BofA Securities Europe SA

Pillar 3 Disclosure

For the Half Year Ended 30 June 2021

1. Overview and Purpose of Document

This document contains certain Pillar 3 disclosures for the half year ended 30 June 2021 of BofA Securities Europe SA (“BofASE” or “the Company”).

In accordance with Article 433a(2) of the EU’s Capital Requirements Regulation (“CRR”) as amended by the Capital Requirements Regulation 2 (“CRR2”), BofASE is required to disclose the key metrics referred to in Article 447 of CRR on a semi-annual basis. This document contains these disclosures, which includes information on capital adequacy, leverage and liquidity.

For further information on BofASE’s risk management objectives and policies, please refer to BofASE’s annual Pillar 3 disclosure for the year ended 31 December 2020 on Bank of America’s corporate website:

http://investor.bankofamerica.com

1.1 BofASE

BofASE is owned by NB Holdings Corporation (which holds 99.9% of BofASE) and Merrill Lynch Group Holdings I, L.L.C. (which holds 0.1% of BofASE), and its ultimate parent is Bank of America Corporation (“BAC” or “the Enterprise”). BofASE’s activities form part of BAC’s Global Banking and Markets operations in Europe, Middle East and Africa (“EMEA”), and will serve as Bank of America’s primary Broker Dealer for clients in the European Economic Area (“EEA”).

BofASE’s head office is in France. The Company is authorised as an investment firm by the Autorité de Contrôle Prudentiel et de Résolution (“ACPR”) and is regulated by the ACPR and the Autorité des Marchés Financiers (“AMF”). BofASE has the ability to trade throughout the European Economic Area (“EEA”) and conduct business with international clients.

As at 30 June 2021, BofASE was rated by Fitch Ratings, Inc (“Fitch”) (AA / F1+) and Standard & Poor’s (“S&P”) (A+ / A-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”), collectively known as the Capital Requirements Directive IV. CRR was subsequently amended by the Capital Requirements Regulation 2 (“CRR2”), with the collective CRD IV requirements being amended by Capital Requirements Directive V (“CRD V”). The CRD IV requirements took effect from 1 January 2014. The CRD V was transposed into French law on 29 December 2020.

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 this Pillar 3 disclosure has been prepared in accordance with the requirements of Part Eight of the CRR, on an individual basis, for the purpose of explaining the basis on which BofASE has prepared and disclosed certain information about the application of regulatory capital adequacy rules and concepts. It therefore does not constitute any form of financial statement on BofASE, or of the wider Enterprise, and as such, is not prepared in accordance with International Financial Reporting Standards (“IFRS”) or French Generally Accepted Accounting Principles (“French GAAP”). Therefore the information is not directly comparable with the annual financial statements and the disclosure is not required to be audited by external auditors.

In addition, the report does not constitute any form of contemporary or forward looking record or opinion on the Company or the Enterprise. Although the Pillar 3 disclosure is intended to provide transparent information on a common basis, the information contained in this document may not be directly comparable with the information provided by other investment firms. Any financial information included herein is unaudited.

For new disclosures adopted as at 30 June 2021, no comparative information is disclosed.

This Pillar 3 disclosure is published on 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 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.

BofASE SA has chosen not to apply this temporary treatment of Article 468 of CRR.

Article 500c of CRR 'quick fix' relates to the exclusion of overshootings from the calculation of the back-testing addend in view of the COVID-19 pandemic. This article provides a derogation from Article 366(3) CRR that competent authorities may permit institutions to exclude overshootings that occurred in the firms' back-testing as long as such overshootings do not result from deficiencies in their internal models.

In the six months ending 30 June 2021, BofASE did not apply to have any Value at Risk ("VaR") back-testing overages removed as part of the temporary treatment provided by Article 500c of CRR.

3. Key Metrics

The following table shows a summary of BofASE's key capital, leverage and liquidity metrics as at 30 June 2021.

Table 1. EU KM1 – Key Metrics Template

(Euros in Millions)		a Q2 2021
	Available own funds (amounts)	
1	Common Equity Tier 1 (CET1) capital	6,054
2	Tier 1 capital	6,054
3	Total capital	6,054
	Risk-weighted exposure amounts	
4	Total risk-weighted exposure amount	28,722
	Capital ratios (as a percentage of risk-weighted exposure amount)	
5	Common Equity Tier 1 ratio (%)	21.1%
6	Tier 1 ratio (%)	21.1%
7	Total capital ratio (%)	21.1%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)	
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.7%
EU 7b	of which: to be made up of CET1 capital (percentage points)	2.1%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.8%
EU 7d	Total SREP own funds requirements (%)	11.7%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)	
8	Capital conservation buffer (%)	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%
9	Institution specific countercyclical capital buffer (%)	0.1%
EU 9a	Systemic risk buffer (%)	0.0%
10	Global Systemically Important Institution buffer (%)	0.0%
EU 10a	Other Systemically Important Institution buffer (%)	0.0%
11	Combined buffer requirement (%)	2.6%
EU 11a	Overall capital requirements (%)	14.3%
12	CET1 available after meeting the total SREP own funds requirements	2,697
	Leverage ratio	
13	Total exposure measure	74,731
14	Leverage ratio (%)	8.1%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)	
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.0%
EU 14c	Total SREP leverage ratio requirements (%)	3.0%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)	
EU 14d	Leverage ratio buffer requirement (%)	0.0%
EU 14e	Overall leverage ratio requirements (%)	3.0%
	Liquidity Coverage Ratio	
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	4,475
EU 16a	Cash outflows - Total weighted value	4,520
EU 16b	Cash inflows - Total weighted value	1,923
16	Total net cash outflows (adjusted value)	2,596
17	Liquidity coverage ratio (%)	175%
	Net Stable Funding Ratio	
18	Total available stable funding	11,312
19	Total required stable funding	9,466
20	NSFR ratio (%)	120%