009
2	<i>United Kingdom</i>	163	14,115		74	2	7	14,204
3	<i>France</i>	52	8,666		32	4	(19)	8,686
4	<i>Netherlands</i>	24	5,395		19	2	(6)	5,400
5	<i>Germany</i>	5	13,316		33	—	8	13,288
6	<i>Switzerland</i>	221	3,454		36	—	24	3,639
7	<i>Ireland</i>	—	3,211		3	—	(5)	3,208
8	<i>Luxembourg</i>	351	2,096		23	—	4	2,424
9	<i>Belgium</i>	1	1,414		2	—	1	1,413
10	<i>Spain</i>	137	2,890		28	—	8	2,999
11	<i>Italy</i>	69	2,810		14	—	(3)	2,865
12	<i>Sweden</i>	19	1,241		3	—	—	1,257
13	<i>Saudi Arabia</i>	—	1,251		1	—	0	1,250
14	<i>Denmark</i>	3	827		3	—	1	827
15	<i>Turkey</i>	—	663		5	—	3	658
16	<i>Austria</i>	—	231		1	—	(1)	230
17	<i>South Africa</i>	—	360		2	—	0	358
18	<i>United Arab Emirates</i>	—	457		1	—	0	456
19	<i>Other Countries</i>	141	2,733	—	27	71	1	2,847
20	Americas	53	1,953		5	—	2	2,001
21	<i>United States</i>	8	1,078		—	—	0	1,086
22	<i>Cayman Islands</i>	45	489		5	—	2	529
23	<i>Bermuda</i>	—	268		—	—	0	268
24	<i>Other Countries</i>	—	118	—	—	—	0	118
25	Asia	—	553		—	—	—	553
26	<i>China</i>	—	364		—	—	0	364
27	<i>Singapore</i>	—	167		—	—	0	167
28	<i>Japan</i>	—	—		—	—	—	—
29	<i>Other Countries</i>	—	22	—	—	—	0	22
31	Total	1,239	67,636	—	312	79	25	68,563

Other Countries EMEA: Jersey, Guernsey, Qatar, Norway, Isle Of Man, Russia, Finland, Portugal, Israel, Czech Republic, Mauritius, Bahrain, Liechtenstein, Poland, Hungary, Liberia, Cyprus, Romania, Slovakia, Estonia, Morocco, Slovenia, Greece, Nigeria

Other Countries Americas: Mexico, Canada, The Virgin Island

Other Countries Asia: The Marshall Island, Australia

Table A2.T32. – CR1-C Prior Credit Quality of Exposures by Geography

(€ in Millions)		Q2 2020						
		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values (a+b-c-d)
		Defaulted exposures	Non-defaulted exposures					
1	EMEA	1,011	69,917	—	284	83	155	70,644
2	United Kingdom	261	12,709	—	67	42	28	12,901
3	France	154	11,516	—	51	—	34	11,619
4	Netherlands	30	7,734	—	25	—	13	7,739
5	Germany	5	7,544	—	24	—	16	7,525
6	Switzerland	97	5,536	—	13	—	11	5,621
7	Ireland	47	4,020	—	8	—	7	4,059
8	Luxembourg	3	3,259	—	18	—	9	3,244
9	Belgium	3	2,878	—	1	—	—	2,880
10	Spain	187	2,900	—	20	—	11	3,067
11	Italy	64	2,600	—	17	—	10	2,647
12	Sweden	—	1,309	—	3	—	—	1,306
13	Saudi Arabia	—	1,232	—	1	—	1	1,231
14	Denmark	3	877	—	2	—	1	878
15	Turkey	—	787	—	2	—	—	785
16	Austria	—	735	—	2	—	—	733
17	South Africa	—	677	—	2	—	—	675
18	United Arab Emirates	—	505	—	1	—	—	504
19	Other Countries	157	3,098	—	26	42	13	3,230
20	Americas	79	2,702	—	3	—	(1)	2,778
21	United States	78	1,681	—	—	—	—	1,759
22	Cayman Islands	—	590	—	3	—	—	587
23	Bermuda	1	322	—	—	—	(1)	323
24	Other Countries	—	108	—	—	—	—	108
25	Asia	—	634	—	—	—	—	634
26	China	—	374	—	—	—	—	374
27	Singapore	—	181	—	—	—	—	181
28	Japan	—	52	—	—	—	—	52
29	Other Countries	—	27	—	—	—	—	27
31	Total	1,090	73,253	—	287	83	154	74,056

The majority of BofA Europe exposure is reported within EMEA. The total net value decrease in geographical distribution of on- and off-balance sheet exposure from €74.1B in 2nd Quarter 2020 to €68.6B in 4th Quarter 2020 is driven by EMEA, predominately France, Netherlands, and Switzerland exposure.

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		431(3)	Institutions shall adopt a formal policy to comply with the disclosure requirements in Part Eight of CRR	Section 1.3. Disclosure Policy	12
		431(4)	Explanation of ratings decision upon request	Not Applicable	n/a
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		432(2)	Institutions may omit information that is proprietary or confidential if certain conditions are respected	Section 1.1. Overview and Purpose of Document (Not Applicable - BofA Europe has not omitted any information which is proprietary or confidential.)	10
		432(3)	Where 432(2) applies this must be stated in the disclosures, and more general information must be disclosed		
		432(4)	Use of 432 (1), (2) or (3) is without prejudice to scope of liability for failure to disclose material information		
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